PARLIAMENTARY DEBATES

(HANSARD)

SIXTH SERIES—VOLUME 492 (Part 1)

HOUSE OF COMMONS

OFFICIAL REPORT

FOURTH SESSION OF THE FIFTY-FOURTH PARLIAMENT
OF THE UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
FIFTY-EIGHTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SESSION 2008–2009

COMPRISING PERIOD
5 May 2009—21 May 2009

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THE PARLIAMENTARY DEBATES

OFFICIAL REPORT

IN THE FOURTH SESSION OF THE FIFTY-FOURTH PARLIAMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
[WHICH OPENED 11 MAY 2005]

FIFTY-EIGHTH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SIXTH SERIES **VOLUME 492**

EIGHTH VOLUME OF SESSION 2008-2009

House of Commons

Tuesday 5 May 2009

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

JUSTICE

The Secretary of State was asked—

Party Funding

1. **Danny Alexander** (Inverness, Nairn, Badenoch and Strathspey) (LD): What recent discussions he has had on Sir Hayden Phillips's recommendations on party funding. [272263]

The Secretary of State for Justice and Lord Chancellor (Mr. Jack Straw): Formal inter-party talks based on Sir Hayden's recommendations ended on 30 October 2007 without agreement. However, Sir Hayden's reports have made an important contribution to debates and discussions ever since, in the House and outside. The Political Parties and Elections Bill, as amended in this place, received broad support, and is now proceeding in the other place.

Danny Alexander: How can the British people have confidence in our political system when, despite many of Sir Hayden's recommendations, the wealthy can still buy influence in our politics with massive donations, and parties can still spend without limit at local level to buy votes? Will the Secretary of State, even at this late stage, amend his Bill in the other place to take account of Sir Hayden's recommendations and ensure that the big money is taken out of politics—or is this another issue on which the Government have thrown away their moral compass?

Mr. Straw: The hon. Gentleman had to keep consulting his notes in order to read that question out—and it did not have much force behind it. The answer is this: I believe that, on the issue of party funding above all else, it is extremely important for us not to proceed without a broad consensus between the parties. Otherwise we would end up with the position that obtains in Canada, where so-called "great reforms" in party funding—including state funding—have become partisan tools in the hands of the Government of the day. We have one of the cleanest systems of party funding and party operation in the world, as the recent Electoral Commission report made clear.

Dr. Alan Whitehead (Southampton, Test) (Lab): Does my right hon. Friend accept that the proposals on party funding now being dealt with in another place are of necessity short-term arrangements? Does he intend to pursue, in particular, the issue of whole-term party funding limits in the immediate future?

Mr. Straw: I do not think that those proposals are short-term, but inevitably, they are not completely comprehensive. Labour Members are attracted to the idea of comprehensive funding limits that would continue throughout a Parliament, and I hope we can persuade the other parties in favour of that course as well.

Bob Spink (Castle Point) (Ind): Although the Secretary of State was right to say that this country is relatively clean in comparison with others, he must still acknowledge that there are excesses and abuses in the system. Will he urge all political parties to stop funding candidates massively before the calling of an election, which is what the Conservative party is continuing to do?

Mr. Straw: All parties seek to operate within the limits set by the law. At some stages, the Labour party funded candidates well when it was in opposition. That is now a matter for the Conservative party. Although the hon. Gentleman is in a small minority in the House in terms of the party that he represents, let me say to him that we have enough problems in terms of the reputation of party politics, without turning the issue of party funding into another partisan political football.

Miss Julie Kirkbride (Bromsgrove) (Con): Does the Secretary of State agree that there is a huge conundrum when it comes to party political funding? The public want democracy, but it is expensive. They do not want to pay for it with their own taxes, and they do not want other people to pay for it with their hard-earned cash.

Mr. Straw: The hon. Lady has put the dilemma very acutely. She will know that one of Sir Hayden's key recommendations was that in return for donation limits there should be very extensive state funding. I think it is now recognised, not least given the state of the British economy, that the British people would not take kindly to that proposition. In Canada, where there had been state funding, the Government of Mr. Stephen Harper suddenly decided to withdraw it as an economy measure, causing a fundamental crisis in Canadian politics. That, I suggest, is another reason not to introduce comprehensive state funding.

Yes, it is true to some extent that the public want democracy and do not want to pay for it. Meanwhile, I happen to believe that it is entirely honourable to ask people to contribute to the political parties of their choice, provided that those who donate make it clear that they are donating.

David Howarth (Cambridge) (LD): The Secretary of State's answers have been largely disappointing, apart from his answer to his hon. Friend the Member for Southampton, Test (Dr. Whitehead). I considered that answer encouraging, and urge him to go further. He referred to the political context—but it is a context in which public faith in politics is plummeting, and the McBride affair and discussion of our allowances just make matters worse. Does he not accept that the Political Parties and Elections Bill gives the Government an opportunity to do something now—something generous, something principled and something non-partisan? It is up to him to make proposals in that regard.

As for the Secretary of State's comments about large donations and state funding, surely the Obama campaign has put paid to the myth that political campaigns can be funded only by large private donations or by the state. President Obama managed to do without both. *[Interruption.]*

Mr. Straw: As the Under-Secretary of State for Justice, my hon. Friend the Member for Lewisham, East (Bridget Prentice), says from a sedentary position, that was not strictly true. I do not think that we should necessarily look first to the United States for examples of total transparency in political funding, not least given the degree to which third-party organisations are used as back-door methods of campaigning, and particularly negative campaigning. Secondly, the hon. Member for Cambridge (David Howarth) should not assume that it is only the Liberal Democrats who are interested in principles; we all are. He knows very well, however, that we can, and should, proceed only by consensus. I put forward a number of propositions and then negotiated with the other parties in order to reach a consensus. Some of the propositions I put forward did not find favour—that is called democracy—but if we are going to try to make progress and achieve a stable regime for party funding, we must do so by agreement.

Prison Privatisation

2. **Paul Rowen** (Rochdale) (LD): What representations he has received on proposals for further privatisation of prisons; and if he will make a statement. [272264]

The Minister of State, Ministry of Justice (Mr. David Hanson): We receive regular representations from a number of sources on competition policy. My right hon. Friend the Justice Secretary made the Department's policy on competition clear in the announcement he made to this House on 27 April.

Paul Rowen: In his statement on 27 April, the Secretary of State referred to Buckley Hall prison in my constituency of Rochdale. That prison has already had five changes of designation since it opened in 1996—from private to public, from male to female, and then back to male. Can the Minister please tell us what, if any, advantages such rapid change offers in terms of prison officers being able to deliver a proper service for the public?

Mr. Hanson: I am grateful to the hon. Gentleman for giving me the opportunity to tell him that, as I am sure he knows, Buckley Hall prison is a very high-performing prison, and is currently a level 3 prison, so the changes to date have, in fact, improved performance. He will also know that the contract for that prison is coming to an end and that, in the light of the Justice Secretary's statement of 27 April, we will be putting the contract out to competition again. Both the public and the private sector—and, indeed, the voluntary sector—can compete for that contract, and I have no doubt that we will ultimately choose whoever can provide the best service to continue the good work that has been done to date at Buckley Hall prison.

Mr. Neil Gerrard (Walthamstow) (Lab): Why are the Government so wedded to increasing the number of private prisons, given that we already have more private prisons—by which I mean a larger proportion of the prison estate run privately—than anywhere else in Europe, and there is no real evidence any more of cost savings from private prisons, but there are a lot of question marks as to how well they actually perform?

Mr. Hanson: My hon. Friend will know that at present about 10 per cent. of the estate is private prison-orientated and 90 per cent. is in the public sector. Let us look at what the Labour Government have done to date. In the last 12 years, we have commissioned and built RAF Coltishall in Norfolk, which will be opening shortly as a public sector prison, and we have also opened HMP Kennet in Maghull on Merseyside as a public sector prison. What we said in our 27 April announcement is that the next two 1,500-capacity prisons to be built will be private sector institutions, but that we are not averse

to the public sector being considered after that, because there is a need for an appropriate mix. The public sector does a good job, and the private sector can do a good job too; what we are interested in is the cost and efficiency of the prison service, and I believe that both sectors have their role to play. My hon. Friend will know, however, that the public sector overwhelmingly remains the major provider of prison services in England and Wales, and will continue to be so.

Mr. Humfrey Malins (Woking) (Con): But does the Minister accept that reoffending rates are frighteningly high in both privatised prisons and public sector prisons? When he listens to further representations about prisons, will he concentrate his mind very much on what kind of prison provides the best resettlement programmes, enabling people leaving prison—who are often youngsters—to go into a home and a job and back into the community with a proper resettlement programme, as that is the best way to stop reoffending?

Mr. Hanson: The hon. Gentleman makes extremely valid points. He will know that what happens in prison and how we re-enter people into society when they leave prison are the two key determinants as to whether reoffending behaviour occurs. I am deeply committed to trying to develop regimes in private and public sector prisons that achieve maximum outputs for both. To do that, we must not just look at prisons in isolation, but also look at them as transitional places from where people return to the community. That is why the hon. Gentleman's points about housing, employment and skills development are the key issues that we need to continue to work on. I believe we have been doing some good work to date, but there is always more to do, and I hope we can focus on that, regardless of who happens to run the prisons in the future.

Mrs. Madeleine Moon (Bridgend) (Lab): Parc prison and young offender institution in Bridgend is a private sector prison. Despite the best efforts of staff, it fails to provide an in-reach child and adolescent mental health service, it fails to provide education for more than 70 of its young people and it fails to meet its task as an adult training prison. What steps are being taken to ensure that if there is any expansion of private sector prisons in Wales, prisoners will have access to the same quality of provision as if they were serving their sentences in England?

Mr. Hanson: My hon. Friend raises some important points, and I shall certainly examine those that she raises on the performance of Parc prison. She will know that there are differences between the provision in England and Wales on some of these issues, and that I have been in discussions, in particular with Edwina Hart, the Minister for Health and Social Services in Wales, to consider how we can examine the mental health services performance at Parc prison. Only last week we published Lord Bradley's report on mental health, and we wish to take these issues forward with the Welsh Assembly Government to ensure that we reproduce and develop a very strong service in respect of all people who provide prison accommodation in England and in Wales.

Mr. Edward Garnier (Harborough) (Con): The small print in this year's Budget Red Book announced that

"all new-build prisons will be built and managed by the private sector".

Despite the fact that several prisons, including HMP Garth in Lancashire, are now working to rule, and that industrial action may recur this summer over this and other proposals, can the Minister reassure the House that this policy has the wholehearted and unanimous support of his parliamentary party?

Mr. Hanson: Give over, please! The hon. and learned Gentleman aspires to hold this position on the Government Front Bench—so I suggest that he focus and concentrate on how we deliver the best possible services to prisoners in respect of reoffending and prison build. He will know that this Labour Government have committed the most money ever invested in the Prison Service to build new prison services in the future. I feel that he is not really living up to the standards that would be expected on the Front-Bench.

Drug Courts

3. **Julie Morgan** (Cardiff, North) (Lab): What plans he has to set up dedicated drug courts. [272265]

The Parliamentary Under-Secretary of State for Justice (Bridget Prentice): The two dedicated drug court pilots that we have provided in Leeds and west London have been shown to be good models on which to work, and we are therefore extending those models to a further four sites, which we will continue to monitor closely. My right hon. Friend the Lord Chancellor and Secretary of State for Justice was very pleased to launch one of these new pilots recently in Cardiff magistrates court.

Julie Morgan: I thank my hon. Friend for that response. I was very pleased that the Secretary of State was able to come to Cardiff in April to open the dedicated drug court, which is now meeting every Wednesday—and I look forward to seeing the results. Does my hon. Friend agree that the success of such initiatives depends on a regular review of offenders by the same members of the judiciary over a period, so that any progress made by the offender in respect of their drug use can be praised, and when things go wrong there can be sanctions? Does she agree that it is important to have the same people following such cases regularly?

Bridget Prentice: My hon. Friend makes a good point, and the judges in those courts recognise exactly what she is saying. They make it clear that if offenders who come before them for the first time do not follow through the sanctions that they have been set, they will be brought back before the very same judge to be dealt with properly. They also make it clear that they will see such people personally, and that helps greatly in ensuring that offenders know that this is a serious situation, and that they must follow through the sanctions that the judge has set.

Mr. David Burrowes (Enfield, Southgate) (Con): It is evident that most offenders with drug and alcohol problems have mental health problems too. Why, then, did the Government fail even to mention the need for mental health support in their last evaluation of drug courts, and why, despite Lord Bradley's commendable report—sent to Ministers in February—expressing

disappointment with this failure, was yet another criminal justice Green Paper published last week that does not address the vital mental health services needed for drug courts to work effectively?

Bridget Prentice: The hon. Gentleman is mistaken in suggesting that the Government do not take mental health problems seriously. As the Minister of State, Ministry of Justice, my right hon. Friend the Member for Delyn (Mr. Hanson), mentioned in response to an earlier question, the launch of Lord Bradley's report last week was an important milestone in the policies that we are developing to deal with offenders. We are working closely with Lord Bradley and examining the results of his report to ensure that we take a holistic view of dealing with people who have both drug and mental health problems.

Reoffending

4. **Mr. Tobias Ellwood** (Bournemouth, East) (Con): How many offences have been committed since 1997 by those who had previously been released from prison or completed community sentences. [272266]

The Secretary of State for Justice and Lord Chancellor (Mr. Jack Straw): A much more robust measure of reoffending was established in 2000. This means that we cannot draw direct comparisons with data from before that date. Between 2000 and 2006, reoffending rates fell by 23 per cent. for adults and 19 per cent. for youths. In 2000, 189 further offences were committed per 100 adult offenders; in 2006 the number had fallen to 146. There is therefore no question but that reoffending has been reduced substantially under this Government.

Mr. Ellwood: The Secretary of State puts his finger on the problem by saying that there is a new system for making the calculations. If a policy is not working, the Government change the way in which the figures are calculated and, hey presto, they meet their targets. That aside, compared with Europe, we have some of the worst reoffending rates in the western world. Does the Secretary of State agree that the reason for that is the overcrowding and lack of rehabilitation in our prisons?

Mr. Straw: I do not accept any of the hon. Gentleman's assumptions. The change was made in 2000 to make the data more robust, just as we have made two sets of changes to the calculation of the recorded crime statistics, which have had the effect of nominally increasing recorded crime. I introduced one of those changes 11 years ago, as Home Secretary—a change that my predecessor, the right hon. and learned Member for Folkestone and Hythe (Mr. Howard), had sat on and refused to implement because he thought that it would send up the crime figures even further than they had already gone up under the Conservatives. Contrary to what the hon. Member for Bournemouth, East (Mr. Ellwood) says, we have good and declining reoffending rates, and I do not know where he got his data about other European countries. Moreover, we have increased the amount being spent on drug treatment tenfold, and the amount spent on learning and skills threefold, since the Government whom he supported were in power.

Mr. David Anderson (Blaydon) (Lab): Given what the Secretary of State has just said, what would he advise me to tell the people who work in the probation service in the north-east? How are they supposed to improve reoffending rates if, because of deficit cuts, they lose £1.6 million this year and £4.2 million in 2012, and do not employ the 24 trainee probation officers who have been trained over the last three years, at a cost of £2.5 million to the public purse? Surely that cannot be correct?

Mr. Straw: My colleagues and I are always happy to see my hon. Friend—and, if necessary, a delegation from Northumbria probation service—about their concerns. The probation service has had a 70 per cent. real-terms increase in funding in the last 12 years, compared with an increase of just over 50 per cent. in its case load, so it has had substantial additional resources. We are seeking to end the situation in which some of those resources have gone on unnecessary layers of middle management. Given the overall levels of funding, we are in no doubt that front-line delivery of probation services can be continued at its current level.

Mr. Dominic Grieve (Beaconsfield) (Con): There is one figure on which we can agree, and that is that more than 50,000 offenders have been released early by this Government, including people convicted of terrorist, violent and sexual offences. It is bad enough that the Government have recklessly failed to build enough prison places, but can the Secretary of State now confirm that the £30 million in planned cuts to local probation services must mean even less protection of the public from serious offenders after their release?

Mr. Straw: I do not accept that. The nominal reduction in spending is belied by the fact that for the year that finished at the end of March—just over five weeks ago—the probation service underspent by £23 million. Interestingly, and somewhat to our surprise, given the concerns expressed by the probation service, there is no reason why probation services should not be able to manage within their budgets. What would the hon. and learned Gentleman do? After all, his policy is for much larger cuts than anything that we are contemplating.

Mr. Grieve: I wonder whether the Justice Secretary has actually read his own guidance to probation trusts. In 2007, probation officers were required to provide a report every three months on those sentenced to life imprisonment and subject to close monitoring on release. Last month, probation officers were told to report every six months instead, because of the resources available. Can he confirm that that is indeed the guidance? Does he now accept that these cuts in front-line probation services must put the public at greater risk?

Mr. Straw: I am sorry, but I do not accept the basis of the hon. and learned Gentleman's point at all. We have significantly increased real-terms resources to the probation service, so it is much better resourced than it ever was under his party's administration. At any time, of course, adjustments may be made for different levels of offender. We want to see—and the public want to see—probation resources concentrated on the most serious offenders, especially when they are released from jail. That is precisely what we are doing.

Rob Marris (Wolverhampton, South-West) (Lab): One of the reasons for recidivism is that about half, or even more, of prisoners are functionally illiterate. I welcome the steps in the Apprenticeships, Skills, Children and Learning Bill, which we will be debating later this afternoon, to assist with education for young people in the secure estate. However, will my right hon. Friend tell me what more is being done to improve what has until recently been the pretty poor record of prisons in educating prisoners in basic skills and literacy?

Mr. Straw: I accept entirely what my hon. Friend says about the very low level of skills of the majority of prisoners. We are transforming the situation for the education and training of prisoners. The amount spent on offender learning just since 2001 has increased by three times, and has now risen to more than £175 million. There are 21,000 prisoners achieving skills for life qualifications and 70,000 achieving vocational qualifications. That is a dramatic change in the provision of education and training in our prisons.

Electoral Registers

5. **Andrew Selous** (South-West Bedfordshire) (Con): What recent assessment he has made of the integrity of electoral registers. [272267]

The Minister of State, Ministry of Justice (Mr. Michael Wills): The integrity of the register is crucial, and we keep this area under constant review.

Andrew Selous: Just before the last European elections, a national newspaper managed to register a fictitious person by the name of Gus Troobev—an anagram of "bogus voter"—in 40 different electoral registers. How confident is the Minister that that could not happen for the European elections next month?

Mr. Wills: We can never be complacent about any incident of fraud whatever. However, it is worth reminding the hon. Gentleman that just last week the Electoral Commission and the Association of Chief Police Officers produced a report on the 2008 elections, which concluded that they were

"free from major incidents of electoral fraud".

The report conducted by the Electoral Commission and ACPO, shows that there is a steady decline in the allegations of such malpractice—but we cannot be complacent even about a single incident, and we are not. That is why, in the Electoral Administration Act 2006, we brought in a raft of measures to tackle fraud. It is also one of the reasons why we are bringing in individual registration. We will never be complacent about a single incident, but we have to accept—I hope that the hon. Gentleman will accept this—that in this country, such incidents are, fortunately, few and limited.

Mrs. Ann Cryer (Keighley) (Lab): Does my right hon. Friend agree that the integrity and quality of electoral registers will not improve in areas such as Bradford as long as very little canvassing is done at local authority level? That is especially true in an area such as Bradford, particularly in my constituency, which is one fifth of that area, where many people do not have English as their first language.

Mr. Wills: I am grateful to my hon. Friend for drawing the House's attention to the importance for all electoral registration officers—in her constituency and throughout the country—of conducting their canvasses extremely diligently, and ensuring that every person in this country who is eligible to vote is registered to vote, and can therefore exercise that democratic duty. We are very concerned that when we bring in a system of individual registration—we are placing such measures before Parliament as we speak—there will not be a fall in the number of those who are registered to vote. That is why we are placing new duties on electoral registration officers and taking all sorts of measures to ensure that, in my hon. Friend's constituency and everywhere in the country, everybody who is eligible to vote can do so.

Peter Bottomley (Worthing, West) (Con): Leaving aside, for the moment, implementation of the decision of the European Court of Human Rights that prisoners should be registered and able to vote, what arrangements does the Department offer so that people who are to be released from prison before a known election day are on the electoral register and can vote?

Mr. Wills: Of course, we are concerned to ensure that everyone who is eligible to vote is able to do so. That will be a matter for electoral registration officers in constituencies that harbour such people, and for those people themselves.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): Has the Minister given any further thought to whether the electoral register should include prisoners?

Mr. Wills: The answer to my hon. Friend's question is yes, we have given further thought to the matter. She will be aware that we have just published a second consultation paper—[Hon. Members: "Oh!"] Obviously, Conservative Front Benchers have very strong views on this matter; we look forward to receiving their representations.

Mr. Russell Brown (Dumfries and Galloway) (Lab): Of course I share the concerns raised about fraud by the hon. Member for South-West Bedfordshire (Andrew Selous). However, the issue of under-registration is worrying, too. All too often, those who need their voices to be heard fail to register, thereby disfranchising themselves from the electoral and democratic process. How confident is my right hon. Friend the Minister that what we propose in the current legislation will ensure that those who need their voices to be heard will be registered?

Mr. Wills: I am grateful to my hon. Friend for bringing the subject up again. It is absolutely crucial to the health of our democracy that everyone who is eligible to vote is registered, and can therefore vote. At the moment, our best estimate is that something like 3 million people in this country who are eligible to vote cannot do so, because they are not registered. That is a disgrace to our democracy, and we have to do everything possible to make sure that we do not let that situation continue. I think that the whole House agrees that a system of individual registration is desirable, both in principle and in practice. It has a lot of benefits associated with it, but there is a risk as well, to which my hon. Friend referred:

when we move to such a system, there is a real risk—we saw this happen in Northern Ireland—that many of those who are eligible to vote will simply not be registered. That is why the legislation that we are putting before Parliament says that before we move definitively to a system of compulsory individual registration, the Electoral Commission must be satisfied that the register is comprehensive and accurate. That is why we put that provision in. I hope that that will provide some reassurance to my hon. Friend.

Mrs. Eleanor Laing (Epping Forest) (Con): As the Minister knows, we enthusiastically welcome the steps that he and his colleagues are taking to bring in individual voter registration, for which we have called for over five years. We Opposition Members are never complacent about electoral fraud; this House derives its legitimacy from the integrity of the ballot. Individual voter registration is only part of the solution. Does the Minister agree that the integrity of the ballot will only be really secure when a potential voter is required to produce evidence of their identity when they go into the polling station to get a ballot paper? The Minister knows that that works in Northern Ireland. When will he take steps to introduce the system in the rest of the United Kingdom?

Mr. Wills: As I have said to the hon. Lady before in Committee, there seems to have been a policy switch by Conservative Front Benchers in favour of the advantages of identity cards, and I am glad that she seems to be endorsing that— [Hon. Members: "No."] I simply say that the hon. Lady needs to be careful about which policy prescription she comes forward with. On her first point, she has advocated individual registration for some considerable time, but throughout that period she was silent on the need for the register to be comprehensive as well as accurate. I have to say that until this Government brought forward proposals that combine measures to complete the accuracy of the register and measures to ensure its comprehensive nature, individual registration carried as many risks as benefits. I would just ask the hon. Lady to reflect on that the next time she makes such comments.

Tony Lloyd (Manchester, Central) (Lab): My right hon. Friend the Minister is absolutely right to insist on that twin track, because while none of us would approve of fraud by people who actively seek to pervert the electoral process, the biggest fraud in this country at the moment relates to the 3 million people who are not registered, and whose voices are not heard. We know that the Conservative party is not keen on doing anything about that, because it believes—rightly, I think—that it would be electorally disadvantaged by such a process. However, democracy depends on everybody having the right to vote, and the opportunity to cast that vote.

Mr. Wills: I am grateful to my hon. Friend for his comments. I would just say to the Opposition that this is the time, right now, for them to lay to rest the suspicion that they do not care and that large numbers of our most vulnerable—*[Interruption.]* Well, I am giving them the opportunity to do so. They can demonstrate it very simply—nobody has to come to the Dispatch Box now—by supporting the measures that we have introduced on individual registration.

Prisons (Mental Health Services)

6. **Sandra Gidley** (Romsey) (LD): What recent discussions he has had with the Secretary of State for Health on the provision of mental health services in prisons. [272268]

The Parliamentary Under-Secretary of State for Justice (Mr. Shahid Malik): Ministers and officials from both Departments meet on a regular basis, including on the provision of mental health services in prisons. Most recently, we worked together on Lord Bradley's report, which was published with the Government response on 30 April 2009.

Sandra Gidley: The Minister will be aware that more than 70 per cent. of prisoners have some sort of mental health problem. He mentioned the Bradley report, so presumably he is aware that it says:

"Where appropriate, there are significant benefits when individuals receive a community rather than a custodial sentence."

What are the Government doing to ensure that prisoners with a mental health problem receive real help, rather than being banged up as a first resort?

Mr. Malik: We have made considerable progress in this area, as the hon. Lady will know. Since 2006, responsibility for commissioning prison health services, for example, has moved from prisons to the NHS. The Bradley review has been mentioned two or three times, and 102 mental health teams have been established to provide assessment, treatment and support to offenders, and there is a total of 360 extra staff. In 1997, not a single mental health team was working in that way. We have new systems to monitor and support individuals who are at risk. The list goes on, but I suspect that you would stop me, Mr. Speaker, if I continued.

Ms Sally Keeble (Northampton, North) (Lab): My hon. Friend mentioned the fact that responsibility for mental health services in prisons has switched to the NHS. He will see in the Bradley report a recommendation that the NHS commissioners should ensure that those services improve. What discussions are taking place with the Department of Health and the NHS commissioners to make sure that that is carried out and that mental health services in prisons are improved?

Mr. Malik: There is much scope for improvement, and as a result of the Bradley review, we are about to establish a health and criminal justice national programme board, which will bring together the relevant Departments covering health, social care and criminal justice for children and adults. A national delivery plan will be put together later this year, and a national advisory group ensures the wider involvement of interested organisations. We will produce a progress report within six months, detailing strategy on mental health and learning disabilities, as well as broader health and criminal justice system strategy.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): Having read the Bradley report, I believe that it provides important input into the whole debate. However, I expected one further recommendation in that report: the Government should undertake a detailed study of all low and medium-risk offenders with severe mental

health problems who could be safely housed elsewhere, thus dealing with them more humanely and relieving pressure on the prison estate.

Mr. Malik: Individuals with mental illnesses are regularly transferred from prisons. Every year, approximately 900 people who meet the criteria under the Mental Health Act 1983 are transferred. We are trying to speed up the availability of beds for those individuals. In 2007, some 40 individuals waited longer than 12 weeks for a bed. By March 2008, the number of such individuals had been reduced to 24. We have a target of 14 days, instead of 12 weeks, and I am confident that we will meet that target. I believe that we can make better use of community orders and suspended sentences. In 2006, of the 203,000 requirements for treatment orders, only 725 were for mental health problems, and that can certainly be improved.

David Taylor (North-West Leicestershire) (Lab/Co-op): Suicide and self-harm, psychotic and neurotic activity, drug and alcohol dependency, and serious personality disorders, are all at significantly higher levels among prisoners than in the general population. How confident is the Minister that the most seriously ill prisoners are in an appropriate setting for treatment and that they should not be admitted to the nearest acute mental hospital?

Mr. Malik: As I have already stated, 900 prisoners a year are transferred where they meet the Mental Health Act criteria. The Bradley review focuses on intervention, prevention and early assessment. We have a medium-term goal that every police station and court will have access to liaison and diversion services, which will ensure that people who ought not to be going to prison in the first place are prevented from doing so, so that they do not potentially have a life of criminality.

Sir Nicholas Winterton (Macclesfield) (Con): The Minister is just beginning to get to the point. Is there not a real problem in that many people with mental illnesses who commit crimes are sent to prison when they should not be sent there at all, because of the absence in hospitals of adequate facilities—particularly beds—to deal with those with mental illness? Will the Minister address the fact that too many people are being sent to prison because of the absence of adequate mental facilities in the community?

Mr. Malik: Of course we could do more. It is important to state that year on year we have consistently increased funding in this area. For example, in 2007-08 and 2008-09 we have an extra £4 million for the development of mental health services in the prison establishments, of which £1.6 million is for child and adolescent mental health services within the young people's estate. Since 2006-07, £20 million a year has been allocated for mental health in-reach services. I have already said that we have 102 teams that give such support, and I have stated twice that some 900 people a year are transferred. Of course there is more that we could do. To an extent, Bradley points the way forward in this area.

Reoffending

7. **David T.C. Davies** (Monmouth) (Con): On how many occasions offenders under probation service supervision reoffended in 2008. [272269]

The Minister of State, Ministry of Justice (Mr. David Hanson): The latest figures show that the three-month reoffending rate of all offenders on probation caseloads in England and Wales during the period 1 October 2007 to 30 September 2008 was 9.88 per cent. out of approximately 172,500 offenders. Between 2000 and 2006, the reoffending of adult offenders commencing a court order under probation supervision fell by 23 per cent.

David T.C. Davies: On the basis of those figures we can safely extrapolate that tens of thousands of people who should be in prison are out on the streets committing offences, and presumably tens of thousands more are committing offences but are not caught and do not show up in those figures. Does this not show the scandal of all forms of early release? Will the Minister undertake to ensure that people are not let out of their sentences less than halfway through as a result of a few bleeding-hearted social workers, and that they serve their sentences in full, as given by judges?

Mr. Hanson: As ever, the hon. Gentleman's supplementary does not relate at all to the question that he tabled, which was about probation supervision, but if he wishes to talk about prisoners being released, I can remind him that under the Government whom he supported, more prisoners were released on any single day than ever under any Government to date. He will know that I am concerned, as are all Labour Members, about reoffending rates. They remain too high, and we have to get them down. The work that we are doing on employment, housing and skill development is about reducing reoffending. I would much rather follow the line of attack of the hon. Member for Woking (Mr. Malins) and the points that he set out today.

Prison Officers

8. **Mr. Gordon Prentice** (Pendle) (Lab): What changes he plans to make to prison officers' terms and conditions of employment in the next two years. [272270]

The Secretary of State for Justice and Lord Chancellor (Mr. Jack Straw): I have no plans to change the terms and conditions of employment for existing prison officers over the next two years. We are currently consulting the trade unions and others on important but limited changes that will apply to officers appointed from 1 September.

Mr. Prentice: Page 130 of the Red Book talks about "£82 million savings" from "core day standardisation" and

"allowing prison staff arrangements to be re-profiled".

What does that mean in plain English? Is it a way of cutting weekend overtime by keeping prisoners in their cells? Is that what it really amounts to?

Mr. Straw: The core day has already been introduced. What those measures mean is that we have responsibilities to the taxpayer, who pays for the prison service. The prison service in the United Kingdom is not the most expensive in Europe, but it is one of the most expensive, and at any time, we must ensure that we are getting value for money, including from the prison service. On prison officers' terms and conditions of employment, as

repeated pay review body reports have shown, prison officers, by comparison with any outside comparable employees, are very well paid and have generous pensions. That is also illustrated by the fact that the wastage rate for prison officers is the lowest of any part of the public sector.

Topical Questions

T1. [272288] **Mrs. Linda Riordan** (Halifax) (Lab/Co-op): If he will make a statement on his departmental responsibilities.

The Secretary of State for Justice and Lord Chancellor (Mr. Jack Straw): The House will wish to know that, last Tuesday, I announced the establishment of an advisory panel on judicial diversity to be chaired by Baroness Neuberger, and on Wednesday I published the "Engaging Communities in Criminal Justice" Green Paper, a consultation document drawn up by my right hon. Friends the Home Secretary and the Attorney-General, and myself. It includes plans for a website on court outcomes, 30 justice pioneer areas, community prosecutors, an expansion of citizen panels in respect of community payback, the introduction of community impact statements in courts and the greater use of community justice techniques.

Mrs. Riordan: I thank the Secretary of State for that reply. I recently met prisons representatives, and they are deeply concerned about plans to extend the prison privatisation programme. There is a valid concern that the prison-for-profit culture would make prisons more dangerous for the prisoners, the staff and the public. Will the Secretary of State confirm that this Government will not compromise prison security by further privatisation of the prison system?

Mr. Straw: We will never compromise prison security for any wider consideration. A number of National Audit Office reports have made it clear that the introduction of a very limited element of the private sector has helped to raise standards in the public sector. That may be an unfortunate conclusion, but it happens to be true.

As to the future, apart from the two entirely new prisons that will be built in the private sector, as I announced last week, all those that are being re-competed—the five so-called strategic level arrangement prisons that have been re-competed, one that came back to the private sector and the two new ones, Birmingham and Wellingborough—will have the opportunity through the public sector to compete against private and third sector arrangements. If they are successful, they will keep the contracts.

T2. [272289] **Tony Baldry** (Banbury) (Con): Does the Secretary of State agree that a police cell is rarely appropriate as a place of safety for the purposes of sections 135 and 136 of the Mental Health Act? Following Lord Bradley's report, will the Secretary of State ensure that primary care trusts, mental health trusts and police forces start work now to ensure that, without delay, mental health trusts can provide appropriate places of safety locally for those who need them, and that access to mental health services on the NHS is unconditional, just like access to any other treatment under the NHS?

Mr. Straw: I entirely agree with the hon. Gentleman. There have been important improvements in the provision of prison health services, which are primarily mental health services, not least through the ending of the separate prison medical service; however dedicated its staff, it was, frankly, a second-class service. Furthermore, a few years ago this Government implemented the arrangement through which all health services in a prison are provided by the relevant primary care trust.

However, I accept entirely what the hon. Gentleman said. The more that we do to divert the mentally ill from the prison system and police cells and into the proper mental health system, the better.

T6. [272293] **Natascha Engel** (North-East Derbyshire) (Lab): When does the Secretary of State intend to publish his response to the Government's consultation on pleural plaques? I do not have to tell my right hon. Friend how serious the issue is. Quite a large number of people are literally dying to hear his reply.

Mr. Straw: Of course, I fully acknowledge the concern of my hon. Friend and other hon. Members on both sides of the House about that issue. Consideration of the responses, of which we have received quite a number following publication of our paper on the way forward, is taking longer than we anticipated, because of the complexity involved. However, I certainly intend that we should come to conclusions before the summer recess.

T3. [272290] **Paul Rowen** (Rochdale) (LD): Following the Secretary of State's decision to permit public reporting, with appropriate safeguards, of proceedings in the family courts, what steps is he taking to ensure that the change is applied fairly and uniformly?

Mr. Straw: First, given that the press now have access to the courts, we are relying on them to let us, as well as their readers, know about anything that they regard as a failure on the part of the courts to live up to the spirit of the changes. Secondly, we ourselves are monitoring the situation. Thirdly, as I have already made clear, this is only the first phase of the changes. The next phase is the introduction of legislation that will ensure that the reporting and admission regime for all levels of family court is put on the same foundation as that for youth courts. In other words, the press may report the substance of what they witness, but not any information that would lead to revealing the identity of the parties to the proceedings.

T7. [272294] **Ms Sally Keeble** (Northampton, North) (Lab): A Bangladeshi constituent of mine, who is being divorced by her husband, has been well treated by the Birmingham courts, which have provided screens and interpreters. However, will my right hon. Friend say what steps he is taking to make sure that such women, who have no money or recourse to public funds, can get the legal advice that they need so that they can exercise their rights, rather than being divorced by their husbands and left completely destitute?

Mr. Straw: I am glad to hear that the courts are giving the lady in question the support that she requires. We are doing a great deal better in supporting innocent parties in forced marriages, but I am certainly ready to

talk to my hon. Friend about the specific problems that she has identified, in case there is a gap in the overall support arrangements.

T4. [272291] **Mr. Philip Hollobone** (Kettering) (Con): What proportion of the current prison population is made up of foreign national prisoners? Why are Her Majesty's Government not doing far more to return those people to secure detention in their own countries, so that the British taxpayer does not have to pay the enormous bill for their incarceration?

The Minister of State, Ministry of Justice (Mr. David Hanson): At the moment, the foreign national prisoner population in England and Wales equates to just under 14 per cent. of the total. According to independent data, that is significantly fewer foreign national prisoners than in any other country in the rest of Europe.

The hon. Gentleman's point is important. We have already negotiated 100 prisoner return agreements with other countries, and we are working with other key countries. We are trying to address the issue in a key way. Recently, we have been considering, with the UK Border Agency, a service level agreement to ensure that there is extra help and support and that we speedily deport those due for deportation from the United Kingdom back to their country of origin.

T10. [272297] **John Robertson** (Glasgow, North-West) (Lab): My right hon. Friend will be aware of the rumour that fixed penalty notices are going to be changed, with some offences coming into the system. Will he assure me that things such as crime and fraud will not come under a fixed penalty notice and that the sentence will fit the crime?

Mr. Straw: There was an erroneous report today—I am very happy to correct it—about further offences being brought within the fixed penalty notice regime. We have no plans to extend the number of offences brought within the fixed penalty notice regime. The principal offence of dishonesty covered by the PND—penalty notice for disorder—system is shop theft. That was introduced for circumstances in which the courts were typically awarding fines of less than the value of fixed penalty notices or the police were issuing informal warnings and taking no effective or recordable action against offenders. However, I have always been uneasy about the inclusion of shop theft in the PND regime, and we are consulting the police and other interested parties, including retailers, as to whether, at least in the short term, we can reduce the scope of PNDs for shop theft.

T5. [272292] **Mark Pritchard** (The Wrekin) (Con): Now that the Government have pretty much designed out custodial sentences for burglaries, which are rising, preferring a complex web of fines and cautions instead, does the Secretary of State feel some embarrassment that in some parts of the west midlands burglars can commit up to 12 burglaries before receiving a custodial sentence? Is that how he intends to keep the people of the west midlands safe?

Mr. Straw: The number of burglaries across the west midlands, as well as across the whole United Kingdom, has dropped dramatically in the past 12 years—further evidence that we are the only Government since the war to preside over a reduction in crime rather than an increase in crime.

As for the precise level of sentences that are issued, I inform the hon. Gentleman, in case he has not worked it out, that in this country there is a separation of powers between Parliament, which sets the overall sentencing framework—and Ministers within that—and sentencers, who are independent of the Executive. It is not me or anybody in this House who sentences individuals. Penalties for burglary are quite adequate; it is a matter for sentencers to use them within the guidelines.

Andrew Mackinlay (Thurrock) (Lab): One of the consequences of the affair concerning the hon. Member for Ashford (Damian Green) is the indication that there is woeful ignorance among senior police officers and civil servants, and probably servants of this House and Ministers, about the implications of article 9 of the Bill of Rights. What will the Justice Secretary do to increase awareness of the implications of our own United Kingdom Bill of Rights of 1689, particularly in relation to article 9, with its ramifications for this place? Will he discuss this now, please? Article 9—you know about that, do you?

Mr. Straw: I do indeed remember article 9, although I was not here to witness its coming into force—*[Interruption.]* It was marginally before my time. *[Interruption.]* If I could have less levity from my ministerial colleagues, that would be helpful. Of course I understand my hon. Friend's point. This has been a subject of considerable interest in the context of bribery and whether there should be application to Members of Parliament, which it is generally felt there should be. If he looks at our Green Paper on a Bill of Rights and responsibilities, he will see that there is a good discussion of article 9 and the privileges of Parliament.

T8. [272295] **Mr. Adam Holloway** (Gravesham) (Con): Given the comments about rehabilitation, what does the Minister think of the recent Ofsted report pointing out that in only three quarters, I think, of the prisons it visited was there the opportunity to gain meaningful qualifications?

Mr. Hanson: I refer the hon. Gentleman back to the points made earlier in response to my hon. Friend the Member for Wolverhampton, South-West (Rob Marris). There has been, and will continue to be, an increase in resources and time spent on meaningful activity. We are trying to ensure that people who are in prison have employment skills and literacy and numeracy skills to equip them for life outside prison. The number of people attending those courses has risen significantly over the past 10 or 11 years and will continue to do so, with the sole objective of ensuring that when they leave prison they are better equipped outside than they were when they went into prison.

Mary Creagh (Wakefield) (Lab): On 8 April, the High Court refused to extradite four Rwandan nationals who were wanted by the Rwandan Government to stand trial for crimes of genocide. Thanks to a loophole in UK law, they cannot now be tried in England for the crimes of which they are accused. May I ask my right hon. Friend the Secretary of State to work with right hon. and hon. Members and the all-party group on

genocide prevention to close that impunity gap and ensure that the UK does not become a safe haven for international criminals?

Mr. Straw: I greatly applaud my hon. Friend's work on this issue. I recently met her and her colleague on the all-party group, the hon. Member for Buckingham (John Bercow), and they made a very powerful case for the inclusion of genocide as an extra-territorial offence within British law. I am currently giving it active consideration with relevant colleagues.

T9. [272296] **Andrew Stunell** (Hazel Grove) (LD): In February, Ministers told us that 1,500 prisoners on indeterminate public protection sentences could not get access to courses, and so could not go in front of the Parole Board. That includes two of my constituents. What progress is being made towards making those courses available, so that those prisoners can come out of prison and free up the places that are so urgently needed for prisoners of other categories?

Mr. Hanson: The hon. Gentleman will know that we have identified a need to drive that forward and are now putting in place extra support for courses, including several million pounds to get IPP prisoners across the line and ready for the Parole Board. He will know also that we have made changes to legislation to ensure that there must be a four-year sentence before an IPP sentence can be applied. Those two factors together will undoubtedly lead over the next couple of years to a reduction in the number of people who are post-tariff but cannot secure a proper hearing by the Parole Board. It is a slow and difficult process to get there, but we are doing what we can to expedite it as much as possible.

Point of Order

3.32 pm

Dr. Julian Lewis (New Forest, East) (Con): On a point of order, Mr. Speaker. Before the Justice Ministers leave the Chamber, can you tell us whether you have heard from any of them what action is going to be taken in respect of their response to the problem of protests in Parliament square, given that we were told that a response was imminent last October and that we now appear to have not one but two permanent protests in the square?

Mr. Speaker: That is not a matter for the Chair, but the hon. Gentleman's point and concern will no doubt be recorded and listened to.

Sale of Mobile Homes (Interviews)

Motion for leave to introduce a Bill (Standing Order No. 23)

3.32 pm

Annette Brooke (Mid-Dorset and North Poole) (LD): I beg to move,

That leave be given to bring in a Bill to make provision about the holding of interviews between site owners and prospective purchasers of mobile homes prior to any sale.

Along with the sponsors of the Bill, I am a member of the all-party group for the welfare of park home owners. The meetings of that group are extremely well attended by Members of Parliament, peers, representatives of park home site owners, representatives of residents and others. There is a great will among all of them to ensure that vulnerable residents are protected, to enhance the status and reputation of the whole sector by finding ways to address bad practices, and to get the right balance between business sustainability for site owners and the needs of residents. Park homes provide a useful addition to the supply of housing and would have even greater potential if we could improve that balance.

First, I emphasise that the points that I shall make are directed at a minority of park home site owners. There are excellent, well-managed park home sites in my constituency, and I do not wish to suggest that all site owners engage in bad practices. That is far from the case. However, there is one particular site in my constituency, the Silent Woman park near Wareham, where residents have had cause to raise many issues with me over the years. It is in an idyllic setting and residents should be able to live there without constant worries.

The Bill would prevent unjustified interference by a site owner when residents sell their park home. A park home site owner might quite reasonably wish to meet a prospective buyer or at least have some references supplied, but an interview without the seller or an independent witness present can provide opportunities for rogue site owners to make misleading or untrue statements. Examples of such statements from across the country include: "The home is in poor condition"; "The home is not worth the price you're paying"; "The home will have to be moved to another pitch next year"; "I have a right to ask the court to let me take the home off in five years"; and "The park is being developed and the home will have to be moved." Alternatively, the prospective buyer might simply be intimidated by real or implied threats and not want to be involved with the site owner in any way. The prospective buyer might understandably decide that he or she does not want to live on a park run in such a way, and/or by such an unpleasant person, and the sale will fall through. After that has been repeated a few times, the seller eventually sells the home to the park owner for a token sum.

In each case there are no witnesses and the prospective buyer is usually unwilling to give a witness statement. He or she simply wants to get away from the park. The seller does not usually go to court because there is no witness statement and the buyer is lost anyway. The incentive for the park owner is to buy the home for a small sum, remove it from the park, site a new and possibly bigger home on the pitch and sell it, thereby making a clear profit of perhaps £100,000. Rogue site owners currently have the ability to sabotage sales and

[Annette Brooke]

can rely on the fact that many people who move to park homes are frail, vulnerable, elderly and easily intimidated. It seems perfectly reasonable for a site owner to be able to check out a prospective buyer, but how can we stop the abuse and possible fraud currently taking place? My Bill suggests that there should be an independent witness present at such meetings.

I would like to illustrate that further with a case from my constituency. The site owner wrote to my constituent on 4 October 2007 saying:

"Thank you for your letter...introducing the above young lady to me and seeking my approval for her to buy the above home.

Since taking over the park in 1999 we have always promoted the location as a retirement one for people over the age of 55. With that in mind I am unable to agree to"

Ms X

"purchasing your home and will not be endorsing her residency.

I now serve formal notice on you to remove the home, extension and conservatory as the alterations you have made to the home to accommodate the extension and conservatory have rendered the home immobile. In fact it is my belief that the original home would collapse in the event of it being moved. This situation contravenes the Mobile Homes Act, is detrimental to my Park and can no longer be accepted.

I have also engaged the services of"

a specialist

"in Mobile Homes to carry out an external survey of the home in order to verify my claim. My legal advisors have informed me that I do not need your permission for such a survey."

A letter also dated 5 October 2007 was issued to all residents on the park saying:

"Since taking over the Park in 1999 we have always promoted the location as a retirement one for people over the age of 55.

My legal advisors have informed that this should be formalised within the Park Rules and I now write to advise you of the addition of the following rule."

You have guessed it, Mr. Speaker:

"The Park is for retired/semi retired persons over the age of 55."

The letter continued:

"In the event of anyone disagreeing with this rule please let me have your written objection within 28 days of the date of this letter."

Representatives of the residents association on the site tell me that the prospective purchaser was originally prepared to make a statement about conversations with the site owner but, not surprisingly, she eventually decided to get clear of the whole situation. The residents believe that she was told that she had to be over 50, that the owner had the right to move the home, that if he did so it would fall apart, and that he would not be responsible for putting it back together again, and that he wanted to replace it with another home that could be sold for £150,000-plus. If that was not true, the site owner, too, would be protected under my proposal that an independent witness should be present during any meetings between a prospective purchaser and the site owner. That might be a solicitor, but the important point would be to have an independent witness; further consideration would obviously need to be given to communication by phone.

My constituents were offered £81,000 by the prospective purchaser. An earlier offer made by the site owner was for £15,000. The issue of extensions generally has been considered by the local authority and, while requiring certain important provisions regarding fire safety, the council decided not to enforce the removal of extensions on resale. The site owner wanted the council to enforce such removals and indicated great displeasure to me after the council made its decision. There are a number of extensions on the site that technically breach the 6 m rule. They were allowed over many years by default, with no action by the local authority or the site owner. Many owners purchase their homes with the extensions already in place, and have no knowledge of any problems relating to them. The site ownership has been with the same family for many years.

In this case, following the loss of a prospective purchaser, the owner tried to pursue a fraud case. There were enormous difficulties involved in getting the police to accept that this was not just a civil matter. The case was eventually taken up, but perhaps not in a wholehearted manner, and, in any event, it was not pursued by the Crown Prosecution Service. The all-party group on the welfare of park home owners recently had a useful meeting with the Minister responsible for policing. He was very responsive, and agreed to talk to the police about the need for existing legislation to be available to park home owners. Witnesses are needed, however, and on many occasions prospective buyers will just want to walk away and forget an unpleasant experience.

The Bill is about prevention. I hope that hon. Members will support it and thus protect vulnerable people when they come to sell their precious homes, often when they are moving on into more supported accommodation. The Bill would also protect site owners against any untrue allegations. I am pleased to say that it commands the support of hon. Members from all the main political parties in this House.

Question put and agreed to.

Order

That Annette Brooke, Richard Younger-Ross, Mr. Bill Olner, Mr. Gary Streeter, Andrew George, Natascha Engel, Mr. Richard Benyon, Mr. David Kidney and Sir John Butterfill present the Bill.

Annette Brooke accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 16 October and to be printed (Bill 92).

3.42 pm

Mr. David Gauke (South-West Hertfordshire) (Con): On a point of order, Mr. Speaker. On a number of occasions, you have raised the requirement for Ministers to answer written parliamentary questions appropriately. I asked the Prime Minister a question, the answer to which was published in *Hansard* on 30 April 2009 at column 1415W. I asked him whether the recording of his statement on hon. Members' allowances that was uploaded to his YouTube channel on 21 April had required more than one take. The response was:

"The recording is available on the Downing street YouTube channel."—[*Official Report*, 30 April 2009; Vol. 491, c. 1415W.]

That clearly represents a failure—some might call it a lamentable failure—to answer the question. What can I do to ensure that the Prime Minister will answer this question?

Mr. Speaker: I think that the Prime Minister has answered the question in his own way, and I think that we could leave it at that.

Apprenticeships, Skills, Children and Learning Bill

[Relevant documents: The Fourth Report from the Children, Schools and Families Committee, Session 2007-08, the Draft Apprenticeships Bill, HC 1082, and the Government's response, HC 259, Session 2008-09; and oral evidence taken before the Committee on 9 July 2008 on the Learning and Skills Council, HC 960-i, Session 2007-08. The Seventh Report from the Innovation, Universities, Science and Skills Committee, Session 2007-08, Pre-Legislative Scrutiny of the Draft Apprenticeships Bill, HC 1062-I, and the Government's response, HC 262, Session 2008-09; and the First Report from the Committee, Session 2008-09, Re-skilling for Recovery: After Leitch, Implementing Skills and Training Policies, HC 48-I, and the Government's response, HC 365. The Fourteenth Report from the Joint Committee on Human Rights, Legislative Scrutiny: Welfare Reform Bill; Apprenticeships, Skills, Children and Learning Bill; Health Bill, HC 414.]

Consideration of Bill, as amended in the Public Bill Committee

New Clause 14

PERSONS DETAINED IN YOUTH ACCOMMODATION: FURTHER PROVISION

'After section 562 of the Education Act 1996 (c. 56) insert—

"Chapter 5A

Persons detained in youth accommodation

Provisions applying to detained persons

562A Application of Act to detained persons

(1) In its application in relation to detained persons, this Act has effect subject to modifications prescribed by regulations made by the appropriate national authority.

(2) References in this Chapter to a detained person are to a child or young person who is—

(a) subject to a detention order, and

(b) detained in relevant youth accommodation;

and, in provisions applying on a person's release, also include references to a person who, immediately before release, was a detained person.

562B Duty to take steps to promote fulfilment of potential

(1) Subsection (2) applies in relation to a detained person who is not a looked after child.

(2) The home authority must—

(a) during the period of detention in relevant youth accommodation, and

(b) on the person's release from detention in relevant youth accommodation,

take such steps as they consider appropriate to promote the person's fulfilment of his or her learning potential.

(3) Those steps must include, where it appears to the home authority appropriate for them to do so, making arrangements for the provision, on the person's release from detention—

(a) of education, or

(b) in the case of a person who is over compulsory school age, of education or training.

(4) Where the host authority make any determination as to the education or training to be provided for a detained person, the authority must have regard to any information provided by the home authority under section 562E for the purpose of assisting any such determination.

562C Detained persons with special educational needs

(1) This section applies where, immediately before the beginning of the detention, a local education authority were maintaining a statement under section 324 for a detained person.

(2) The authority must keep the statement while the person is detained in relevant youth accommodation.

(3) The host authority must use best endeavours to secure that appropriate special educational provision is made for the detained person while the person is detained in relevant youth accommodation.

(4) For the purposes of subsection (3), appropriate special educational provision is—

(a) the special educational provision that, immediately before the beginning of the detention, was specified in the statement,

(b) educational provision corresponding as closely as practicable to the special educational provision so specified, or

(c) if it appears to the host authority that the special educational provision so specified is no longer appropriate for the person, such special educational provision as reasonably appears to the host authority to be appropriate for the person.

562D Appropriate special educational provision: arrangements between local education authorities

(1) This section applies where special educational provision is secured for a person in circumstances where section 562C applies.

(2) A local education authority may supply goods and services to—

(a) the host authority, or

(b) any other person making the special educational provision in question.

(3) Goods and services may be supplied under subsection (2) only for the purpose of assisting the making or securing of that special educational provision.

Provision of information relating to detained persons

562E Provision of information about detained persons

(1) Any person who has provided education or training for a detained person (whether before or during the period of detention) may provide information relating to the detained person to—

(a) the home authority, or

(b) the host authority,

for the purposes of, or in connection with, the provision of education or training for the detained person.

(2) A local education authority must, on a request under subsection (3), as soon as practicable provide to the person making the request such information that they hold relating to a detained person as is requested.

(3) A request is made under this subsection if it—

(a) is made by a person within subsection (4), and

(b) asks only for information which the person requires for the purposes of, or in connection with, the provision of education or training for the detained person (including education or training to be provided after the detained person's release from detention).

(4) Those persons are—

(a) any other local education authority;

(b) a youth offending team established under section 39 of the Crime and Disorder Act 1998;

(c) the person in charge of any place at which the detained person is detained or is expected to be detained;

(d) any person providing or proposing to provide education or training for the detained person.

(5) The Welsh Ministers must, on a request by the home authority or the host authority, provide a copy of any relevant assessment report for the purposes of the exercise of any function of that authority under section 18A or this Chapter.

(6) In subsection (5), "relevant assessment report" means a report of an assessment of a detained person conducted (whether before or during the period of detention)—

(a) under section 140 of the Learning and Skills Act 2000, and

(b) by virtue of arrangements made by the Welsh Ministers.

(7) In this section any reference to the host authority, in relation to a detained person, includes a reference to any local education authority in whose area the person is expected to be detained.

562F Information to be provided where statement of special educational needs previously maintained

(1) This section applies in relation to a detained person if, immediately before the beginning of the detention, a local education authority were maintaining a statement under section 324 for the person.

(2) Subsections (3) and (4) apply where the home authority become aware (whether by notice under section 39A(2) of the Crime and Disorder Act 1998 (detention of child or young person: local education authorities to be notified) or otherwise)—

(a) that the person—

(i) has become subject to a detention order, and

(ii) is detained in relevant youth accommodation, or

(b) that the person has been transferred from one place of accommodation to another place of accommodation which is relevant youth accommodation.

(3) If, immediately before the beginning of the detention, the home authority were maintaining the statement, they must send a copy of the statement to the host authority.

(4) If the home authority are or become aware that, immediately before the beginning of the detention, another local education authority were maintaining a statement for the person under section 324, they must notify the host authority—

(a) of that fact, and

(b) of the identity of that other local education authority.

(5) The local education authority who, immediately before the beginning of the detention, were maintaining the statement must, on a request by the host authority, send a copy of the statement to the host authority.

(6) Subsections (7) and (8) apply where the person is released from detention in relevant youth accommodation.

(7) The host authority must notify the following of the person's release—

(a) the home authority, and

(b) if different, the authority who, immediately before the beginning of the detention, were maintaining the statement under section 324.

(8) If the home authority are not the authority who, immediately before the beginning of the detention, were maintaining the statement, the host authority must also notify the home authority—

(a) of the fact that immediately before the beginning of the detention a statement was being maintained for the person by a local education authority under section 324, and

(b) of the identity of that authority.

(9) Nothing in this section requires any local education authority to notify another authority of any matter of which the other authority are already aware, or to send a copy of any statement to another authority who already have a copy of it.

562G Release of detained person appearing to host authority to require assessment

(1) This section applies in relation to the release from detention in relevant youth accommodation of a detained person in relation to whom section 562F does not apply.

(2) Subsection (3) applies where it appears to the host authority that the detained person will, on release, be a child within the meaning of Part 4.

(3) If the host authority are of the opinion that the person has, or may have, special educational needs, they must, on the person's release, notify the home authority of their opinion.

(4) Subsections (5) and (6) apply where, on release, the detained person—

(a) will be over compulsory school age, or

(b) will cease to be of compulsory school age within one year.

(5) If—

(a) the host authority are of the opinion that the person has, or may have, a learning difficulty (within the meaning of section 15ZA), and

(b) the home authority are a local education authority in England,

the host authority must, on the person's release, notify the home authority of their opinion.

(6) If—

(a) the host authority are of the opinion that the person has, or may have, a learning difficulty (within the meaning of section 41 of the Learning and Skills Act 2000 (assessments relating to learning difficulties: Wales)) and

(b) the home authority are a local education authority in Wales,

the host authority must, on the person's release, notify the Welsh Ministers of their opinion.

Supplementary

562H Guidance

In performing their functions under this Chapter a local authority must have regard to any guidance issued by the appropriate national authority.

562I Interpretation of Chapter

(1) In this Chapter—

"beginning of the detention", in relation to a person detained in relevant youth accommodation, means—

(a) the beginning of the period of detention in that accommodation, or

(b) where that period is part of a continuous period, comprising—

(i) periods of detention in relevant youth accommodation and in other accommodation, or

(ii) periods of detention pursuant to two or more court orders,

the beginning of that continuous period;

"looked after child" means a person who, for the purposes of the Children Act 1989 is a child looked after by a local authority; and references to the local authority looking after the person are to be read accordingly;

"the appropriate national authority" means—

(a) in relation to England, the Secretary of State;

(b) in relation to Wales, the Welsh Ministers;

"the home authority"—

(a) in relation to a child or young person who immediately before the beginning of the detention was, or at any time since then has been, a looked after child, means the local education authority who are the local authority looking after, or who have most recently been looking after, the person;

(b) in relation to any other child or young person, means the local education authority in whose area the person is ordinarily resident;

"the host authority", in relation to a child or young person detained in relevant youth accommodation, means the local education authority in whose area the child or young person is detained;

"young person" includes a person aged 18.

(2) In determining for the purpose of subsection (1) where a child or young person is ordinarily resident, any period when the person is subject to a detention order is to be disregarded.

(3) Regulations made by the appropriate national authority may make further provision for determining where a person is ordinarily resident for the purpose of that subsection."'.—*(Sarah McCarthy-Fry.)*

Brought up, and read the First time.

3.44 pm

The Parliamentary Under-Secretary of State for Children, Schools and Families (Sarah McCarthy-Fry): I beg to move, That the clause be read a Second time.

Mr. Speaker: With this it will be convenient to discuss the following:

Government new clause 15—*Detention of child or young person: local education authorities to be notified.*

Government amendments 10 and 11.

Sarah McCarthy-Fry: New clause 14 inserts new chapter 5A into part X of the Education Act 1996. It further strengthens the provisions in the previous clause, particularly for young people with special educational needs, and with regard to information sharing. The new chapter 5A continues to place a duty on the child's or young person's home local authority to take steps to promote the fulfilment of the person's learning potential while they are in juvenile custody and on their release. The new clause is an important mechanism for ensuring that one local authority—the home local authority—remains involved in the person's education and training, regardless of where they are in the system, and can promote continuity and consistency of learning for the child or young person.

For persons in juvenile custody with special educational needs, the new clause provides a framework of duties that significantly strengthens requirements and that will, we believe, provide the most practical of arrangements to ensure their needs are met in custody and on their release. If a person had a statement of special educational needs prior to their detention, new section 562C requires the host LEA to use its best endeavours to secure that appropriate special educational provision is made for the detained person.

Mr. Graham Stuart (Beverley and Holderness) (Con): Will the Minister explain why the Government have chosen to make the host authority use "best endeavours" rather than a rather stronger duty? While she is answering that, will she also deal with the position whereby the home authority is required to

"take such steps as they consider appropriate"?

Both these phrases seem rather understated given that those currently in custody so rarely get the educational support and time that they need.?

Sarah McCarthy-Fry: I take the hon. Gentleman's point and I shall come on to the detail of his intervention later. The point I made earlier about making practicable arrangements to ensure that needs are met is relevant; young people normally spend only a short time in custody, so the practicality of extending arrangements is important.

Mr. David Burrowes (Enfield, Southgate) (Con): Taking the idea of "best endeavours" further, is it not the case that such endeavours will count only when the local authority has the budget to deliver ongoing support and education for a young offender in custody? Does the Minister welcome the Youth Justice Board's moves to provide full information on budgetary costs of the custody of young offenders in the home authority? Would not the next step be to look at devolving those custodial costs so that the home authority has a sufficient budget to be able to deliver when offenders are out of custody, in custody and after custody?

Sarah McCarthy-Fry: Under the Bill, the budget currently held by the Ministry of Justice, which is responsible for education in custody at the moment, will be transferred to local authorities, and detailed guidance will be issued on how it will work in practice.

Section 562C also requires the authority that was maintaining the statement to keep a copy of it while the person is detained. Clause 51, which amends part 4 of the Education Act 1996, makes provision for the statement of special educational needs that was maintained before the person's detention to be revived and reviewed on release. The new clause also strengthens requirements in relation to the transfer of information about a person's education so that that relevant parties can exchange relevant educational information to help to ensure that education and training in juvenile custody can be tailored to meet the person's needs.

Rob Marris (Wolverhampton, South-West) (Lab): The provisions may well be in the new clauses, but it has been a particular problem with young people in the secure estate that if they are moved, their educational records can take so long to catch up with them that they end up having to start all over again. If that happens twice—given that most of them have short sentences—they end up completing their sentence when they have had three first bites at the cherry but have never been able to complete a course, even though they would have had time to do so if the records had followed them promptly from one institution to another.

Sarah McCarthy-Fry: Information sharing is going to be particularly important. Because of a previous split in responsibility between the Ministry of Justice and local authorities, which applied before a young person went into custody and after, there was far more likelihood of what my hon. Friend referred to happening. We hope that under the new provisions, that process will be speeded up and will form part of the guidance that develops as we go forward. The guidance will include expectations of how LEAs should support the special educational needs of children and young people in juvenile custody, and we will use the guidance to be clear about the respective roles of the different local authorities involved in order to assure clarity of roles and expectations.

Concern has been expressed that all the needs of young people with special educational needs should be met while they are in custody, but it is necessary to be mindful of the significant constraints within the custodial environment and of the fact that, as I said earlier, young people generally spend only a short time in custody. It would be impractical to require local education authorities to commission specific provision to meet every need of every young person while they are in custody, because it

[Sarah McCarthy-Fry]

would take time to commission that, and would be difficult within the context of delivering complex custodial regimes for an ever changing population. However, we consider the provisions in the Bill a significant step forward.

Our requirements for and approach to education and training for children and young people in custody will result in real improvements and better outcomes. This is the first time that requirements for education in custody will be set out in primary legislation, which will allow us to be clear about roles and expectations in statutory guidance. It will mean clear duties on a young person's home local authority to maintain involvement in the person's education and training, which we believe will promote greater consistency in young person's learning and the support that they receive to help them to engage, progress and achieve.

With regard to young people with statements of special educational need, there are significant constraints to continuing SEN statements in custody, which outweigh the potential benefits. The SEN statement is a legally binding document that sets out the specific special educational provision that the young person must receive. The statement would be likely to include the name of the school the young person must attend and details of all the special educational provision the young person must receive. Therefore, if the statements were to be continued when a young person entered custody, the statement would have to be reviewed and reissued upon the child's entering the custodial establishment and again on the young person's release.

As I said, the average time spent in custody for young people is three to four months, which means that by the time the SEN statement had been reviewed and appropriate provision commissioned and provided, the majority of young people would be leaving the secure estate and the SEN statement would need to be reviewed yet again.

There are significant constraints on host LEAs being required to conduct SEN assessments for young people entering custody without a statement, if they consider an assessment might be needed. Again, that is because young people generally spend a short time in custody and may also move establishments mid-sentence, as was pointed out by my hon. Friend the Member for Wolverhampton, South-West (Rob Marris).

Mr. Burrowes: Does the Minister share the concern about constraints for home authorities in relation to the increasing distance between the home authority and the locations in which young people are housed in custodial establishments? Will she consider how the Bill squares with the decision of the Youth Justice Board to remove contracts in relation to secure children's homes, which often house some of the most vulnerable young people? Indeed, in London there will be no secure children's home; the nearest is in Southampton.

Sarah McCarthy-Fry: Again, information sharing between home and host local authorities will be really important. I still maintain that bringing the education system back under the local authority so that it, as a body, rather than the Ministry of Justice, bears the responsibility between a child's entering and leaving custody, means that that continuity is much more likely to be maintained.

Mr. Stuart: I am extremely grateful to the Minister, who is being most generous in giving way. Did she consider putting a time limit on the period during which either the host authority or the prison fails to provide for the educational needs of the child? Rather than just leaving it to best endeavours, did she consider putting on a limit of some sort, so that if the child does not move rapidly through the system but stays for some time, there will be some guarantee that they get the educational support that, probably, they badly need?

Sarah McCarthy-Fry: That is a valid point and something we could consider when we are putting the statutory guidance together. It is obvious from all the interventions by hon. Members that we all have the best interests of those young people at heart.

We propose that the best practicable solution is for a person's SEN statement to be suspended while they are in custody and picked up and reviewed on their release, but I should point out that our current requirements for education and training for persons in juvenile custody already require that learning assessments of young people's needs be conducted and used to inform individual learning plans and to meet personal needs. That will continue under the new arrangements.

Annette Brooke (Mid-Dorset and North Poole) (LD): I thank the Minister for the comment that was made on this very point in the letter sent on 29 April, but I should like to be reassured that that definitely happens in the case of every young offender. I should also like to know what monitoring is conducted to ensure that an assessment is made at what I consider to be the most important stage of the process.

Sarah McCarthy-Fry: I think we all want to ensure that this actually happens for young people. As in many cases, a statutory requirement is possible, but we need to establish how such a requirement is implemented in practice. I think that that, too, can be explored through guidance.

Mr. John Hayes (South Holland and The Deepings) (Con): Of course we all have the best interests of young people at heart, and "best endeavours" matter immensely but, given the intervention by my hon. Friend the Member for Enfield, Southgate (Mr. Burrowes, will the Minister tell us specifically what mechanisms and procedures are in place to facilitate the communication that will be essential to the working of the new regime?

Sarah McCarthy-Fry: We will consult on the guidance, and we will ensure that all parties—including the Ministry of Justice and anyone concerned with children's education—are involved in drawing it up.

Bob Spink (Castle Point) (Ind): I am a little worried about subsection (4)(c) of new subsection 562C. I fear that host authorities may use it to further their own interests rather than those of a child with special educational needs, and avoid their responsibility to provide appropriate special care. What guarantees can the Minister give that that will not happen?

Sarah McCarthy-Fry: It is certainly not the intention of the legislation that that will happen. While we do not accept that it is practical for the entire statement to be implemented while the young person is in custody, we interpret the phrase "best endeavours" to mean that the

host authority will have to share information with the home authority, which will have to pick up the process when the child comes home.

In the case of someone who has been a looked-after child immediately before or at any time since the period of detention, the home authority will be the authority that has looked after the child most recently. Our policy is that the local education authority responsible for looking after a child should be responsible for the child, and we do not want the new duties in new clause 14 to interfere with that responsibility.

We believe that the information-sharing provisions will provide a consistent learning experience for young people, which will build on their earlier learning and educational experiences. Many youth offending teams and local partners already have information-sharing protocols which inform young people's assessments, sentencing and sentence plans. However, the provisions in the new clause provide a clear legal framework to support those arrangements.

Rob Marris: Inasmuch as new section 562E—entitled "Provision of information about detained persons"—relates to people under the age of 18, it provides for information sharing, but I cannot find any provision that enables parents to receive information about, for example, what training or education a child was or was not given while in the secure estate. Is that an oversight, or is the matter covered elsewhere in the Bill? It seems to me that parents ought to be able to obtain such information.

Sarah McCarthy-Fry: My hon. Friend has made an excellent point. I cannot say off the top of my head whether the matter is covered elsewhere in the Bill, but I shall try to find out for him.

New clause 15 inserts a new section 39A in the Crime and Disorder Act 1998, requiring youth offending teams in England and Wales to notify a child or young person's home and host local education authority when it becomes aware that that person has been detained in, transferred from or released from relevant youth accommodation. There is no pre-existing legislative provision requiring a youth offending team to be notified when a young person is detained in custody pursuant to a court order. However, youth offending teams have a pivotal role in the youth justice system, and in particular in arranging the placement of a young person who is sentenced or remanded in custody. In practice, a custodial placement could not be arranged without the youth offending team's involvement.

A member of the youth offending team must be in attendance in court when a young person is sentenced to remand or custody, and if for any reason a member of the team is not present, the court is required to complete a report on the outcome of the hearing which must be sent to a range of partners including the youth offending team. Therefore, in practice a young person could not be placed in custody without the youth offending team being aware of it.

4 pm

New clause 15 extends this provision so that a notification duty is placed on youth offending teams specifically to notify the home and host local education authority when a young person is detained in, transferred within, or released from juvenile custody. The youth offending team must also notify any other LEA in whose area the team expects the detained person to live on their release. The new clause ensures that relevant home and host LEAs will know when a child or young person moves into and out of the juvenile custodial estate, and when they transfer.

These provisions will strengthen current good practice, and will ensure that the LEAs can fulfil their new duties under chapter 5A of part X of the Education Act 1996, as inserted by new clause 14. They will help to ensure that local authorities can arrange suitable education for children and young people, both while they are detained in juvenile custody and on their release.

These provisions are central to our plans to improve education and training for young people in youth custody. They bring young people in juvenile custody under primary educational legislative regimes for the first time, and they make local authorities, as the mainstream commissioners of services for young people, also responsible for young people's education while they are in juvenile custody.

Alison Seabeck (Plymouth, Devonport) (Lab): I welcome this new clause, but does my hon. Friend the Minister not share my concern that some local authorities do not follow up on much of the information they receive, in this case from youth offending teams? There has been clear evidence of that. The man in charge of Wandsworth prison recently told an all-party group that Wandsworth council simply does not respond when adults leave prison; it does not support them. What can we do to ensure that local authorities respond appropriately?

Sarah McCarthy-Fry: That is a similar point to one raised earlier about what we would do if a local authority did not put the interests of a child first. If it did not do so, it would be in breach of a statutory duty, and the Secretary of State has direction powers to compel an authority in that respect, which would be enforceable by the courts.

Mr. Burrowes: On the requirement for notification when a young person has been subject to a detention order, will the Minister confirm that young people on remand and not subject to any sentence of detention or training are also covered?

Sarah McCarthy-Fry: It is my understanding that that applies whenever a young person is within the secure estate, but if that is not right I am sure that someone will correct me before we conclude our proceedings today.

I hope that Members will agree that the new clauses significantly strengthen requirements in respect of young people in juvenile custody—especially those with special educational needs—and that they provide a robust and practical framework to ensure that the needs of children and young people in juvenile custody can be appropriately supported.

Mr. Nick Gibb (Bognor Regis and Littlehampton) (Con): There is an element of déjà vu to this debate. The Minister is moving precisely the same new clauses that she moved in Committee on 17 March. Her arguments are the same, too; in fact, many of the words and phrases she has used are very similar, albeit today she has sought to explain matters more expansively. In a few moments, I will raise with her some of the questions that we raised in Committee on the new clauses, and I

[Mr. Nick Gibb]

do not doubt that the Minister will respond with the same, or similar, answers to those that she gave on 17 March.

Why are we repeating a debate we had in Committee? Why is the Minister moving exactly the same new clauses that she argued for in Committee? She is doing so because the management of the Committee stage by the four Ministers charged with that responsibility was not handled with the deftness of touch that might have been expected; it was a case of too many Ministers spoiling the broth, and an example of the chaos that can occur on considering a joint Bill when there is no clear sense of who is responsible.

The following is what happened in Committee. New clauses 14 and 15 were meant to replace clauses 49 and 50, which meant that the Government Members of the Committee should have voted against their own clauses in Committee, but instead they inadvertently voted for them. However, a very kind Chairman of the Committee realised the Minister's oversight and gave the Committee a second chance to vote; but, alas, those Members again voted the wrong way and voted for their own clauses. So, here we are repeating the Committee stage and voting on whether to undo the errors of wayward Ministers—and we will have to do that again later this evening as the Government try to reverse three defeats incurred in Committee on three technical Government amendments. Those defeats were caused by the fact that a number of Labour Members failed to turn up in time for a 9 am start.

On the substance of the new clauses, these are important provisions—*[Interruption.]* Well, we would not have to waste any of this time had this been handled properly in Committee.

Bill Wiggin (Leominster) (Con): My hon. Friend is rightly teasing the Government for wasting the House's time. Does he know where the Government deputy Chief Whip is—he was omnipresent in Committee, so is he ill?

Mr. Gibb: My hon. Friend makes a good point; the deputy Chief Whip was present throughout the later stages of our discussions. I have seen him today, looming around the Palace, so I am pleased to say that he is not ill; no doubt he will be joining us later.

There is no doubt that education is key to the rehabilitation of young offenders and, indeed, of all prisoners in our jails. Statistics for 2007 reveal that nearly half of prisoners had a reading age of 11 or younger, 65 per cent. had maths skills below those of an 11-year-old and 82 per cent. had handwriting skills at or below those of an average 11-year-old. Action for Children, which is a voluntary sector provider of children's services, shares our concern about the quality of education for young people in custody, and it has stated:

"Within the secure estate, education and training provision is patchy. There is a commitment of 30 hours per week of education and skills provision, but figures suggest that the average amount of time spent on education and training is much lower."

I wish to raise with the Minister the concerns about the wording of these new clauses that some of my hon. Friends have touched on and that were raised by my hon. Friend the Member for South Holland and The Deepings (Mr. Hayes) in Committee. The first relates to proposed new section 562B(3) of the Education Act 1996, which new clause 14 would insert. Proposed new section 562B would introduce a duty on the home local authority of the young person in custody to ensure that both during the period of detention and on release it took steps to promote that young person's educational potential. Subsection (3) would provide that the home authority must make arrangements for the provision of education or training for the young person when they are released, but includes the words "where it appears to the home authority appropriate for them to do so".

I want the Minister to answer the following question. Given the importance of education to young offenders in ensuring that they do not continue on the road to a life of crime, when might it not be "appropriate" for that young person's home authority to make arrangements for the provision of education or training on that person's release from detention? Is not the danger that the phrasing will provide a get-out clause that will allow indolent local authorities not to bother?

Rob Marris: I understand the hon. Gentleman's concern, but may I suggest that one point where it might not be appropriate for the home authority to act is mentioned in the new clause: in respect of people who are "over compulsory school age."?

Mr. Gibb: I do not accept that. Given the statistics that I have just read out, we need to put more effort into ensuring that prisoners who leave custody have those basic skills to enable them to get a job and to have a decent life. Local authorities should not be given an easy get-out from providing that education to those people.

Mr. Graham Stuart: I, too, am interested by the use of the term "over compulsory school age". I thought that "compulsory school age" was a historical concept and that what we now have is compulsory education to the age of 18. Thus, this usage would appear to be inappropriate or at least ambiguous. Where does it leave 17-year-olds and 18-year-olds?

Mr. Gibb: My hon. Friend makes a very good point. It is an anachronistic phrase—if one is to believe the rhetoric of Labour Ministers.

Our second concern relates to proposed new section 562C(3) of the 1996 Act, which new clause 14 would insert and which deals with young offenders who had a statement of special educational needs prior to going into custody. The provision says that the local authority where the young person is detained must use its "best endeavours" to secure special educational provision for that person while they are in custody. Again, it is the phrase "must use its best endeavours" that concerns us. Is not that another get-out clause for a local authority that does not want to incur the expense of ensuring that the youth custody facilities in its area provide that type of quality education?

Our third and final concern also relates to the proposed new section 562C and concerns the definition of what is to be regarded as appropriate special educational provision. In new subsection 4(c) it says that if it appears to the host authority that the special educational provision specified in the statement is no longer appropriate for the young person in custody, the host authority can simply provide that element of special education that it deems appropriate. Given that the new section does not

provide for a new statement or assessments to be made, that also appears to be a widely drafted get-out clause for local authorities that do not wish to provide high-quality special education for young people in custody.

Policy in relation to children with special educational needs has not been well handled over the last 10 or 20 years, and much needs to be done to right those wrongs. Indeed, one might be forgiven for making a connection between poor policy making, the Warnock conclusions about inclusion and the fact that we are now discussing educational provision for young people in custody with special educational needs. Given the strong correlation between poor educational achievement and prison, it is not difficult to come to the conclusion that poor special education provision is having a similar consequence for some young people who have special educational needs.

These are important issues and I hope that the Minister will address them appropriately. I wish her all the best with voting these new clauses and amendments on to the statute book without any hitches.

Mr. Gordon Marsden (Blackpool, South) (Lab): I apologise for not joining the debate earlier, but I have been in a Select Committee meeting.

I have taken some interest in new clause 14 as part of my overall interest in special educational needs. I congratulate Ministers on these amendments. This issue is very important. Last year, on the Second Reading of the Education and Skills Act 2008, I pointed out the importance of trying to ensure that children with special educational needs were not excluded unnecessarily. This Bill follows through that aim very positively. One of the problems that sometimes occurs when we legislate is that the different Departments do not always get their act together. Given that this issue relates to the Ministry of Justice as well as to the Departments for Children, Schools and Families and for Innovation, Universities and Skills, one might expect that problem to occur, but it has not.

Mr. Hayes: I am reluctant to interrupt the hon. Gentleman as I know that he takes a great interest in these matters and speaks with authority, but I thought that the House might wish to note that the deputy Chief Whip has now joined us—I presume in order to ensure that proceedings go more smoothly than they did the first time.

Mr. Marsden: I have nothing to add to that intervention and I shall continue my train of thought.

These amendments have rightly been informed by the concerns that have been expressed on other occasions. I refer especially to the Westminster Hall debate on adults with learning difficulties that took place earlier this year and to the comments on that occasion made by my hon. Friends the Members for South Thanet (Dr. Ladyman) and for Hendon (Mr. Dismore) about the number of adults in the system who did not get the right sort of advice or assistance. I raised that issue with Ministers subsequently in Justice questions.

These amendments are a strong attempt to join the circle through further provision and to link the concerns that have been expressed by the DCSF about the need to ensure that children with special educational needs are not unnecessarily excluded—as that might set them on a path that leads to delinquency and further criminal behaviour—with the situation in prisons. This is a very important step, which is widely welcomed. I expect—and very much hope—that it will make a significant contribution to what the Government have already been trying to do about prison education.

4.15 pm

Annette Brooke: I, too, hope that our considerations today proceed smoothly and without a hitch. On the subject of these new clauses, it is really important to identify the roles of the home and host authorities. I believe that the Government basically have it right in their definitions of what the home authority should be doing and what the host authority should be doing. The difficulty, as all hon. Members acknowledge, is promoting liaison between those two authorities.

It is important that the Government recognise clearly that a high proportion of young offenders have special educational needs and, perhaps unrelated to that but possibly related to it, that many young offenders have been excluded from school. Obviously, education is key in rehabilitation and in tackling reoffending. Equally, we are aware of the particularly high rate of reoffending among young people, which can be as high as 80 per cent. I cannot emphasise enough how important I think that the proposals are, but I am concerned about their implementation, as I have already said.

I, too, share the concerns of the hon. Member for Bognor Regis and Littlehampton (Mr. Gibb) that the proposed new section 562C offers some convenient opt-outs for local authorities that mean that they might not endeavour to take the required steps to promote a person's fulfilment and learning potential. Given the existence of those opt-outs, it is crucial that their use be tightly defined in guidance.

I would also repeat the point I made earlier: it is important that an assessment be made for all young people if they come into the youth justice system. That must be put on the record. I do not think that it is happening now, so it does not reassure me to have in writing, "Well, that's all right because it is in such and such a plan." The Government must come up with some firm schemes for monitoring the whole system implied in the new clauses; otherwise, they will be totally worthless and we will not make progress on this important matter, on which I think that the Government would be proud to have success.

Kelvin Hopkins (Luton, North) (Lab): I was not privileged to be a member of the Public Bill Committee, so I hope that what I say has not already been well debated before.

The concern is about young people in custody with special educational needs. Is it not the case that had we intervened sooner, they might not be in custody? I have argued many times, in this House and elsewhere, that we ought to provide better for younger people who clearly have special educational needs, and to do so at an earlier stage. I have some knowledge of this subject from relatives who have been teachers. Local authorities have been reluctant to statement young people, because it then costs money to do something about it. Even when those young people have been statemented, there is often a long delay before any action, during which time youngsters can fall more and more into trouble and difficulty. They might, perhaps, be excluded from school and then get into trouble. The end result is that

[Kelvin Hopkins]

they finish up in custody, with a criminal record or a custodial record and with a very poor educational experience.

Bob Spink: The hon. Gentleman has just shared with the House his scepticism about local authorities' willingness to go the extra mile for people with special educational needs. Does he share my concern that proposed new section 562C(4)(c) states that special educational needs provisions do not have to be applied by the host authority if that host authority feels that they are

"no longer appropriate for the person"?

My concern is that the host authority might consider the situation from the point of view of its own convenience, rather than from that of the interests of the individual. The authority might withhold the special educational needs provision because it is inconvenient for the host authority rather than because it is not in the individual's interests. Does the hon. Gentleman agree that the Government should make sure that they monitor the situation carefully, and should ensure that they give extremely strong guidance on the matter?

Kelvin Hopkins: I thank the hon. Gentleman for his intervention. I shall come on to make the point that there is always a resource implication of such actions. The resource constraint sometimes deters local authorities from doing things that they ought to do. I have had cases in my constituency of people who really should have been in residential educational care, or whatever one likes to call it, at an earlier stage in life. The local authority resists, usually arguing that it is better to have the principle of inclusion to the fore, when the real concern is about the cost. If central Government were prepared to fund local authorities to provide that very expensive special provision for certain young people, local authorities would be much more enthusiastic about pursuing that option. That is, of course, true of the new clauses that we are discussing, too.

I support the clauses in principle, but if local authorities find ways of not doing what those clauses imply because it is "not appropriate", it may be a resource constraint that is the problem. I ask my right hon. and hon. Friends on the Front Bench—my right hon. Friend the Secretary of State for Children, Schools and Families, the Under-Secretary of State for Children, Schools and Families, my hon. Friend the Member for Portsmouth, North (Sarah McCarthy-Fry), and the Under-Secretary of State for Innovation, Universities and Skills, my hon. Friend the Member for Birmingham, Erdington (Mr. Simon)—to look seriously at making sure that local authorities have the resources to do what the clauses imply should be done.

I have argued on many occasions that there ought to be more residential provision for those with certain sorts of special educational needs, and particularly for those with serious behavioural needs that are difficult to accommodate in school. The young people concerned have difficulty coping with school. I am not suggesting that every time anybody misbehaves, they should be sent off to a boarding school, but some people's behavioural difficulties are so serious that they really need a calmer experience in a residential setting, with specialist provision. I know that schools and colleges of that kind do exist. Some of them are private, and some are very expensive. If local authorities, in regional consortiums, made that sort of provision for those with special educational needs at an early stage—if intervention were quick and early—it would make an enormous difference to whether those people finished up in a custodial environment, and then went on to a criminal life, which would be wholly regrettable. Early intervention is absolutely crucial in such cases, as it is in the case of so many special educational needs. If we invested more in such special educational provision when people were very young, we would finish up with fewer people in custodial situations, and fewer people leading a life of crime.

Mr. Graham Stuart: It is a great pleasure to follow the hon. Member for Luton, North (Kelvin Hopkins). Uniquely, I found myself agreeing with almost everything that he said, particularly on early intervention. If one wants to look at the matter in purely financial terms, from the state's point of view, early intervention and investment in young people who are clearly coming off the rails, as they are when in custody, will pay back. It will pay back handsomely if we can provide the educational opportunity to allow at least a decent percentage of those young people to get on to the straight and narrow, increase their confidence and so on.

I also agree with what the hon. Member for Mid-Dorset and North Poole (Annette Brooke) said about the need for visibility on performance. We need transparency. Young people who go into custody often move between institutions. Sometimes they are moved far away from their home authority, and they are out of sight, out of mind. That is why the fact that the Government are today making an effort to improve the education of those young people is to be welcomed, but it is also why so many Members from all parts of the House have concerns about whether the measures that the Government are taking are strong enough.

I have already raised issues about the wording. The home authority must

"take such steps as they consider appropriate",

and the host authority "must use best endeavours". To say that an authority has failed in such a statutory duty is pretty hard to do. I therefore urge Ministers to consider tightening up that wording, even if, for now, it appears only in guidance. If we are to ensure that those young people receive education where it is practical to deliver it, perhaps we need a stronger commitment. That also picks up on another important point, in addition to transparency, about money; this is often a question of resources. Given plentiful quantities of money, host, home and custody authorities would be only too happy to provide more educational support for young people and, if they had the resources, perhaps they would be able to ensure a more settled time in custody, the better to provide them with education. I am concerned about the way in which the host authorities will access the money. I understand from the Minister that money will be transferred to local authorities, but will transparency apply to requests from host authorities to home authorities and to the responses that they receive? I should be grateful if the Minister explained to the House and to me exactly how the host authority may claim funding to ensure that the person it has assessed receives the education that that authority thinks is right.

On the subject of visibility, are the Government, like many on both sides of the House, keen on league tables? If necessary, could league tables on performance in looking after the education and the progress of young

people in custody be published to shame authorities into improving their performance? At the very least, if they discovered that other authorities were doing a much better job, they could make contact with those authorities and try to find out what was required to help them improve.

Anne Main (St. Albans) (Con): It is important that we look at added value. People often start at a low base when they enter into the care of those education authorities, so we need to look at that component. Those people have already been failed by the system, so we must ensure that it then brings them up, at least to some extent. That may not be as measurable as some people would like, but it is important that an assessment is made.

Mr. Stuart: I completely agree with my hon. Friend, and it brings me to my final point, about subsection (4)(c) of proposed new section 562C, which states that where

"it appears to the host authority that the special educational provision so specified"

by the former home authority

"is no longer appropriate"

it can be set aside, as hon. Members have said. However, if it is set aside, some form of formal assessment should be carried out by the host authority. That authority should not be able simply to declare that it deems that that provision is no longer appropriate. A formal process should be conducted to ensure that that decision is reached after a rigorous assessment, and is not made purely to suit the authority's financial situation.

Mr. Burrowes: My hon. Friend has made a very good point. Given the indication that the statement of special educational needs would effectively be suspended, does he share my concern that not only does that change the duty of the home authority and put the onus on the host authority but it takes away parents' rights regarding statements? No longer will they be party to any reviews or appeals: they will be cut out of the process of SEN provision for their child while he or she is in custody. Does he share my concern that the Minister has not adequately thought through that loss of contact and representation for parents?

Mr. Stuart: My hon. Friend is quite right, and he has picked up a point made by the hon. Member for Wolverhampton, South-West (Rob Marris). It is ironic that we should consider these new clauses, which make no mention whatsoever of parents, on the very day on which the Prime Minister has declared that parent power should be the driving force to raise educational standards. That irony will not be lost on the Secretary of State who, in this particular regard, has failed his master. Perhaps he is about to catch up, and fall into step with him, and we will hear about that from the Minister at the Dispatch Box.

Mrs. Sharon Hodgson (Gateshead, East and Washington, West) (Lab): As hon. Members will know, I spoke on Second Reading and served on the infamous Public Bill Committee. A lot of fun was had, and I enjoyed spending a great deal of time with Members from all parts of the House—probably more time than I would have liked at times. It was an occasion that I will not forget in a hurry, and it will give me many happy memories in the years to come.

I wish to speak in support of new clause 14, and seek clarification from the Minister on a couple of aspects of the Bill's implementation. As we know, a large proportion of young people who are detained have special educational needs and many of those are identified, but as the Minister is well aware, many are not. I am pleased that the new clause pays significant attention to children with special educational needs.

4.30 pm

My contributions in Committee were intended to elicit reassurances from the Minister that the particular needs of children with disabilities and additional special educational needs will be met, but it should not go without mention that the Minister told me that expenditure on those with SEN has risen by the best part of £500 million since 2000. The specific referrals that will come about as a result of the new clause will further back up that commitment.

However, I am concerned that we still cannot identify the number of children or young people detained in juvenile custody who have an SEN, what that SEN is—I have campaigned long and hard on this, as Ministers know—or the number of those who are later given a statement. Although I accept that there is a duty on local authorities to monitor and provide for children for whom they are responsible, it is a cause for concern that yet again there is a deficit of information in an area in which a problem clearly exists. I wholeheartedly support the amendment, which places a duty on a host local authority.

Mr. Hayes: I know that the hon. Lady feels passionately about these subjects, as do I. Would she acknowledge that one of the key aspects of that information is the specificity and quantification of the provision that is put in place to meet the statemented need? There seems to be some variability about that between authorities, and some problem with passing on that information in detail from one authority to another as a child, and later a young person, goes through the system?

Mrs. Hodgson: I agree. As hon. Members know, I introduced a private Member's Bill on special educational needs and the collection of information. The problem exists not only for children in custody, but for children as they move around the country, even when their parents are totally responsible for them. Often the information is not passed on from one local authority to another with regard to the specific needs of that child. I have had personal experience of starting again, in effect, when one moves to a new local authority. The amendment is welcome because, when a child or young person moves into a local authority area it will help inform the authority that they may need an SEN assessment or a statement.

Rob Marris: I refer to new clause 14 and to what, if it is passed, will become section 562B of the Education Act 1996. Subsection (2)(a) reads:

"The home authority must—

(a) during the period of detention in relevant youth accommodation... take such steps as they consider appropriate to promote the person's fulfilment of his or her learning potential."

I wish to probe the Minister a little on resources for the fulfilment of that statutory commitment.

I confess that the last time I looked at per capita annual spending on the education of young people in the secure estate, compared to per capita annual spending on a pupil at a state secondary school, was probably five years ago, in the previous Parliament. Let us add to the equation the amount spent by many local authorities on

[Rob Marris]

a tiny minority of children with very severe emotional and behavioural difficulties who are put in secure accommodation not necessarily because of criminal acts of any sort, but because they are so disturbed that they need a very high level of support, to the extent that it is residential and often geographically outside the home local authority area. For example, Wolverhampton used to send children to somewhere in Devon. It is debatable whether that is good for the child. For most of them, it is better that they remain nearer where they live, although not in every case if they have a very disruptive family.

I would not want anyone to think that these are exact figures, but for purposes of comparison let me give the figures, very roughly, from a few years ago. For a child from Wolverhampton who was placed in such secure residential accommodation because of their emotional and behavioural difficulties, the average cost was £150,000 a year. For some, however, the cost was £250,000 a year, meaning that, if a child went into such an institution for four years, they could cost £1 million. It drained a huge proportion of the health budget and the local authority budget, albeit for children with very severe difficulties. Those were extreme figures.

The approximate spending per capita per year—I am talking about five years ago—on an average child in a secondary school was £4,000 a year. That was for a child who went to school for roughly six hours a day, five days a week, 39 weeks a year. By contrast, the figure for a young person in the secure estate was lower; it was in the low £3,000s.

It was difficult to form an idea of the figures, because, frankly, the Government did not keep them and one had to try to work them out as best one could. It was a bit of a back-of-an-envelope calculation, because the figures that the Government started with involved taking the number of places in an institution, such as Pucklehurst where Stephen Fry was as a teenager, and dividing that by the budget. Then one had the per capita figure, but of course that included accommodation—food, heating, lighting, security and so on.

The comparative figure was just over £3,000 a year, as far as I could tell, for a young person in a secure estate, as opposed to someone in a regular secondary school, who cost about £4,000 a year. That struck me as absolutely potty, given that, as I understand it, a large plurality, if not a majority, of young people in the secure estate have severe difficulties with basic learning—with the three R's. It is one of the factors that can become an indicator of someone's being in the secure estate. I must stress that I do not suggest that a young person aged 13 or 14 who is not functionally literate will necessarily end up in the secure estate, but a disproportionate number of young people who are not functionally literate do.

Kelvin Hopkins: I am sure that my hon. Friend saw a recent documentary about young people being taught to read, and the transformation in the behaviour of one young person who had caused massive problems in school. They were successfully taught to read, and they were transformed as a person. They became happy and well integrated, and they led a productive life at school and beyond.

Rob Marris: I agree because, at base, this is partly about self-esteem. It is also about whether such people are likely to offend upon their release because of their emotional state, their chances of getting a job and their level of basic skills.

Proposed new section 562B(2)(a) has resource implications and I hope that the Minister will assure me that those approximate figures from five years ago have been superseded. The Government have taken the issue in hand over the past five years, because of pressure from all parts of the House, and they have done much better on education for young people in the secure estate. However, I want reassurance from the Minister—perhaps not today, because it can be difficult to unravel such figures—that, per capita per annum, spending on the education of young people in the secure estate is more than what is spent on children in a regular state secondary school.

Sarah McCarthy-Fry: That was an interesting debate. There were some very good contributions by Members on both sides of the House. It shows the great interest that Members have in the issue. On the specific points, I turn first to the hon. Member for Bognor Regis and Littlehampton (Mr. Gibb). He asked when it would not be appropriate for the local authority to make arrangements for persons released from detention. That would be when the young person or their parents had already made arrangements for their continuing education and training. In that case, the local authority would not have to step in.

There was another question about compulsory school age education and training. Obviously, there is compulsory schooling up to 16. Post-16, there is education or training, so, as the issue moves with the recommended participation age, the relevant provisions will apply.

Many of the other points come back to the answers that I gave before, in response to interventions. The issue is about getting the balance right between what can practically be achieved within the secure estate and our wanting the best for young people. As I said, in many cases, practical difficulties mean that it would not be possible to replicate the exact provision that young people enjoyed outside the secure estate. A special educational needs statement often includes a particular school that a young person should attend; obviously, that would not be possible in respect of a young person in the secure estate.

Another point, which came up time and again, was about monitoring and inspection. Ofsted will be responsible for the inspection of educational standards and the education that young people receive in the secure estate. On young people coming out of the secure estate, I should say that there will be a national indicator for local authorities to ensure that young people supervised by youth offending teams are in education or employment at the end of their sentences. A lot of that will be put together in the guidance.

My hon. Friend the Member for Blackpool, South (Mr. Marsden) was an assiduous Committee member who made some very good contributions. I thank him for his support for the new clause. I agree with what the hon. Member for Mid-Dorset and North Poole (Annette Brooke) said: it will be for us to define tightly in the guidance what we mean by "taking steps" and what is appropriate. The issue of monitoring was also raised. In the youth crime action plan, we committed to review the performance management arrangements for young

offenders' education in custody as part of these education reforms. We are working with our partners so that that is taken on board.

My hon. Friend the Member for Luton, North (Kelvin Hopkins) said that prevention was better than cure, and I agree absolutely. Again, the issue is about getting the balance right between what can practically be achieved within the secure estate and our wanting the best for the young people. On my hon. Friend's comments about special educational needs as a whole, I should say that there has been considerable investment in education for youngsters with special educational needs. Furthermore, Ofsted is about to undertake a review, which will guide us on how we can go further on that.

Kelvin Hopkins: I thank my hon. Friend for her reassurance on these matters. Has her Department made any attempt to look at the extent to which local authorities have prejudices or views about special educational needs which are now being shown to be inappropriate? I am thinking, for example, of those who believe in blanket inclusion rather than special provision when medical or mental health problems are clearly involved. Is the Department looking at local authorities and local authority officers who have particular prejudices on such matters?

Sarah McCarthy-Fry: I take my hon. Friend's point. He will be aware that we have employed Sir Brian Lamb to review parental experience in the special educational needs system. Last week, we specifically asked Sir Brian to look at the exact issue that my hon. Friend has raised: whether local authorities are discharging their responsibilities and duties in a more consistent manner. Some local authorities work well in that regard, but others do not.

The hon. Member for Beverley and Holderness (Mr. Stuart) and my hon. Friend the Member for Wolverhampton, South-West (Rob Marris) made points about parents. Parents are fully engaged in the sentence planning process. As for educational requirements, we will make sure that we put into the local authority guidance the fact that the current process by which parents are involved in the sentence planning also implies their involvement in the education.

Anne Main: Does the word "parents" include grandparents, or people who are in a parenting role? Sometimes people who are not the immediate parents take on a parenting role, and they are often excluded when decisions are made about the young people involved.

Sarah McCarthy-Fry: In general, the parent or guardian will be the statutory person, but there is no reason why we cannot look at that when we consider the more detailed part of the guidance.

4.45 pm

Mr. Graham Stuart: Can the Minister explain at exactly what point in the process parents will be involved?

Sarah McCarthy-Fry: As we work with partners on the guidance, we can consider at what level parents will be engaged in the education process—whether it will be a replica of what happens in the sentence planning process or whether we want to do something particularly for young people with special educational needs. Parents are closely involved with those provisions.

Two questions were asked about funding. Funding will go to the Young People's Learning Agency and then to the host authorities. We are considering how best we can ensure that the funding designated for education in custody is spent on that and how we get equality of spend across the system. We will work closely with all the partners to agree a model for how we can make that happen. In England, the funding will flow from central Government to the YPLA to the host LEAs, which will then use it to secure education and training for juveniles in custody. In Wales, it will be slightly different—the funding will be re-routed from the Youth Justice Board's budget to the Welsh Assembly Government and then distributed to host LEAs, which will receive additional funding to carry out their new responsibilities of securing education and training in juvenile custody.

Mr. Stuart: I am trying to understand this process. I thought that the home authority was going to play a role, but obviously not—the money will flow between the YPLA and the host authority. Will the allocation to the host authority be based on a standard assessment of need, and to what extent can that be constrained by the budgetary position of the YPLA?

Sarah McCarthy-Fry: We are looking forward to agreeing that model as we bring it forward. The home LEA is involved because the Bill proposes that host LEAs should be able to recoup the cost of SEN provision from home authorities, because they are not providing it while the young person is in custody. We need to get the model right and ensure that all the partners are involved.

My hon. Friend the Member for Gateshead, East and Washington, West (Mrs. Hodgson) is a seasoned campaigner on behalf of young people with SEN. Her Bill was very important because, as she rightly says, information flows are vital.

Rob Marris: Can my hon. Friend assure me that the YPLA, which will be the funding body for the host authority, will have sufficient funds? Will it be charged with the responsibility of providing a higher per capita annualised figure for the education of a young person in the secure estate than the average figure for what one might broadly term a regular secondary school student, so that extra moneys will go into the education of young people in the secure estate, many of whom, although they do not have statemented special educational needs, have what we might call, in lay terms, particular educational needs, often in catching up with the basic three R's?

Sarah McCarthy-Fry: I cannot give my hon. Friend an assurance on whether that average is right without having the figures in front of me. It is certainly something that we are looking into. We expect that host LEAs will receive additional funding to carry ou. these responsibilities. I cannot comment on the figures that he quoted, which are from five years ago. I undertake to write to him with the information. *[Interruption.]* I have just seen that the amount of funding that the Government give to local authorities for the education and training of young people in custody will be based on a per-bed price that is agreed centrally by national partners at the start of the commissioning process. Funding for special educational needs is relative to the child, which is why we have to get the model right to ensure that they get the appropriate amount.

[Sarah McCarthy-Fry]

I hope that hon. Members will agree that the new clauses are an improvement, and that the whole Bill is an improvement, for young people in custody. We hope that if we can get education and training right, that will prevent the reoffending that hon. Members have mentioned.

Question put and agreed to.

New clause 14 accordingly read a Second time, and added to the Bill.

New Clause 15

DETENTION OF CHILD OR YOUNG PERSON: LOCAL EDUCATION AUTHORITIES TO BE NOTIFIED

'After section 39 of the Crime and Disorder Act 1998 (c. 37) insert—

"39A Detention of child or young person: local education authorities to be notified

(1) Subsection (2) applies where a youth offending team becomes aware that—

(a) a child or young person has become subject to a detention order and is detained in relevant youth accommodation, or

(b) a child or young person who is subject to a detention order has been transferred from one place of accommodation to another which is relevant youth accommodation.

(2) The youth offending team must as soon as practicable notify—

(a) the home local education authority, and

(b) the host local education authority,

of the place where the child or young person is detained.

(3) Subsection (4) applies where a youth offending team becomes aware that a person has been released having immediately before release been—

(a) subject to a detention order, and

(b) detained in relevant youth accommodation.

(4) The youth offending team must as soon as practicable notify the following authorities of the release—

(a) the home local education authority;

(b) the host local education authority;

(c) any other local education authority in whose area the youth offending team expects the person to live on release.

(5) Nothing in this section requires a youth offending team to notify a local education authority of any matter of which the authority is already aware.

(6) In this section—

"home local education authority", in relation to a child or young person, means the local education authority which is the home authority in relation to that person within the meaning of Chapter 5A of Part 10 of the Education Act 1996 (persons detained in youth accommodation);

"host local education authority", in relation to a child or young person who is detained in relevant youth accommodation, means the local education authority for the area in which that person is detained;

"young person" includes a person who is aged 18;

and references in this section to a person subject to a detention order and to relevant youth accommodation have the same meanings as they have in the Education Act 1996 (see section 562(1A) of that Act).".—*(Sarah McCarthy-Fry.)*

Brought up, read the First and Second time, and added to the Bill.

New Clause 21

FURTHER EDUCATION CORPORATIONS IN ENGLAND: CO-OPERATION AND PROMOTION OF WELL-BEING

'(1) The Further and Higher Education Act 1992 (c. 13) is amended as follows.

(2) In section 19 (supplementary powers of a further education corporation), after subsection (8) add—

"(9) A further education corporation may provide advice or assistance to any other person where it appears to the corporation to be appropriate for them to do so for the purpose of or in connection with the provision of education by the other person."

(3) After that section insert—

"19A Duty in relation to promotion of well-being of local area

(1) This section applies to a further education corporation established in respect of an educational institution in England.

(2) In exercising their functions under sections 18 and 19, the corporation must—

(a) have regard, amongst other things, to the objective of promoting the economic and social well-being of the local area, and

(b) in doing so, have regard to any guidance issued by the Secretary of State about co-operation with a view, directly or indirectly, to advancing that objective.

(3) In subsection (2)—

(a) the reference to the well-being of an area includes a reference to the well-being of people who live or work in the area;

(b) "co-operation", in relation to a further education corporation, means any form of co-operation, including consulting, seeking advice or assistance from, providing advice or assistance to, or collaborating or otherwise participating in joint working with, other educational institutions, employers or other persons (who may be, or include, persons outside the local area).

(4) In this section, "the local area", in relation to a further education corporation, means the locality of the institution in respect of which they are established.

(5) Nothing in this section is to be taken to affect the operation of section 49A.".—*(Ed Balls.)*

Brought up, and read the First time.

The Secretary of State for Children, Schools and Families (Ed Balls): I beg to move, That the clause be read a Second time.

Madam Deputy Speaker (Sylvia Heal): With this it will be convenient to discuss the following: Government new clause 22—*Targets for safeguarding and promoting the welfare of children.*

Government new clause 23—*Local Safeguarding Children Boards: lay members.*

Government new clause 24—*Local Safeguarding Children Boards: annual reports.*

New clause 20—*Children visited by key workers*—

'After section 16 of the Children Act 2004 insert—

"16A (1) A Children's services authority shall secure that, when any child who is the subject of—

(a) an investigation under section 47 of the Children Act 1989, or

(b) a child protection plan agreed by the Local Safeguarding Children Board

is visited by his or her key worker, the child shall, if practicable and reasonable in the circumstances, be seen separately from his or her parent or care-giver.

(2) The key worker referred to in subsection (1) is—

(a) in the case of subsection (1)(a) of this section, the lead social worker appointed by the children's services authority; and

(b) in the case of subsection (1)(b), the key worker appointed by the Local Safeguarding Children Board.'".

New clause 29—*Chairman of local safeguarding board*—

'A Children's Services Authority in England must ensure that the Local Safeguarding Board established by it has a chairman who is independent of that authority.'.

Government amendment 18.

Amendment 54, in clause 187, page 100, line 26, at end insert—

'(ff) a short stay school within the area of the authority;

(fg) a Sure Start Children's Centre within the area of the authority;

(fh) a representative of an extended school provider with authority;

(fi) general medical practitioners within the area of the authority.'.

Amendment 15, in clause 188, page 103, line 43, at end insert—

'(6) A Children's Trust Board must have regard to the need to implement the UN Convention on the Rights of the Child when preparing a children and young people's plan.'.

Amendment 67, page 104, line 7, at end insert—

'( ) allocate clear areas of responsibility and accountability for each section of the plan to relevant persons and bodies;'.

Government amendments 19 and 20.

Ed Balls: Over the past few days, people around the country will have been horrified to read that one of the defendants found guilty in respect of the death of baby Peter has also committed another vile and disgusting crime against a small and vulnerable child. There is nothing that we can do to take away the suffering caused by such terrible crimes, but it is our responsibility to do everything that we can to ensure that there are the best possible child protection arrangements—in Haringey and across the country.

In November last year, I asked Lord Laming to provide us with an independent progress report on child protection across the country. In my statement to the House on 12 March I confirmed that we would accept all Lord Laming's recommendations and set out the immediate action that we were taking to implement them. In his report, Lord Laming concluded that the Every Child Matters reforms provided

"a sound framework for professionals to protect children and promote their welfare."

However, he also stated that there now needed to be

"a step change in the arrangements to protect children from harm."

He challenged us to do more to ensure that leaders of local services accept their responsibility to

"translate policy, legislation and guidance into day-to-day practice on the frontline of every service."

As I said in my statement to the House a few weeks ago, in that report Lord Laming made a series of detailed recommendations to ensure that best practice is universally applied in every area of the country, to improve local accountability and to provide more support for local leaders and the front-line work force. Tomorrow we will set out our detailed response to Lord Laming's report and our new vision for the new national safeguarding delivery unit, as well as the first recommendations of our social work taskforce to improve front-line social work practice.

Today, we have tabled three new clauses that will help us to go further towards implementing Lord Laming's recommendations in this Bill, and I thank Opposition Members for their co-operation in agreeing to the new clauses coming forward on Report. They will introduce new statutory targets for safeguarding and child protection and require local safeguarding children boards to appoint two members drawn from the local community and to publish an annual report on their effectiveness.

New clause 22 will insert a new section into the Children Act 2004 to allow us to introduce the statutory targets that Lord Laming recommended in his report, to ensure that safeguarding and child protection are the top priority in every area. Of course, there is a national role in the setting of those targets, but the vital thing is for local agencies to be consulted on those targets and then to ensure that they are properly driven forward locally. That is why they must take account of local performance and circumstance and why we expect local authorities to consult all local agencies and to propose challenging targets to us. We will bring forward secondary legislation to address the details of how those targets will be set, alongside the review of the range of safeguarding targets, and will publish a new framework in the autumn.

Annette Brooke: I have some concerns about consultation. The Secretary of State has just made it clear that there will be consultation on the details, perhaps following the enactment of the new clauses, but how much has he undertaken in advance of their introduction?

Ed Balls: In preparing his report, which I asked him to begin in December, Lord Laming held a wide range of meetings all round the country with practitioners and professionals. It was on that basis that he recommended the proposed statutory targets. We have obviously consulted our key partners, as well as Opposition Members and Departments, on the fact that we intend to implement that recommendation. When Lord Laming issued his report in March, I said that we would implement his recommendation, and today we are taking the power to do so. The detail of how we will do that—that is, both the content of the secondary legislation and, importantly, the detailed statutory targets—is something on which we will consult over the coming months and in the autumn. There will therefore be a full consultation on how we enact those powers, but the fact that we are enacting them is a consequence of Lord Laming's consultation and his report.

Government new clause 23 amends the Children Act 2004 to require local authorities to open up the child protection system to greater public scrutiny by ensuring that two members of the general public are appointed to every local safeguarding children board in the country. An important part of our response to Lord Laming's report was to say that we needed greater transparency and public involvement, not least because safeguarding children is the responsibility of us all, not just professionals. Government new clause 23 will allow best practice to become common practice and will ensure that we can implement that recommendation in a sensible manner.

[Ed Balls]

In line with Lord Laming's recommendations, we have already said that we will revise our statutory guidance in "Working Together" to set out our presumptions that the director of children's services and the lead member for children's services will always be members of both the children's trust board and the LSCB. The chief executive and the leader of the council will have an obligation to confirm annually that their local arrangements comply with the law. Government new clause 24 will require the local safeguarding children board to publish an annual report and to submit it to its local children's trust, in order to provide an honest assessment of how those arrangements are being implemented and ensure that resourcing, organisation and co-ordination issues are being properly addressed by all agencies in the children's trust, thereby allowing proper and effective scrutiny.

Rob Marris: I display my ignorance here, but I see that the annual report will go to the local children's trust board. I appreciate that some matters covered may be delicate, but to ensure the scrutiny to which my right hon. Friend has referred, will those annual reports be publicly available, so that people can read what is going on in their area?

Ed Balls: The reports will be public reports, issued by the safeguarding children board. All the experts who are involved in overseeing safeguarding arrangements in an area are on the safeguarding children board. They will report to the children's trust, which is responsible for ensuring that those responsible in every local area for leading individual agencies—whether the local authority, the police, health services or other agencies more widely—are putting in place both the senior management time and the resourcing to ensure that the challenge of safeguarding is being properly implemented. That allows the children's trust to ensure that safeguarding is being done properly and it allows the safeguarding board to ensure that individual agencies are playing their proper role. That must happen in public. An important part of our proposed new clauses is opening up the process to proper scrutiny.

Bob Spink: I fully accept the Secretary of State's good will in bringing forward the Government's new clauses, which I welcome. However, does he agree that they rely to some extent on his issuing strong guidance and on monitoring performance to ensure that local authorities comply with that guidance? What assurances can he give that he will indeed give that strong guidance and conduct robust monitoring?

Ed Balls: The recommendations in Lord Laming's report challenge us to do just that. The combination of the new national safeguarding unit and the strengthened inspection regime through Ofsted is important. In the end, however, the issue is about ensuring that we have proper leadership, resourcing and scrutiny, both locally, in every one of the 158 areas where safeguarding is co-ordinated, and across a range of different agencies. Our challenge is to make best practice universal, across all parts of the country. As I have said, we will revise our new guidance on safeguarding to each area to reflect not only the changes in the law, but the wider recommendations in Lord Laming's report. It is vital that we have clear direction from the centre, but far more important will be the quality and commitment of leadership at local level, and that is where we must ensure that we have proper and effective scrutiny. That is why the new clause's proposals to open up accountability at local area level, through lay members and annual reports, is as important as the setting of statutory targets and guidance, for which the Bill also makes provision.

5 pm

New clause 21 and amendments 18, 19 and 20 reflect some progress on the debates that occurred in the Public Bill Committee which, sadly, I was unable to be part of. On the basis of the debate so far today, I regret that very much indeed. I understand that there was agreement among hon. Members on both sides of the Committee on the need for local employers to work together with local colleges. That is obviously vital in the current climate, and we are expanding the number of apprenticeships and getting more skills into the adult work force as well.

The hon. Member for South Holland and The Deepings (Mr. Hayes) made a strong case in Committee for greater clarity on the inclusion of employer bodies in co-operation arrangements. The Under-Secretary of State for Innovation, Universities and Skills, my hon. Friend the Member for Birmingham, Erdington (Mr. Simon), said in that debate that we were fully committed to employer engagement, and that we would look at that matter further. Rather than imposing the duty to co-operate as a funding condition, we have decided instead, through new clause 21 and the consequential amendments, to place a duty on colleges to follow statutory guidance from the Secretary of State on co-operation, including with employers, alongside the new duty in the Bill to promote economic and social well-being in the local area. I hope that that will provide greater clarity and flexibility, and that the provisions make it clear in a way that all hon. Members can agree on that there will be a proper, clear basis for employer—

Mr. Hayes: I am grateful to the Secretary of State for giving way; I appreciate that he is in mid-flow. We welcome that change. It reflects the discussion in Committee that he described, and reaffirms the cross-party view that the relationship between educators and employers is critical, particularly at this time. I guess that this illustrates our Committees working at their best.

Ed Balls: I agree with the hon. Gentleman.

We believe that this is a better way of ensuring that we can have more effective, clear and flexible co-operation between colleges and employers. We are hoping that we will receive a reply today from the shadow Children's Secretary on whether he and his party will match our September guarantee on funding for sixth forms, because, without that clarity, we will not have proper cross-party co-operation on ensuring that employers and young people get the support that they need.

Tim Loughton (East Worthing and Shoreham) (Con): I echo the Secretary of State's sentiment that every right-thinking person in this country will have been absolutely horrified at the further revelations that have

come out of the baby P affair. That makes it even more urgent to acknowledge that the measures that we all bring in—not just the Government, but all the other agencies involved—are very necessary. We can always clamp down, but we can never eliminate altogether those people who are intent on doing evil things to children. However, the duty of all of us is to make that as difficult as possible for them by eliminating as many opportunities as possible, and to keep a strong watching eye on the people who are minded to do these horrendous things to children.

We are waiting eagerly for the rest of the measures that the Secretary of State will introduce in response to Lord Laming's report, which he will announce tomorrow. I presume that we will have proper opportunity, through an oral statement, to scrutinise some of those measures. We also await the interim report from the social work taskforce, which forms an integral part of this whole exercise.

I want to comment on most of the amendments and new clauses in the group. I shall first comment on our amendment 54 and then on Government amendments 18 and 19 together with the accompanying new clause 21. I shall then comment briefly on new clause 29, tabled by the Liberal Democrats. Subsequently, I will come to the main motions, which I view as Government new clauses 22, 23 and 24, and I shall want to speak to them in greater detail.

Amendment 54, which was tabled by my hon. Friends, is about the duty to co-operate. It is effectively about the membership of children's trusts and the definitions of who constitute the relevant partners that form those trusts. My hon. Friend the Member for Basingstoke (Mrs. Miller) raised the issue in Committee, explaining that in our view, the list of those relevant partners is not as exhaustive as it should be. Hence the purpose of the amendment is to add further names of agencies to clause 187. They are the further relevant partners who should be consulted and form part of the children's trusts network.

The four additional agencies that we would like to see added to the Bill largely reflect the results of the Government's own consultation. These four agencies are, first,

"a short stay school within the area of the authority"—

effectively the pupil referral units, which are now being renamed. The second is

"a Sure Start Children's Centre within the area of the authority".

The third is

"a representative of an extended school provider with authority"—

very much a movable feast in respect of who exactly it will be, as extended schools are rolled out and encompass more and more partners. That is why it is so important for this provision to be built directly into the Bill. Fourthly and particularly—this is another issue that came out of the Government's consultation—there are

"general medical practitioners within the area of the authority."

It was found that engaging GPs with children's centres and some other partners had proved particularly challenging, which is why we think there is a case for naming them directly in the Bill. Amendment 54 is thus straightforward in making more explicit the relevant partners that should be named within the legislation.

Let me turn briefly to deal with Government new clause 21 and the corresponding amendments 18 and 19. I welcome the Secretary of State's comments and I congratulate my hon. Friend the Member for South Holland and The Deepings (Mr. Hayes), who now seems to have dismissed himself, on the pressure he brought to bear in Committee, where it was felt that the burdens placed on colleges were slightly onerous and that the duty to co-operate—not now on a funding condition—was a welcome remodelling of the thrust of this part of Bill, without undermining its credibility. Further education colleges already do a lot to support and promote well-being throughout communities. If anything, we should be giving them more freedom to pursue those aims even more and to promote good practice.

Anne Main: My hon. Friend is absolutely right that our further education colleges do a really good job, but they are often let down. In my constituency, for example, the Learning and Skills Council has not only wasted £12.5 million on running itself into a lease that it now has to get out of, but has withdrawn £40 million from a huge further education project—at Oaklands college, which will now probably fail. The Government might talk wise words, but they do not always deliver—

Madam Deputy Speaker: Order. I remind the hon. Lady that we are discussing the content of the new clause rather than the withdrawal of funding.

Tim Loughton: My hon. Friend has done well to make that point, getting in almost under the radar. There is an opportunity to take it further during tomorrow morning's Westminster Hall debate, when the complete shambles that has been the LSC and the Government's handling of further education funding can be explored in more detail, and in order.

We welcome what the Government have done in respect of the new clause and the amendments, and will support those measures.

The Liberal Democrats have tabled a number of proposals, which I will allow them to speak to for themselves, but I want to touch on new clause 29— *[Interruption.]* The reason why I am letting them speak to those proposals for themselves is that some do not add up, in particular new clause 29.

Mr. David Laws (Yeovil) (LD): You are thinking about yours.

Tim Loughton: I would be delighted to defer to the hon. Gentleman to allow him to comment on our single amendment.

New clause 29, tabled by the hon. Gentleman and his hon. Friends, requests that a

"Children's Services Authority...must ensure that the Local Safeguarding Board... has"

an independent chairman. Actually, those boards already can, and in many cases do, so I am slightly at a loss as to why primary legislation is required to bring that about.

Indeed, when the issue of baby P and serious case review handling by local safeguarding children boards came up back in the autumn, Conservative-run authorities were advised to ensure that they had chairmen or chairwomen of those boards who were independent,

[Tim Loughton]

and that the boards were no longer chaired by the director of children's services, as had been the case in many authorities.

All Conservative-run authorities had either made moves to bring that about or were in the process of making such moves. They have led the way and pre-empted a recommendation that it became inevitable Lord Laming would make. It will be interesting to hear from the hon. Member for Yeovil (Mr. Laws) how many Liberal Democrat-run local authorities have followed that advice—not that there are many, but we can at least have a good stab at finding out how much they have done already to put their principles into practice.

The Government's main proposals are new clauses 22, 23 and 24, which are important. I think that the Secretary of State would acknowledge that we have been proactive and positive in supporting child protection legislation post-Victoria Climbié, and have been constructively critical in many examples, but we have always supported those measures that we think will lead to greater protection of children. Alas, too many of those measures have not had the desired effect—for a host of reasons that it is not appropriate to go into now. We had a debate on child protection a month or two ago.

I am keen to learn from the Secretary of State in greater detail why he thinks that these particular measures will improve the quality of the outcomes, by which I mean that more children will be better protected and fewer will end up meeting the horrific end of baby Peter and other children who have died at the hands of parents or carers in recent years.

I am not interested in the quantity of legislation. I think we have concentrated too much on quantity in the nine years since the death of Victoria Climbié. We must focus much more on the quality of the legislation, particularly the quality of the outcomes that it achieves.

I have enormous respect for Herbert Laming, who was one of the patrons of the Conservative commission on social worker practices, but part of the criticism has been that the 108 recommendations made in relation to Victoria Climbié have added to the bureaucracy, which can be said to have made the job of social workers rather more difficult. My problem, therefore, is how many of the 58 further recommendations being made in Laming 2 will add yet further to the bureaucracy, with Herbert Laming having himself acknowledged how too much bureaucracy has grown up in child protection and is becoming, in some cases, self-defeating.

5.15 pm

Kelvin Hopkins: The hon. Gentleman is focusing on the additional bureaucracy arising from Laming 1, and possibly Laming 2 as well, but is not the real problem a massive case overload? We need more resources for social work, and more and better social workers, to ensure that the events that we are discussing are not repeated.

Tim Loughton: The hon. Gentleman is absolutely right. We need fewer case loads heaped on to individual social workers, we need more permanent social workers—as opposed to agency or short-term social workers—and we need to free up more of social workers' time, so that they can get on with their job of protecting children and vulnerable families and meeting them face to face rather than being shackled to their computers and assessment forms. That is what Laming, Unison and all other dispassionate observers say is now happening. Some surveys estimate that social workers and child protection workers spend up to 80 per cent. of their time in front of computers and doing paperwork for assessments.

We must judge the Bill according to the extent to which it helps, or hinders, our ability to counter the problems that the hon. Gentleman has mentioned. That is why I want to concentrate on bureaucracy. So far we have heard no details of the targets mentioned in new clause 22 from the Secretary of State, but I fear that that new clause, in particular, will heap more targets, and potentially more bureaucracy, on top of performance indicators, rather than replacing them.

The performance indicators currently in use for the safeguarding of children are inadequate to the task for which they were designed, which came across clearly in Laming 2, which said:

> "Discussion with local authorities suggested that this was because of concerns that current indicators focus on processes and timescales, are not helpful in creating shared safeguarding priorities amongst statutory partners, are unclear in their impact upon positive outcomes for children and young people, and do not drive improved services."

That is what Laming said in the opening of his report. Let us look at what others have said about the bureaucracy that has crept into the child protection system, and which I fear may be behind some of these new proposals. Mick Brookes, head of the National Association of Head Teachers, has said:

> "Government should immediately act to lift the burden of bureaucracy on our public services, much of it imposed as a result of incessant reform."

Christine Blower, head of the National Union of Teachers, has said:

> "The solutions to preventing future tragedies such as 'Baby P' lie not in top-down bureaucracy but in the provision of proper resources, back-up and training for frontline services such as social work, and in enabling local authorities to construct effective co-ordinated services in the knowledge that they will face tough action if they fail."

That view has been reflected in the observations of a number of commentators who are closely involved in child protection.

The 58 recommendations in the second Laming report underlie these new clauses, and will underlie further proposals which the Secretary of State will no doubt unveil tomorrow. Those proposals may or may not require primary legislation, but they will certainly be contained in various regulations. An awful lot of what is being proposed amounts to further bureaucracy rather than the achievement of qualitative outcomes. One example is the establishment of a national safeguarding delivery unit.

The national safeguarding delivery unit will report to the Cabinet Sub-Committee on Families, Children and Young People. Earlier, the Secretary of State exalted the merits of greater transparency and public involvement. The problem is that the Cabinet Sub-Committee on Families, Children and Young People is shrouded in secrecy. In response to a question that I tabled to the

Under-Secretary of State for Children, Schools and Families, the hon. Member for Portsmouth, North (Sarah McCarthy-Fry), asking what reasons were given

"not to disclose information relating to proceedings of the Cabinet Sub-committee on Families, Children and Young People; and when the Sub-committee last met",

the Under-Secretary of State replied:

"Information relating to the proceedings of Cabinet Committees, including when, how often and for how long they meet, is generally not disclosed; as to do so could harm the frankness and candour of internal discussion."—[*Official Report*, 30 March 2009; Vol. 490, c. 862W.]

So we do not know what that Sub-Committee actually does, nor how it will respond to the proceedings of the national safeguarding delivery unit. It therefore seems to be an extra bit of bureaucracy, whose merits in achieving qualitative outcomes are questionable—but in any case we cannot question it, because it meets in secret and its minutes are not published. That is a good example of the lack of transparency that some of these proposals will create.

Other recommendations underlying the new clauses include the following: that there should be statutory targets for safeguarding and protection, alongside the existing statutory attainment and early-years targets, to be produced as quickly as possible; that the Department of Health must clarify and strengthen the responsibilities of strategic health authorities; that directors of children's services and primary care trusts must regularly review all points of referral; and that all directors of children's services must appoint a senior manager within their team with the necessary skills and experience, and organise regular training and needs assessments. Therefore, a lot of extra bureaucracy will be added to the child protection procedures as a result of following the recommendations of Laming 2, if that is what the Secretary of State is going to do—and given that he has already committed himself to accepting all those recommendations in practice and that we have the first few of them here, it appears that that is the route down which he will go.

Ed Balls: The hon. Gentleman asks for transparency. As I want to respond clearly to his remarks, I must say to him that so far his comments have been obfuscatory and very unclear. He began by praising Lord Laming, but his subsequent remarks have left me very confused, and I need to know the following so that I can respond clearly. Lord Laming has made a series of recommendations, and I said in a statement to the House a few weeks ago that I accepted those recommendations and would implement them. Lord Laming recommended the following: that there should be an annual report to the children's trust and the local safeguarding board; that there should be a national delivery unit reporting to the Sub-Committee; and that there should be new statutory targets. I am implementing Lord Laming's recommendations—some of them through this Bill—because I support them. Do the hon. Gentleman and his party support Lord Laming's recommendations—yes or no? I ask that because what the hon. Gentleman has so far said has been very confusing indeed.

Tim Loughton: The simple answer is no. If the Secretary of State had listened, he would know that I absolutely respect the job Lord Laming has done and the objectives he is trying to achieve, but I absolutely question whether these 58 recommendations in full will make the system less bureaucratic and achieve what Lord Laming and I—and, I am sure, the Secretary of State—want to achieve. Many of these recommendations are good, and we will certainly support them. Taken as a whole however, I wonder whether they will add to bureaucracy, which would be counter-productive. I think I have made it absolutely clear that we support most, but not all, of them, and that we question the extra bureaucracy that might be created. I think I have made that clear.

Ed Balls *indicated dissent.*

Tim Loughton: The Secretary of State does not seem to think that that is clear, however. The fact that I do not support every single recommendation does not make me unsupportive of Herbert Laming. We certainly do not support the setting up of a national safeguarding delivery unit, for all the reasons that I have given.

Ed Balls: Lord Laming makes it absolutely clear in his report that he sees the national delivery unit as central to ensuring that children are safe. He sees its reporting to the Sub-Committee as central to keeping children safe, too. He also sees the serious case review full report being kept confidential, and the establishment of ContactPoint and new statutory targets, as central to keeping children safe. On each of these recommendations, we have heard from the hon. Gentleman that he and his party do not support what Lord Laming says are necessary actions to keep children safe. On this basis, it is clear that the Conservative party does not support the body of recommendations to keep children safe that are in Lord Laming's report. There is no point in coming along with warm words. Lord Laming has produced a report. We are implementing his recommendations. The Conservative party does not support all the key central recommendations of the Laming report, and it is essential for public scrutiny that that point is laid clearly before us.

Tim Loughton: I think that I have made it absolutely clear that we do not support one of Lord Laming's central recommendations: that there should be a national safeguarding delivery unit. We have said that right from the beginning, so our position should not cause any shock or horror. We just think that that is the wrong way to go about things. Lord Laming does not say that ContactPoint is essential for child protection—he has never said that. If the Secretary of State were to reread the Climbié report, he would find that Lord Laming does not say that ContactPoint is an essential component of child protection; Lord Laming is a supporter of ContactPoint for reasons other than the idea that it is an essential part of child protection.

Ed Balls *indicated dissent.*

Tim Loughton: I am seriously worried that the Secretary of State is shaking his head, because he now needs to have a very close and up-front conversation with Lord Laming as he has misunderstood the reasoning behind the approach taken by the author of the report that he commissioned. That is seriously worrying—*[Interruption.]* I do not support some of the recommendations in Lord Laming's report, and I have detailed those. I could detail all the recommendations that the Conservatives do support, if the Secretary of State would like me to

[Tim Loughton]

do so. The relevant point that I am trying to make on the three new clauses that we are discussing is that we risk adding to the bureaucracy that has been the biggest enemy of effective social work practice for too many years. We have to get that system right.

We already have numerous performance indicators, to which these new clauses, in particular new clause 22, will add targets. One such indicator is that initial assessments for children's social care are to be carried out within seven working days of referral. That is a good proposal, but the trouble is that in practice what has happened in certain authorities is that in order to meet that performance indicator, certain departments have written an assessment that includes the name and address of the child only—the rest of the assessment is blank, yet that counts as an assessment to meet the performance indicator. The Secretary of State seems to be shaking his head, but that is happening and it is not what he and I want to achieve. He and I do not want to achieve that target if in our doing so the target becomes meaningless.

Ed Balls: That is exactly why Lord Laming proposes that all these targets be reviewed and we come forward with new statutory targets—that is a central recommendation of the Laming review, which the Conservative party does not support. There is no point in the Conservatives coming along with warm words about their support for Lord Laming when it turns out that they do not support any of the key central recommendations, including those in respect of the provisions in this Bill. People will see the difference between the parties on the priority that they put on making the essential reforms to back social workers and make children safe. That stark difference is clear to see in this debate.

Tim Loughton: The Secretary of State does not make his point any clearer by simply repeating himself. What does not help us is his coming along today with new clauses in primary legislation that contain no detail. We are expected to pass a new clause that will impose new targets, on top of flawed performance indicators, without knowing the details. I am even more worried now, because he clearly has not been reading the report by the author whom he commissioned. If he were to do so, he would find out that this is additional bureaucracy, not replacement bureaucracy, in too many cases. I could go through a list of performance indicators, most of which he appears to be blissfully aware of; the important thing is that we should not have bland and vacuous targets, which could have unforeseen consequences, one of which I have mentioned.

Let me give the Secretary of State a series of questions, so that he can tell me whether these are going to be the targets when we are eventually provided with some of the detail. Are the targets going to be bare targets about reducing the number of children taken into care for child protection purposes?

5.30 pm

Ed Balls: Lord Laming says that we should review the current targets and put in place new statutory targets. I said clearly in my speech that we would have a consultation process with local authorities and the social work taskforce over the coming months into the autumn. Alongside that, we will come forward with secondary legislation to enact the clauses that we are debating today. I am not going to tell the hon. Gentleman what the outcome of that consultation will be; that is for the consultation in the coming months. It will cover the range of targets, including the performance indicators, so that we can come up with new statutory targets.

The hon. Gentleman fundamentally misunderstands the Laming recommendations. To ask me that question when I have already said that the consultation will take place shows a lack of understanding combined with a complete opposition to the central recommendations of the Laming report.

On the issue of ContactPoint—

Madam Deputy Speaker: Order. I understand the Secretary of State's wish to provide an explanation, but interventions must be brief.

Tim Loughton: In other words, the Secretary of State does not know whether there will be a target for the number of children taken into care. Presumably, he also does not know whether there will be a target for the number of children who have avoided being taken into care because of the preventive work done with the families. Will there be a target for how quickly a child deemed to be at risk is assigned a dedicated social worker? He does not know that either.

We are being expected to impose a series of new targets, the number and nature of which we do not know. It appears to me that such new targets can only add to the bureaucracy of the child protection system. We do not know whether those new targets will produce a qualitative improvement or just another quantitative addition to the legislation, paperwork and bureaucracy that already tie up too many social workers and keep them from their real job.

Ed Balls: All that we are doing is taking primary powers to implement Lord Laming's recommendation of new statutory targets, the content of which we will consult on in the coming months and which will be designed to ensure that we put child protection first, not process or bureaucracy. That is what Lord Laming's report says and that is what we are implementing—without the support of the Opposition, as is very clear from this debate.

Tim Loughton: The Government will have—as they always have had—the full support of the Opposition when they can make the case that their proposals will make children safer and add to child protection effectiveness. Those are the simple questions that I am asking the Secretary of State. If we are to be asked to give him wide-ranging additional powers to set targets—which social workers at the sharp end tell us prevent them from doing their job, distort their job priorities and make them spend more time with their computers and paperwork than with the vulnerable families and children that they went into the profession to help—it is reasonable for us to ask those questions at this stage. The Secretary of State has been unable to give us any details of a single target that is likely to be introduced under the new clause that he is asking the House to accept today, and that is very worrying. He has completely misunderstood some of the advice that has been given by Lord Laming and he is unable to give us any indication of the targets

he would like to see, notwithstanding the consultation that he says we will have. He says that we have already had consultation, but in terms of the Opposition that has amounted to a two-page letter to my hon. Friend the shadow Secretary of State.

It would appear that we will get no further with the Secretary of State on new clause 22. Either he does not want to tell us or he just does not know. Let us turn then to new clause 23, which deals with adding laypersons to the membership of local safeguarding children boards. As I have said, we are in favour of strengthening them and making them more independent.

The Secretary of State needs further to define the role of local safeguarding children boards. There is certainly a degree of confusion among practitioners about the relationship between the LSCBs and children's trusts, too. We see the LSCBs as punchy, powerful scrutineers of the child protection process within local authorities, and it is right that that should involve bringing together various local agencies.

Let us remind ourselves who is already on the LSCBs as a result of the Children Act 2004. We supported the Act and we supported the setting up of the LSCBs that took over from the area child protection committees, which were deemed not to be effective enough. The LSCBs should include representatives of district councils in local government areas that have them, chief police officers, probation boards, youth offending teams, strategic health authorities and primary care trusts, NHS trusts, the Connexions service, the Children and Family Court Advisory and Support Service, the governor or director of any secure training centre and the governor or director of any prison in the local authority area. They should also involve the coroner service, dental health services, domestic violence forums, drug and alcohol misuse services, drug action teams, housing, culture and leisure services, housing providers, local authority legal services, local MAPPA—or multi-agency public protection arrangements—services, local sports bodies and services, the local family justice council, the local criminal justice board, other health providers such as pharmacists, representatives of service users, sexual health services, the Crown Prosecution Service, witness support services and so on. The members of the LSCB are already sitting around quite a large table.

My simple question to the Secretary of State concerns the fact that the appointment of two lay members to those boards would, in principle, appear to be a good idea. However, they will be two lay members among a cast of thousands. I want to ask the Secretary of State—when he listens—what effect those lay members will have. Will they have different powers from the other agency members around that very large table? Will they have the powers to question serious case reviews? Will they have the powers to publish serious case reviews, if they take issue with them? Will they have the powers—*[Interruption.]* I am asking a series of questions of which the Secretary of State appears to be taking no notice. Will they have the powers to issue separate serious case reviews if they take issue with the serious case review that has been commissioned by that LSCB?

Those questions are important. What we do not want as a response to Laming is tokenism. If placing two lay members on to the LSCBs is tokenism, there are serious questions to be asked about the role of the LSCBs.

Kelvin Hopkins: Surely it would depend on the nature of the people who were appointed. On a number of bodies, such as school governing bodies, lay members are sometimes intimidated by professionals—teachers, head teachers and so on—and they do not say anything. If we put on strong-minded people who are capable of speaking up, surely they could be quite effective. Might it not be an idea to have somebody from the National Society for the Prevention of Cruelty to Children, for example?

Tim Loughton: The NSPCC has been mooted as a partner on the LSCBs. Other children's protection charities have an equal claim to be on the boards. I am in favour of lay members on the LSCBs, but I am trying to put into perspective the role that the Secretary of State expects them to achieve. We are trying to address the loss of authority that the LSCBs have suffered as a result of their role in Haringey and other local authorities where there have been tragedies such as that of baby Peter, which have resulted in the commissioning of serious case reviews that can then not be published—41 per cent. of which Ofsted has deemed to be unsatisfactory. We need to open up the LSCBs much more. It will probably take more than just the appointment of two laypersons among a cast of thousands to do that.

Absolutely key to opening up those local safeguarding children boards is the publication in full of serious case reviews—a move of which the Secretary of State seems to have a pathological dislike. The body of evidence, and the amount of support, for such publication is growing. The publication of serious case reviews, duly anonymised and redacted, where it would not compromise the welfare of a surviving child or his or her siblings, would do more to give credibility to the work of those local safeguarding children boards, and to the idea that things are being looked at, investigated and rectified properly, than anything else. It would certainly do more than just the appointment of two lay members. I do not understand why the Government have an absolute, blinkered hatred for the idea.

Ed Balls: Will the hon. Gentleman give way?

Tim Loughton: I will in a minute, but I know what the Secretary of State will say. In our last debate, he jumped up and quoted three organisations that are against the idea, but all three of them subsequently contacted me. They wrote to me to say that they did not want to be connected with the comments that the Secretary of State had made, and said that they had been wrongly cited. Those letters were in the public domain.

Ed Balls: The confidentiality of the full serious case review is not supported by the Conservative party, but it is supported by Lord Laming, and by the NSPCC and the Deputy Children's Commissioner, who both agree with Lord Laming's recommendation that keeping the full serious case review confidential is essential to keep children safe. That was true three months ago, and six months ago, and it is true today. I ask the hon. Gentleman to withdraw his remark, because the fact is that the NSPCC, the Deputy Children's Commissioner and Lord Laming once again all hold the opposite position to that of the Conservative party on the issue. They say that the Conservative proposals would put children at risk.

Tim Loughton: Sue Berelowitz, the Deputy Children's Commissioner, whom I saw again just this morning, was one of those who contacted me straight after the Secretary of State made his remarks in our child protection debate, as was the NSPCC; its representatives came to see me the day after he made those comments. I do not take any issue with Lord Laming; I know his position on the subject, and we have had a full and frank discussion. I will not withdraw my comment that people whom the Secretary of State had prayed in aid came to me to say that their support had been misrepresented by the Secretary of State. That was the case that they made to me. I cannot withdraw those comments, because that is what they said to me.

Ed Balls: The fact is, as we will see—I will provide the quotes during the course of the debate—that all I did was read out public, on-the-record comments from both the NSPCC and the Deputy Children's Commissioner, who both say that the full serious case review should be kept confidential. That was the position in November, and it is the position now. Again, I ask the hon. Gentleman to withdraw those remarks. As for the idea that I misled anybody, I read out public statements that make the position very clear. It is the Conservative party that is out on a limb and isolated on this one.

Tim Loughton: As usual, the Secretary of State read out selective quotes, and that is why the people who wrote the letters were not happy. That is the point. However, I want to get on to the issue of serious case reviews. Why has the Secretary of State put up such a barrier against looking at the possibility of greater publication of serious case reviews, when such publication would do more to promote the credibility of local safeguarding children boards than anything else? Why does he not take the example of the mental health homicide reports, which are published in full, subject to anonymisation and redacting? Why does he not contrast the 178-page mental health homicide report on the Zito murder, which refers to nurse B or social worker C, and gives a full account of what went wrong, and the action that is being taken, with the 16-page executive summary of the baby P serious case review, which in any case was deemed to be inadequate and misrepresentative?

Why does the Secretary of State not think that publishing a fuller explanation of what went wrong, and putting it in the public domain, would give greater confidence to the families connected with the baby P case, to social workers and others involved in child protection, whose names have been besmirched generally because of the tragedies that have happened, and to the public at large, who have lost confidence in too much of the child protection system? Why does he not think that such a measure would achieve that? Let him tell us now.

Ed Balls: I will quote from Lord Laming's report:

"The future of SCRs depends, to a large degree, on the guarantee of confidentiality. Full reports should therefore remain confidential beyond the immediate partners involved in a case".

Lord Laming says that that is because SCRs

"inevitably include a great deal of case material that should remain confidential, not only to protect vulnerable people but also because SCRs depend upon the cooperation of witnesses, often in a highly charged situation."

Once again, all I am doing is accepting Lord Laming's recommendation, supported by the NSPCC and the Deputy Children's Commissioner, but opposed by the Conservative party. One thing that is clear in this debate is that it opposes all the actions that we are taking to keep children safe. *[Interruption.]* It is very surprising indeed.

5.45 pm

Tim Loughton: I would ask the Secretary of State to withdraw the comment that he has just made. We do not oppose all the measures that the Government are taking to make children safe. We never have done, we certainly would not, and we are not doing so now. Perhaps he would like to withdraw that comment, because it does not do him any credit to suggest such a thing. Will he withdraw it?

Ed Balls: We have had a litany of criticisms from the Conservative party of all the different recommendations in Lord Laming's report on the confidentiality of serious case reviews, on the national safeguarding unit, and on reporting to the Cabinet Sub-Committee. It is true to say that the hon. Gentleman seems to be supporting our proposal on lay members, but even then he is casting doubt on it. I have heard no support so far for the measures that we are taking in this debate, but if he would like to tell us which recommendations he supports, I will then withdraw.

Tim Loughton: The Secretary of State really does himself no credit. Some of us have worked for rather longer than he has been in the House on child protection measures post Victoria Climbié. We have supported every single piece of child protection legislation that his Government have introduced, but we did not do that by failing to question the efficacy of some of it. What we are doing today is questioning the efficacy of some of the legislative proposals for which he is seeking our support. I have made it absolutely clear to him that although I fully support Lord Laming's dedication and the passion, we just disagree with him on some—not all—of his recommendations, including some of the key ones which, we think, are absolutely flawed. Certainly, in the case of SCRs, the Secretary of State has not been able to tell us why he is against their publication—he just cited Herbert Laming, with whom we disagree. His role is to scrutinise and question those people who give him advice, not blindly to accept everything.

We need legislation that has been thought through properly. If that is what we have, and if the Secretary of State can show that it will improve qualitative outcomes rather than just add to the body of legislation, of which we have had rather a lot, we will support him. So far, he has not done anything. I support the new clause— *[Interruption.]* The Secretary of State is the one who has been playing politics, by making some very wild and unhelpful remarks, on the child protection issue. I have no problem with allowing lay members to be added to local safeguarding children boards—I support that—but what I am questioning is how much it will add in the greater scheme of things. There is one thing that he could do here and now: issue guidance about the full publication of serious case reviews, which would do much more to make those LSCBs fully transparent and accountable.

Mr. Graham Stuart: It seems clear to me that the Secretary of State has not apologised. He said on the record that the Conservative party opposed all the measures that the Government were taking to protect

vulnerable children. There may be areas in which it is appropriate to try to put dividing lines between the Conservatives and Labour for political purposes, but may I put it to the Secretary of State that this is not one of them, and it brings us all into disrepute to pursue this? He should take the opportunity now to apologise.

Madam Deputy Speaker: Order. This debate is becoming somewhat fractious, and I suggest that although there is certainly reference to the serious case reviews in the new clauses, it is not just or entirely about that. There are many other aspects to the new clauses, and it may well be appropriate for us to move on and discuss them.

Tim Loughton: Absolutely, Madam Deputy Speaker. I was about to conclude, and I shall finish briefly with new clause 24, which requires LSCBs to produce an annual report. Again, I have no problem with that—it is a good thing if it adds to transparency. But again, I would like to know from the Secretary of State what he thinks that will achieve. The publication of 150 brochures by LSCBs throughout the country—what will that include and what is it intended to achieve?

The exercise must be about restoring confidence in the child protection system. LSCBs are the guardians of the efficacy of the child protection system around the country, yet we are unable to see their full deliberations when that child protection system goes wrong, as has been shown by the debate that we have just had on the publication of serious case reviews. All I have tried to do is get some details about some very vague new clauses, which on the face of it give wide powers to the Secretary of State to add bureaucracy to the bureaucracy that already exists in the child protection system. I shall finish where I came in. I think that is the biggest enemy of social workers being able to get on with their job. We have been exceedingly supportive of social workers being able to get on with their job. We have made a series of recommendations through "No More Blame Game" and the submission that the commission on social workers made to the Laming inquiry in February, which is about peeling back the bureaucracy from social workers. My fear about the amendments is that unintentionally they may add to it. If the Government and the Secretary of State can show that they will add to the bureaucracy but that that will add to the quality of the outcomes, we will support them.

I wait for a proper explanation when the right hon. Gentleman responds to the debate. In his opening remarks, there was no detail at all. The House and all those working in child protection in the country are entitled to rather more detail and a far more substantial explanation than the Secretary of State has given us thus far.

Mr. Andrew Dismore (Hendon) (Lab): I shall speak to amendment 15, which stands in my name, as Chair of the Joint Committee on Human Rights. The amendment was tabled on behalf of the Committee to give effect to one of the recommendations in our scrutiny report on the Bill.

The Bill places children's trust boards on a statutory footing. In its 2008 concluding observations on the UK, the UN Committee on the Rights of the Child, commenting on the UK Government's overall strategy for implementing the UN convention, welcomed the fact that the convention was referred to in the children's plan, but expressed its continuing concern

"that the Convention is not regularly used as a framework for the development of strategies throughout the State party and at the lack of an overarching policy to ensure the full realization of the principles, values and goals of the Convention."

We agree with that criticism and we asked the Government what, if any, would be their objection to the Bill being amended to require children's trust boards, first, to have regard to the need to implement the UN convention when preparing their children and young persons' plans, and secondly, to consult with children and young people in the preparation of the plans, as envisaged by article 12 of the convention. We welcome the Government's commitment in relation to the second suggestion that children and young people should be consulted when the children and young people's plan is being drawn up, and the fact that this will be made a requirement in the new regulations governing the adoption of such plans.

However, my Committee is disappointed by the Government's refusal to adopt the UN convention as the strategic framework for children's plans. In their response to our question, the Government state that they consider it

"unnecessary to have any specific provision falling on the Children's Trust Board to have regard to the UNCRC when preparing its plan."

The Government's reason is that they say that the UK complies with its obligations under the UNCRC through a mixture of legislative, executive and judicial action, and they are content that their legislation is consistent with the provisions of the convention. They say that the broader issue of embedding the UNCRC into UK policy and practice is covered in the Green Paper on a Bill of Rights and Responsibilities, and they consider that the appropriate way to take the issue forward.

Although the Green Paper welcomes public debate on whether children's rights should be included in any Bill of Rights, and considers that such a Bill

"could contain a right for children to achieve well-being, whatever their background or circumstances",

it nevertheless acknowledges that the UNCRC is

"the overarching international treaty for children's rights ratified by almost all UN member states."

However, the Green Paper contains no proposal for further embedding the UNCRC into UK policy and practice. If anything, the Green Paper appears sceptical of the value of such a proposal, preferring to emphasise that the goal of achieving improved outcomes is pursued in distinctive ways across the UK, and indicating that any Bill of Rights and responsibilities should allow for recognition that responsibility for many aspects of child well-being is devolved.

My Committee was not persuaded by the Government's reasons for not taking the opportunity in the Bill to embed the UNCRC in further policy-making. The Bill's provisions on the drawing up of children and young people's plans provide an opportunity for the Government to respond positively and constructively to the concern of the UN Committee on the Rights of the Child that the convention is not regularly used as a framework for the development of children's strategies. We recommended that the Bill be amended to require children's trust

[Mr. Andrew Dismore]

boards to have regard to the need to implement the UNCRC when preparing children and young people's plans, and in our report we suggested an amendment to achieve this, which is the amendment that I tabled for today's debate.

This is, in effect, a more specific version of the duty that now appears in clause 1 of the Equality Bill. It requires the strategic decision-making authorities for children—the children's trust boards—to have regard to the need to implement the UNCRC when drawing up strategic plans for children. The UNCRC includes a duty to realise progressively various social and economic rights—for example, the right to an adequate standard of living, access to health, education and so on—as interpreted by the UN committee. Both the Committee on the Rights of the Child and the Committee on Economic and Social Rights want states to adopt strategic plans for the implementation of the rights, particularly the social and economic rights, in the UNCRC and in the international covenant on economic, social and cultural rights.

The point of our amendment is to require the strategic decision-making authorities for children to have regard to the need to implement the UN convention, including by progressively realising their right to an adequate income and so on, when drawing up strategic children's plans. Like the Equality Bill clause 1 duty, it could be judicially reviewable if the children's trust board does not have regard to the UNCRC when drawing up its plans. This is a way of ensuring that the CRC, which protects children's social and economic rights, is more firmly embedded in strategic decision making about children. That is what the amendment seeks to achieve. It is regrettable that the Government have not accepted it so far, and I hope they will now reconsider, in the light of our amendment.

Annette Brooke: The Liberal Democrats welcome new clause 21 and consider it a good response to the debate that we had in Committee.

On new clauses 22 to 24, I shall reflect on the significance of our debate today and the Government's announcements tomorrow, given the additional shocking news that was revealed in the past week and the "Panorama" programme last night, which had some serious messages for us all. Child protection is the most important issue that we face, and it should not be used as a political football.

I shall comment on each of the Government's proposed new clauses. I have concerns about new clause 22 in particular, and those concerns are deep set, because my reading of Laming's review is not the same as the Secretary of State's. I do not think that new clause 22 addresses what Laming had to say. For example, Laming stated:

"The performance indicators currently in use for the safeguarding of children are inadequate for this task. Discussion with local authorities"—

I do not regard that as full consultation, by the way—

"suggested that this was because of concerns that current indicators focus on processes and timescales"—

I agree with that, but Laming went on to say that they

"are not helpful in creating shared safeguarding priorities amongst statutory partners, are unclear in their impact upon positive outcomes for children and young people, and do not drive improved services."

Laming went on to recommend that the statutory targets

"should be reviewed to include safeguarding and child protection targets",

but he said:

"These indicators must be specifically agreed by the Department of Health and the Home Office to ensure they are reflected in the performance management frameworks of Strategic Health Authorities (SHAs), Primary Care Trusts (PCTs) and Police Authorities."

6 pm

The new clause does not seem to be directed at the right body. It is directed at the children's services authority, and I do not understand why it is not directed at the children's trust board, which would involve the other agencies. I do not see how the new clause would result in the important partner bodies fully accepting the targets. I make that point in extreme seriousness, because one great concern is that the new clause will not be fit for purpose.

My other concern is that we do not know the precise targets that the Secretary of State has in mind, and we all know that targets can have unintended consequences—there have undoubtedly been some in children's legislation. Therefore, we do not feel able to give our unequivocal support to the provisions without knowing a lot more about them. We wish to reserve our position, because we want to ensure that we have the best possible legislation for the protection of children, and we are not convinced about the measure at this stage.

Under new clause 23, lay members would be included on the safeguarding children boards, which is perfectly sensible, although I have some concerns about the training that would have to be given to those members, and about their exact role and status. At this stage, we do not know about that.

On new clause 24, the Laming review clearly recommends that the safeguarding children boards should produce annual reports, and I cannot see anything whatever to object to in that. However, the process in respect of which Laming recommendations are brought forward for consideration today, what will be in the announcements tomorrow and what might be introduced into the Bill at its next stage seems a little "pick and mix".

My hon. Friends and I have tabled an amendment on the independence of the chairman of a safeguarding board. Interestingly, Lord Laming made a recommendation on the chairmanship of the board, when he clearly said that he did not think that the same person should occupy the chairs of the children's trust board and the local safeguarding board. Therefore, it seems relevant to consider our suggestion, which is carefully written, because it would permit a member of another authority to move across and aid the scrutiny role of an authority. That issue needs to be discussed, and I hope that the Secretary of State will give it some serious consideration.

I shall take a minute to comment on the Laming review generally. It was important to have a speedy review, and full congratulations must go to Lord Laming on what he achieved in the time that he had. However, his time was limited and the consultation was limited, so, yet again, I make the point that, notwithstanding Lord Laming's experience and considerable knowledge of the issues, a fresh pair of eyes should look at the system, because they may see things that others have missed.

New clause 20 is the slightly amended version of an amendment that we discussed in Committee, and it is right to revisit a subject that was raised at the end of a very long sitting on 26 March. On that occasion, my hon. Friend the Member for Yeovil (Mr. Laws) outlined most eloquently why we feel that its provisions are necessary. The new clause would introduce a statutory duty to ensure that the investigating or key worker saw the child separately from his or her parent or carer.

My hon. Friend had the advantage of having read the serious case review regarding baby Peter, so he was able to reflect on the issue more deeply than I shall be able to today. However, it is vital that we think about what happened in two infamous cases. We know that nobody spoke to Victoria Climbié, yet she died in shocking conditions. We know also that baby Peter had his face smeared with chocolate to conceal the bruising and injuries to him. How can we—anybody—suggest that it is not important for a key worker to have time alone with a vulnerable child to talk to them, where appropriate, and to communicate with them in all sorts of ways? It is accepted that the child's views must be presented, but I suggest that we need to go one stage further: will we really be able to hold our heads up if we have yet another case in which a baby or young child is severely abused or even killed and the social worker has not had any meaningful and direct communication with them?

Although my hon. Friend put forward an excellent case at the end of that very long sitting in Committee, it was clearly a tiring time for the Under-Secretary of State for Children, Schools and Families, and I take issue with some of her comments at the time. That is not to attach any blame whatever to her, because it was a very long sitting. Indeed, she did not have all the time that she might have wanted to reflect on the new clause because, under normal circumstances, we would probably have considered it some days later.

Alison Seabeck: Will the hon. Lady clarify something? I understand why she might want a child to communicate on their own with a key worker, but many such children are very small and many of their problems are physical injuries that would require a physical examination. If a third person, other than a parent or carer, did not monitor such communication, would it not leave the key worker open to all sorts of separate allegations? There are problems with the new clause, so will the hon. Lady talk me through them?

Annette Brooke: I thank the hon. Lady for her intervention, but it is important to appreciate that the Government's argument is that the provision in our new clause is already available, so that rather unpicks her remark.

I shall revisit the Minister's remarks on what was technically 26 March, although it must have been the morning of 27 March. Basically, she said that the requirement to see the child separately is already embedded in statutory guidance. Although the guidance, entitled "Working Together to Safeguard Children", makes strong statements about the principle of listening to the child, about the parents' needs being subordinate to the child's and so on, it does not require the key social worker to see the child separately from the parents and carers when visiting the home. One would like to think that, if a key worker visited a home and, time after time, was told that the child was asleep or out, alarms would start to ring, and that is what the new clause is all about—ensuring that the alarms ring.

The guidance says that section 47—of the Children Act 1989—inquiries should include separate interviews with the child, but those interviews are conducted to discover whether suspicions of significant harm can be substantiated. A section 47 inquiry can run for several weeks, even if the time limits in "Working Together" are adhered to—and in practice, not surprisingly, they may not be. The key worker will probably make a number of home visits during that period, having already conducted the separate interview with the child, as the guidance requires.

Regularly seeing the child separately is about not just trying to detect the risk of harm, but developing the key worker's relationship with the child as the client and primary focus of attention. The only time Victória Climbié was seen alone was in two awkward section 47 interviews, both of which failed to establish the truth. That issue was highlighted by Lord Laming in his post-Climbié report.

Helpfully, the Minister stated that the Government are planning to revise "Working Together" and may include in the rewrite the issue of seeing the child separately. However, the matter should be put into statute because it is as central to effective child protection as information sharing, which is in statute. Furthermore, in many cases social workers appear to be neglecting to see the child separately. There are many—often understandable—reasons why that may happen, so social workers need a reminder that is more compelling than a new mention in a lengthy piece of guidance that covers many other issues.

The Minister emphasised the powers that local authorities have at their disposal if parents refuse to give the social worker access to the child. That does not affect the need for new clause 20, however; the question of using the powers arises only if the social worker has been blocked from seeing the child separately, and that would not happen unless they had tried to see the child separately. I therefore contend that that new clause is more important than some that are being rushed through today. It would highlight to social workers the key priority of building a genuine relationship with the child, to get a whole understanding. We have all heard about the closeness of relationships that can develop between the parent, carer and social worker. The relationship that I am discussing is all-important. I hope that the Secretary of State will consider the issue.

I turn briefly to the other amendments in this group. Personally, I support amendment 15. During consideration of almost all the children's Bills with which I have been involved, I have argued that the United Nations convention on the rights of the child should be embedded in legislation. It would be inconsistent of me not to support the amendment. The issue is so important. As a nation we have signed up to the convention, but we do not fully implement it.

I have difficulty in understanding Conservative amendment 54. Clause 187 refers to bodies that are to co-operate for the well-being of children. I welcomed the Bill's extension of the definition of "bodies" to include schools and academies. That is absolutely first class. I am sympathetic with the inclusion of some of the bodies mentioned in the amendment, including

[Annette Brooke]

short stay schools and Sure Start children's centres. GPs are also mentioned; it will be difficult to impose the measure on them, but personally I think it important that we do. However, also mentioned on the list is

"a representative of an extended school provider with authority".

That looks like a bit of careless cutting and pasting. If the phrase had been expressed a little better, it might have fitted into an amendment on children's trust boards. When people criticise amendments that I have written, they usually suggest that they are technically deficient, so it gives me great pleasure to point out that I believe amendment 54 to be technically deficient.

I turn to amendment 67; the Secretary of State will no doubt point out that it is technically deficient, as I wrote it. There are to be lots of players on the children's trust boards and everybody will have lots to say. However, where will the buck stop? I fear that there is no clarity on that in the Bill. The amendment suggests that the children's and young people's plan should have sections clearly identified as the responsibility of particular agencies. When there is a joint responsibility, I suggest that a lead agency should be nominated.

I appreciate that the amendment may not express those ideas in the best way, but I really think that the legislation is deficient. It is not clear that, whatever happens, the director of children's services will be ultimately responsible. Why should they be? As far as I can see, they have only one seat on the board. As the legislation stands, why should it all come back to the director of children's services? The Government need to consider amendments that relate to that issue.

6.15 pm

Mrs. Hodgson: My comments on this cluster of amendments will focus primarily on the role and make-up of the local safeguarding children boards and the children's trust boards. In Committee, I mentioned one or two concerns specifically about consultation. I am not sure that I received any answers, so I hope that I will today. The Local Government Association has been keen to state the case for ongoing consultation within the role of children's trust boards. It recognises that it was consulted prior to the Bill's drafting, but it is concerned about ongoing consultation.

Local authorities will have responsibility for a range of commissioning arrangements and accountabilities across a number of aspects of planning and delivery. If local authorities are to fulfil their accountabilities effectively and ensure that young people get the best education, training and support, the Bill must contain provisions for explicit liaison and consultation between local authorities, the Secretary of State, the Young People's Learning Agency and the Skills Funding Agency, and for the avoidance of any micro-management.

I hope that the Minister feels that that point has been reached. It is fair to say that the directors of children's services will be responsible for the setting up of children's trust boards. From that point of view, we can be clear that local authorities will have a key role as a consultative partner and in steering delivery. However, these new bodies have to be as democratically accountable as possible. New clause 23 will include lay members, and that is welcome. However, the ongoing inclusion of local authorities will also help.

Mr. Edward Timpson (Crewe and Nantwich) (Con): I join other Members in paying tribute to Lord Laming and his enormous interest in and dedication to child protection. Only recently, he gave evidence to the Children, Schools and Families Committee, on which I sit. Even though he said that this would be his last report, it was clear that he remains committed to child protection. Only yesterday, he was commenting on the future of that issue when he said that social services still needed to act more quickly and decisively to protect youngsters on the at-risk register. He also said that

"Drift is the enemy of good practice".

That tells us that Lord Laming, as he also made plain in his report, remains exasperated with the lack of progress since the Victoria Climbié case. Although that case ushered in a number of major reforms such as the child protection system, it failed to deal with the problem on the front line of child protection.

Since that report, far too much time has been spent on organisational changes and not enough has been spent on the social work force, on whom we rely so heavily for the protection of vulnerable children. The service has remained underfunded, under-resourced and, unfortunately, unable to cope with the demands placed on it.

Although it is important that we try to find ways to improve the structure of our child protection system, I have concerns about new clause 22 and how we are going about those changes. The Secretary of State has put his weight behind the statutory targets as a way forward, but I share the view of my hon. Friend the Member for East Worthing and Shoreham (Tim Loughton). The Secretary of State supports the statutory targets, which he believes to be right to protect children, but unless we have some idea of what they may be, it is difficult, particularly for Conservative Members, to fall in step with the new clause.

Although my instinct is that targets will not necessarily solve the problem, we can see that some would be beneficial to the child protection system—for instance, on the quality and consistency of social work care, the timeliness of protective measures for vulnerable children and, most importantly, the outcomes for children who have some contact with the child protection system. If we are to have targets, those are the sort that I would have expected the Secretary of State to mention in response to my hon. Friend.

Another difficulty is to do with the training, recruitment and retention of social workers. In some local authorities, almost 50 per cent. of front-line child protection staff have less than two years' experience in their job. I have seen that for myself in the work that I have done in the family courts representing local authorities, children and their parents. On far too regular a basis, a social worker, or even a team manager, working for the local authority has made the application to take a child into care but their experience is woefully short for the extreme complexity of the case that is facing them. That is not their fault: it is the fault of all of us in failing to ensure that measures to improve the status of social workers, to invest in the social work profession and to train social workers better have come to fruition.

Mr. Graham Stuart: Perhaps, through my hon. Friend, I could appeal to the Secretary of State to consider placements of trainee social workers. Because of evidence

that we received in the Select Committee, I conducted a survey of 79 universities around the country and found that although they believed that placements, where they are provided—by local authorities, in the main—are generally good, there is a chronic shortage of training places and that, in a minority of cases, some social workers go through their entire training without ever being supervised by a trained social worker. The Secretary of State needs to do something about that.

Mr. Timpson: I am grateful to my hon. Friend, who makes the case clearly. Unless we ensure that social workers have not only sufficient training but experience through their training and the work that they do on the front line, they will not be able to do the job that we are asking them to do, which is one of extreme importance in our society—the protection of our children. We need to ensure that training is at the forefront of our minds when we look at what we are asking social workers to do.

One of the remaining problems that the new clause does not address fully, as the hon. Member for Mid-Dorset and North Poole (Annette Brooke) eloquently told us, is that, although the introduction of children's trusts was a commendable idea in trying to involve the whole community in dealing with child protection and to ensure that there is an exchange of information about issues that that community faces, it has not—as the Audit Commission said in its report, "Are we there yet?"—resulted in an improvement in child protection. That goes back to the point made by my hon. Friend the Member for East Worthing and Shoreham about bureaucracy. One of the reasons why children's trusts have failed to make the impact that we hoped for is that the complex bureaucratic systems that have been set up to control child protection engender a culture of trying to comply with the bureaucracy and targets, instead of helping social workers and those involved in child protection to see the wood from the trees and to commit to children's needs, as they are supposed to.

I hope that the targets that the Secretary of State is asking social workers to comply with do not exacerbate the situation that they already face, and that they will be allowed to be free to get on with the job that we all want them to do—spending time looking after children to ensure that they are safe and have a happy and prosperous future. That should be achieved through good practice and a universally sound and robust child protection system that protects all our children, not just some of them.

I want briefly to mention new clause 23 and put in a plea to the Secretary of State. Although it has been drafted quite widely as regards who could be the lay representatives on trust boards, those who are involved in foster care, particularly foster carers themselves, could play an important role in ensuring that their views and experience, which are often left to one side, are taken seriously and make a positive contribution to child protection in their community.

Kelvin Hopkins: I am sure that several hon. Members saw the "Panorama" programme to which the hon. Member for Mid-Dorset and North Poole (Annette Brooke) referred. I was deeply worried by some of the things that I saw on it, particularly the interviews with Wes Cuell, who was at the NSPCC and, prior to that, head of children's services at Luton borough council. I knew him well; he is a very good man. He said that, in the past 30 years, there has been very little change in the rate of deaths of children who have been abused. That is an appalling record bearing in mind that we have moved on in so many ways. He said that if things do not change radically, we will have the same death rates over the next 30 years as well. That must not be allowed to happen. I hope that the changes that my hon. Friends on the Front Bench propose—and that we will, I hope, support—will make a real difference.

Another worrying factor is that these days in social services in general, and in the health service, there is so much emphasis on budgeting, with officers being rewarded for running a tight ship financially. One wonders whether that underlies some of the problems that have arisen. In the baby P case, it was also apparent that nobody wanted to take final responsibility. The local authority, social services and the police were involved, and the national health service saw the injuries to the child on a number of occasions, yet it seemed that no one wanted to say, "This child must not be allowed to go back home, where it is clearly being abused." I do not want to prejudice any statement that may come out at a later stage, but that is appalling. If I had been in that situation, I would simply have said, "This child must not go back into that home; it is clearly being abused."

Mr. Andrew Turner (Isle of Wight) (Con): That is all very well, but the point is that there were two children in that family and at first we knew of only one. Could not the father have been taken away?

Kelvin Hopkins: I find it astonishing that there was apparently so little information and knowledge. The programme suggested that the man around the house was barely evident; although some evidence emerged, it did not seem to figure much in the action that was taken.

The financial pressures on funding for local authorities must be a factor in all this. Another worrying aspect that emerged from the programme—I think that finance was a factor in this respect too—is the so-called optimistic future strategy: the idea that people should hope that somehow the family could look after the child in future and look forward to that instead of looking at what was happening in the present. Focusing on a point in the future meant that what was happening to the child at the time was missed or, indeed, ignored. I am concerned that that strategy is yet another attempt to disguise what people are really about, which is trying to keep the child in the family to avoid the expense of taking it into care. The pressures on local authorities not to do that must be financial at root. In future, whatever happens, we should provide the resources to ensure that children are not kept in dangerous families when they should be taken into care. I hope that my remarks have been helpful to my right hon. and hon. Friends on the Front Bench.

Ed Balls: I start by agreeing with the comments of the hon. Member for Crewe and Nantwich (Mr. Timpson), who has great personal as well as professional experience of these matters, about Lord Laming and his contribution. I welcome the hon. Gentleman's comments and questions, to which I shall return in a moment. I welcome the fact that the hon. Member for Mid-Dorset and North Poole

[Ed Balls]

(Annette Brooke) probed in a way that was pointed and forensic, but which I hope will allow us to move forward consensually as far as possible.

6.30 pm

I believe that there is consensus in the country that we need to take all the measures necessary to keep children safe. With that in mind, and because of my determination to have ready this year, if at all possible, a revision of "Working Together", the guidance for all areas on safeguarding, I went to Opposition Members a week or so ago to ask their permission to introduce these new clauses at this stage. I am pleased to say that the hon. Member for Yeovil (Mr. Laws) gave his, subject to agreement that there would be further discussion on the contents of the targets in new clause 22. I commit to those discussions happening in future. I was pleased also to have the agreement of the hon. Member for Surrey Heath (Michael Gove) to the introduction of the new clauses, which was confirmed to my office. Because these issues are vital, I hope, as I always have, that we can move forward consensually.

I shall come to the points made about new clauses 22, 23 and 24 at the end of my comments, but first I shall respond to the detailed points made by Members of all parties about the other amendments. On new clause 29, we are absolutely committed to independence in the chairing of local safeguarding children boards. There has been debate about Lord Laming's consultation process, because there are some concerns in the children's world about whether we will have independent people of sufficient quality. We believe, as Lord Laming does, that that concern can be overcome. There will therefore be full independence. I believe that that needs to be independence from all agencies involved in safeguarding children, but we are not putting that in primary legislation because we believe that statutory guidance will provide more flexibility. It will give some areas time to find the type of high-quality, trained, independent person we will need. On that basis, and with our clear commitment to independence, I hope that the hon. Member for Mid-Dorset and North Poole will not press the new clause.

I turn to the hon. Lady's second probing amendment, amendment 67, which is about accountability. We believe that current legislation makes clear the need for accountability in the role of director of children's services, and the Bill will make it clear in the case of children's trust boards. It will also make clear the importance of the children and young people's plan being owned by all agencies in a children's trust. The new targets will be duties on the local authority, but they will be owned by the whole trust. It is important that the individual agencies that are part of a trust are also accountable individually for playing their proper role in it. That is why we do not believe that we need to change legislation in the way suggested in amendment 67. The way in which we have designed the responsibility for the plan within children's trusts meets the hon. Lady's concerns. We will ensure that the regulations under section 17 of the 2004 Act about how that plan is drawn up make it clear where the responsibility for individual actions should lie. We will be able to discuss that with her in the coming months.

I looked into the matter covered by the hon. Lady's new clause 20 in detail when I read it. Our belief is that, aside from the odd drafting issue about the exact role of the key worker, which we do not need to go into today, the existing statutory law and guidance in the Children Acts 1989 and 2004 achieves the objectives that she sets out. The statutory guidance is clear that section 47 of the 1989 Act should always involve a social worker undertaking separate interviews with the child wherever appropriate. It is also clear that seeing the child alone is not enough, and that the child must be observed interacting with their family and, if appropriate, with other adults or care givers. We will revise that statutory guidance later in the year to make it absolutely clear that if at any point the parents refuse to allow the child to be seen alone, the local authority has powers under that Act to apply for an emergency protection order to require parents to comply with any request to produce the child. The Act authorises the removal of a child in those circumstances if necessary. Current statute therefore provides the powers that the hon. Lady seeks in the new clause.

Turning to amendment 15, I place on record my thanks to my hon. Friend the Member for Hendon (Mr. Dismore) and the Joint Committee on Human Rights for their contribution and their positive comments about the education of young offenders. We believe that in the Bill, and more generally through the children's plan, we are meeting our obligations under the convention on the rights of the child. We appreciate the scrutiny and proposals of the Joint Committee. I would not want a piecemeal approach that applied the convention to children's trusts differently from the way in which we approach the obligations of schools, local safeguarding children boards, children's centres and GPs. We need wider discussion on the Green Paper on rights and responsibilities, which is coming up shortly, but I do not believe that pursuing the amendment would be the right thing to do at the moment.

The Conservatives' amendment 54 suggests that more bodies join the children's trusts in addition to the list of groups that are already on them, which is being extended in the Bill. It proposes that a series of groups should join, the first of which is short stay schools. Such schools have a management committee, which takes on some accountability and responsibility separate from that of the local authority, and I am happy to repeat the commitment made by the Under-Secretary of State for Children, Schools and Families, my hon. Friend the Member for Portsmouth, North (Sarah McCarthy-Fry), that we will add the management committee of short stay schools to the list of relevant partners in the guidance that is coming shortly.

Sure Start children's centres do not have governance arrangements separate from the local authority, like those of a school. They are more places where a range of services are brought together. We therefore think it more appropriate for the local authority to be the representative body on the children's trust rather than individual Sure Start children's centres. In the case of extended schools, the situation depends on how the private and voluntary sectors and schools provide the services in question. It would be hard to define which body other than the local authority should represent extended services on a children's trust.

Finally, in the case of GPs, we made it clear in the child health strategy that there would be a lead GP with child-related expertise on the children's trust in each area. Our view, and that of the Secretary of State for Health, is that extending the duty to co-operate to GPs at this stage would weaken rather than strengthen our ability to ensure health engagement. The primary care trust, as commissioner, should play that role. I hope that I have covered the points that have been made about Opposition new clauses and amendments, so I shall return to the new clauses that I have tabled.

Mr. Graham Stuart: May I take the Secretary of State back to the survey that I conducted recently on social care placements? The good news is that 86 per cent. of the universities that I surveyed thought that placements were good or excellent. The bad news is that only 24 per cent. thought that they were sufficient in number. They attributed that to a lack of reward for social workers and local authorities for taking on placements and, critically, to the fact that the Government have stopped making it necessary for local authorities to report how many placements they provide. May I ask the Secretary of State to respond to those points?

Ed Balls: I am not sure whether that quite fits into the new clauses and amendments that we are debating, but in our statement a few weeks ago we said clearly that we accepted Lord Laming's recommendations. Tomorrow we will give some more detail—not new policy—about how we will take them forward. The reform of social worker training is being considered by the social work taskforce, and I have made clear commitments about it. If the hon. Gentleman writes to me, I will ensure that his survey of placements goes into the taskforce's work. I thank him very much for his contribution to the debate.

I turn to new clause 22. Lord Laming recommended that the Government should

"introduce new statutory targets for safeguarding and child protection alongside the existing statutory attainment and early years targets as quickly as possible. The National Indicator Set should be revised with new national indicators for safeguarding and child protection developed for inclusion in Local Area Agreements".

We are taking powers in the Bill to meet that recommendation. We shall not bring forward any detailed proposals on new statutory targets or which indicators should change until we have had much greater and lengthier consultation with local authorities, social workers and the social work taskforce. I am happy to consult Members of all parties as part of those discussions. However, if we did not take the power set out in new clause 22, we would have to postpone taking that action for many months and also postpone our revisions to "Working Together". That is why we have decided to bring forward the enabling power now, but it must be followed by debate, consultation and secondary legislation, which will follow in the autumn.

We are absolutely committed to delivering Lord Laming's recommendation that we should have targets that properly support, encourage and incentivise the work of social workers, which is to protect children. The hon. Member for Crewe and Nantwich is quite right: bureaucracy or processed targets that get in the way of proper practice are exactly what we need to remove, as part of delivering that objective and as part of the consultation. We want to reduce bureaucracy and focus social workers on their important task. For me to come along today and give details of what the end point will be before we have even had those consultations would be wrong. We want to deliver Lord Laming's report on such matters, and the enabling power allows us to do so in due course.

The same goes for the role of lay members. The opening up of safeguarding children boards is vital. The power gives us the ability to consult over the next six to nine months on the revisions to "Working Together", which will include much more detail about how we encourage, bring in, reward and support lay members. Again, the power enables us to take that forward this year, rather than postponing it for perhaps 18 months or longer. As part of openness and transparency, the power in Government new clause 24 for the safeguarding children board to issue an annual report to the children's trust will be welcomed by experts and professionals, as well as by the wider public, as it will allow them to scrutinise what is being done in their local areas.

As I have said, I am keen to move forward consultatively and consensually, as far as possible. I do not want to dwell for too long on the final points that I have to make, but I want to clear up a couple of confusions. On ContactPoint, Lord Laming said in his report:

"The new ContactPoint system will have particular advantages in reducing the possibility of children for whom there are concerns going unnoticed."

It is exactly to make children safer in future that we are implementing ContactPoint, as Lord Laming says.

Similarly, Lord Laming is clear in his recommendations about the importance of keeping serious case reviews confidential. He said in his letter to me—and repeated in his report—that

"there must be produced an Executive Summary for publication that in every respect is a fair summary of the report. However, and I attach great importance to this point, the main report must remain confidential not only to protect vulnerable people, especially the children, but also because all Serious Case Reviews depend upon the willing cooperation of important witnesses often in a highly charged situation."

The deputy Children's Commissioner wrote to me on 3 February to say:

"A system which ensures we can establish the full facts behind any tragedy is essential for keeping children safe. I believe that a confidential process which enables agencies to thoroughly and effectively examine all relevant facts is crucial to securing this goal, supported by a comprehensive executive summary which makes public the key issues and recommendations for change."

On 15 March, the NSPCC said in a statement that full reports should not be made public, as sensitive information must be kept confidential to protect vulnerable children, but that local safeguarding children boards must publish comprehensive summaries of serious case reviews. I agree. I also agree with Birmingham city council, which also made its position absolutely clear.

Tim Loughton: Before the Secretary of State moves on, can he point out to me where Lord Laming says that the primary purpose of ContactPoint is child protection? That is not what he has said, but it is what the Secretary of State asserted. Also, can he tell me why he has not given the same reasons for being against the full publication of mental health reports in homicide cases as he is now applying to serious case reviews? Why are the two different?

Ed Balls: I have tried very hard to proceed on these matters in a consensual way, and I have consulted the hon. Member for Surrey Heath and many others on them. I wish we could have agreement on all of Lord Laming's recommendations, but all the central recommendations that were put forward are being opposed by the hon. Gentleman. I regret that, but we need to move on. I will read again what was said about ContactPoint:

"The new ContactPoint system will have particular advantages in reducing the possibility of children for whom there are concerns going unnoticed."

That is what Lord Laming says in his report—that it will have particular concerns to keep children safe. I believe that keeping serious case reviews confidential is vital to keeping children safe. The reason why I do so, as I have said, is that that is the view of Lord Laming, the NSPCC and the deputy Children's Commissioner. They have advised me on such matters, and I am taking their advice.

6.45 pm

Tim Loughton: Will the Secretary of State give way?

Ed Balls: I will take one more intervention from the hon. Gentleman, but we need to move on.

Tim Loughton: Well, I did take rather a lot of interventions from the Secretary of State. He has not answered my question. Lord Laming sees ContactPoint and the database that was envisaged in the Children Act 2004 as a way of keeping track of children who fall out of the education, health or other systems. He has never asserted that its primary objective is child protection, and the quotation that the Secretary of State has given from his report does not say that.

Ed Balls: As I said, my aim—I think that we can achieve this with hon. Members from most parts of the House, including the hon. Member for Surrey Heath—is to move forward consensually. I regret the tone with which parts of this debate have been conducted by the hon. Member for East Worthing and Shoreham (Tim Loughton). Implementing Lord Laming's recommendations are important, and that is what the Bill does. I repeat:

"The new ContactPoint system will have particular advantages in reducing the possibility of children for whom there are concerns going unnoticed."

It is clear what Lord Laming says in his report, "The Protection of Children in England: A Progress Report". I am absolutely confident that he, Barnardo's, the NSPCC and the Children's Commissioner, as well as many other organisations, support ContactPoint. I really do wish that we could have a consensus that took politics out of this important issue.

I am going to conclude. I am grateful to the House for allowing me to bring forward these new clauses at this stage of the Bill's progress. It is vital that we lose no time in putting in place the further reforms needed to keep children safe. I wish that we could have a consensus on the matter. I welcome the many speeches that have shown that we can indeed achieve a widespread consensus, and I hope that all the Government new clauses can be supported. I commend new clause 21 to the House.

Question put and agreed to.

Clause read a Second time, and added to the Bill.

New Clause 22

TARGETS FOR SAFEGUARDING AND PROMOTING THE WELFARE OF CHILDREN

'(1) Before section 10 of the Children Act 2004 (c. 31) insert—

"9A Targets for safeguarding and promoting the welfare of children

(1) The Secretary of State may, in accordance with regulations, set safeguarding targets for a children's services authority in England.

(2) The regulations may, in particular—

(a) make provision about matters by reference to which safeguarding targets may, or must, be set;

(b) make provision about periods to which safeguarding targets may, or must, relate;

(c) make provision about the procedure for setting safeguarding targets;

(d) specify requirements with which a children's services authority in England must comply in connection with the setting of safeguarding targets.

(3) In exercising their functions, a children's services authority in England must act in the manner best calculated to secure that any safeguarding targets set under this section (so far as relating to the area of the authority) are met.

(4) "Safeguarding targets", in relation to a children's services authority in England, are targets for safeguarding and promoting the welfare of children in the authority's area.".

(2) In Schedule 1 to the Local Authority Social Services Act 1970 (c. 42) (social services functions) in the entry relating to the Children Act 2004—

(a) in the first column, after "Sections" insert "9A,";

(b) in the second column, after "to" insert "targets for safeguarding and promoting the welfare of children, and to".'.—*(Ed Balls.)*

Brought up, read the First and Second time, and added to the Bill.

New Clause 23

LOCAL SAFEGUARDING CHILDREN BOARDS: LAY MEMBERS

'(1) Part 2 of the Children Act 2004 (c. 31) is amended as follows.

(2) In section 13 (establishment of LSCBs) after subsection (5) insert—

"(5A) A children's services authority in England must take reasonable steps to ensure that the Local Safeguarding Children Board established by them also includes two persons who appear to the authority to be representative of persons living in the authority's area.

(5B) An authority may pay remuneration, allowances and expenses to persons who are included by virtue of subsection (5A) in a Local Safeguarding Children Board established by them."

(3) In section 14 (functions and procedures of LSCBs) in subsection (1)(a) after "the Board" insert "by virtue of section 13(2), (4) or (5)".'.—*(Ed Balls.)*

Brought up, read the First and Second time, and added to the Bill.

New Clause 24

LOCAL SAFEGUARDING CHILDREN BOARDS: ANNUAL REPORTS

'After section 14 of the Children Act 2004 (c. 31) insert—

"14A LSCBs: annual reports

(1) At least once in every 12 month period, a Local Safeguarding Children Board established under section 13 must prepare and publish a report about safeguarding and promoting the welfare of children in its local area.

(2) The Board must submit a copy of the report to the local Children's Trust Board.

(3) For the purposes of this section—

(a) the local area of a Local Safeguarding Children Board is the area of the children's services authority that established the Board;

(b) the local Children's Trust Board, in relation to a Local Safeguarding Children Board, is the Children's Trust Board established for the Board's local area."".—*(Ed Balls.)*

Brought up, read the First and Second time, and added to the Bill.

New Clause 1

QUALITY OF FURTHER EDUCATION COLLEGE BUILDINGS

'(1) The Secretary of State shall commission an audit, to be completed by a person or body he considers appropriate, of all further education colleges in England with the objective of establishing the quality of the college buildings and facilities.

(2) The audit commissioned under subsection (1) shall be completed within twelve months and the results submitted to the Secretary of State.

(3) The Secretary of State shall publish the results of the audit submitted to him under subsection (2).'.—*(Mr. Hayes.)*

Brought up, and read the First time.

Mr. Hayes: I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker (Sir Alan Haselhurst): With this it will be convenient to discuss new clause 11—*Duty to make an annual report on progress of capital funding*—

'(1) As soon as reasonably practicable after the end of each financial year the Chief Executive of Skills Funding must prepare an annual report on the condition of infrastructure of colleges of further education.

(2) The report must provide information about which applications for capital funding by colleges of further education in that financial year have received approval—

(a) in principle,

(b) in detail.

(3) The Chief Executive must send a copy of each report prepared under subsection (1) to the Secretary of State.

(4) The Secretary of State must lay before Parliament a copy of each report received under subsection (3) and arrange for it to be published.'.

Mr. Hayes: It is good to make my first contribution on Report on this important Bill.

New clauses 1 and 11 reflect the profound concerns that exist up and down the country—I will not go as far as to say that there is fear, but there is certainly profound concern, disappointment and uncertainty—about the Government's freeze on capital projects in further education. They also relate to fundamental principles enshrined in the Bill, the first of which is the ability of providers to deliver an entitlement to apprenticeships.

You will understand, with your considered view about such matters, Mr. Deputy Speaker, that apprenticeships are critical to rebuilding the nation's skills. FE colleges play a crucial role in delivering apprenticeships, and their facilities and resources are central to that purpose. A fundamental part of any apprenticeship framework is the training provided off site, which frequently takes place at an FE college. The 361 FE colleges in England do an incredibly important job. It is perhaps appropriate at this point to pay tribute to them and to the people who work in them because they make such a big difference to so many lives. They educate and train more than 3 million young and older learners each year, including about 750,000 16 to 18-year-olds. That is more than school sixth forms, private schools and training providers.

The new clauses are relevant to the transfer of responsibilities resulting from the division of the Learning and Skills Council into three new bodies: the Skills Funding Agency, the Young People's Learning Agency and the National Apprenticeship Service. Some people have described the Bill as a "bureaucratic muddle". The British Chambers of Commerce made that very remark during the witness sessions that we enjoyed before the Committee stage of the Bill. Others have described it as "opaque", "obtuse", "obscure" and a "missed opportunity". These new clauses attempt to go some way towards improving a very imperfect product.

New clause 1 would place a duty on the Secretary of State to commission a report on the FE college buildings and facilities that are so vital to delivering the training necessary to build the skills that we need. New clause 11 would place a duty on the chief executive of Skills Funding to provide a report on the progress of applications by FE colleges for capital projects.

The reasons for the new clauses have become all too clear recently as a result of the gross mismanagement of the FE capital programme. I do not entirely blame the Under-Secretary of State for Innovation, Universities and Skills, the hon. Member for Birmingham, Erdington (Mr. Simon), for that. I still regard him as a young man of promise, although many in the House regard him as merely a young man of promises. As he knows, I have defended him, on the Floor of the House and elsewhere, against some of the assaults that have been made on him from all quarters, not least the FE sector itself when it found it was facing disappointment and disillusion resulting from the freeze on FE capital projects.

After many months of uncertainty, the Government announced in March that they would be freezing the approval process for 144 college building projects. Seventy-nine of the frozen colleges had already received agreement in principle and were awaiting approval in detail, which is the final stage of the approval process. To be considered for approval in detail, the colleges would already have had to secure planning permission and put together a full project brief. That involves not only the college staff but many other agencies, including those involved in designing the buildings, putting together the necessary infrastructure plans and project managing the process. Many others have been affected detrimentally by this cruel freeze. The colleges have therefore incurred considerable costs in order to reach that stage of development.

The other 65 frozen colleges are waiting for approval in principle. Some have already assembled a project team and put money towards preparing their bid. In my area, Boston college is in just that situation. It provides an outstanding service to many young people and adults from my constituency. In the areas neighbouring my constituency on the south side, Peterborough regional college and Stamford college are also both affected by the freeze. The new clauses would go some way towards

[Mr. Hayes]

ensuring that such matters would be identified and dealt with at a much earlier stage than they have been thus far.

Mr. Graham Stuart *rose—*

Mr. Hayes: I will happily give way to my hon. Friend, who gave such sterling service in Committee.

Mr. Stuart: My hon. Friend knows of the anger that exists in places such as Hull and Beverley as a result of what is happening to our FE colleges. Unemployment is rising fast in Hull and the surrounding area; I think that it has doubled in the East Riding in the past two years. The colleges there could have made more modest investments if they had been guided to do so, but Ministers allowed their expectations to be raised beyond the finances that were available. Hull college, which does not have permission in principle, is therefore just sitting and waiting, and two years on from getting approval in principle, the East Riding college in Beverley is sitting there—with the centre of Beverley looking like a bomb site at the moment—not knowing whether it will be able to proceed.

Mr. Hayes: I note that barely a day goes by without my hon. Friend representing the interests of Beverley and the other parts of his constituency in this regard. Indeed, many hon. Members across the Chamber have raised this issue in respect of their own local circumstances. We have heard similar cries from those on the Labour Benches whose constituents have been affected. Lives have potentially been damaged, hopes have been shattered, and dreams have at least been postponed, and possibly abandoned. What a cruel thing a feeble Government are. It was Edmund Burke who said:

"Nothing turns out to be so oppressive and unjust as a feeble government."

This Government are certainly feeble, and that is putting it kindly.

Mr. Philip Hollobone (Kettering) (Con): My hon. Friend the Member for Bexleyheath and Crayford (Mr. Evennett) visited the Tresham institute in Kettering at the end of last week, and we heard the sorry tale of £60 million of investment in further education colleges in north Northamptonshire—at Corby, Kettering and Wellingborough—being stalled, thus stalling the redevelopment of the town centres in Corby and Wellingborough and potentially imperilling the university challenge bid that north Northamptonshire is putting forward. The whole redevelopment of north Northamptonshire could be put on hold unless the Government get the situation sorted out.

Mr. Hayes: My hon. Friend makes a telling point. College building projects are often highly regenerative in their nature. They have a much bigger effect than just the immediate impact on learners and potential learners. They can involve land sales as well as work with a variety of other agencies, employers and education providers. The effect of this freeze is devastating for many communities. I know that many Members across the Chamber are feeling that cold chill in their communities and want the opportunity to explain that to the House.

Kelvin Hopkins: There have undoubtedly been problems with the LSC, and the Government are now doing their best to pick up the difficulties and to improve the situation. But do not the difficulties derive—in part, at least—from the decision by the previous Conservative Government to throw all the colleges into a competitive business environment, instead of the planned public service environment that I would prefer? Does the hon. Gentleman agree that putting sixth-form colleges back into the Schools for the Future programme is a sensible approach?

Mr. Hayes: The hon. Gentleman attempts to take me down a path that I know you would not want me to go down, Mr. Deputy Speaker, because that would take us far from the new clauses before us. Nor am I prepared to have a debate about ancient history. I am rightly drawing the House's attention to the mess that we are in now, which is directly attributable to the mismanagement that, in the end, finds form on the Treasury Bench. It is true that the LSC has something to answer for in this respect, but the buck stops with the people in Government, does it not? I know that the Minister will take on that responsibility squarely and own up to it. I am hoping for the apology that, so far, we have not had in the fullest, most extravagant form—

The Parliamentary Under-Secretary of State for Innovation, Universities and Skills (Mr. Siôn Simon) *rose—*

Mr. Hayes: I hope that this is going to be both full and extravagant. I happily give way.

Mr. Simon: The Secretary of State and I have both said in this House more than once that we are sorry for the situation that we are in. Surely there can be no more extravagant apology than that. It is not really fair of the hon. Gentleman to demand that I come and apologise when I have clearly apologised on the record, and so has the Secretary of State.

Mr. Hayes: I am delighted that the hon. Gentleman has said that, and I take it in the spirit in which it was offered. What he has not done, however, is give an absolute assurance that colleges will not go bust as a result of this crisis. Speaking on the "Today" programme on 19 March, he was specifically asked for such an assurance and said that he could not offer it. Because the Government do not know the full extent of the problem—new cases seem to emerge daily—it is very hard for the Secretary of State to make such an open-ended commitment. Perhaps the Minister will make it for him. Will he now give the House an open-ended commitment that the Government will support all those colleges that have been so badly affected? Will they provide the money promised by the LSC in a full and fair way?

Mr. Simon: I must correct the hon. Gentleman again: we have said it clearly on the record for some time that no college will be allowed to go bust as a result of the Learning and Skills Council's mismanagement of this situation.

Mr. Hayes: I am delighted that we have extracted both that commitment and—

Mr. Simon *rose—*

7 pm

Mr. Hayes: I will not give way again until I have made a little progress. As well as that commitment, I hope we have extracted an ongoing commitment that, as new cases emerge, they will be dealt with appropriately. I say to the Minister, and I do not say it lightly, that many of the colleges at a much earlier stage of the process have well-established bids. A number of colleges with which we have been in discussions as a result of their fears about these matters have made it clear that although they have not secured approval in principle—still less approval in detail—they have been planning a capital project for a very considerable time with the knowledge, approval and encouragement of the Learning and Skills Council. If the Minister has a better idea of the scale here—both the breadth and depth of his problem—and is prepared to underwrite the necessary capital commitment here and now, I will happily give way to him again. Certainly what has been offered so far goes nowhere towards that kind of financial commitment.

Mr. Simon: Just to be clear, the Government are on the record as saying that no college will be allowed to go bust as a result of the LSC's mismanagement of the situation.

Mr. Hayes: We have heard that once already, Mr. Deputy Speaker. What I was actually asking the Minister for was a further assurance that those colleges that have gone a long way down the road towards putting capital bids and projects together will receive the sort of support they need. If these new clauses were in place and the Government had agreed to their addition to the Bill, we would not, frankly, be in the present position with me having to extract these promises from the Minister, because a report would have been made in good time, anticipating much of the problem that we are now dealing with. I happily give way to the Minister one final time, but then I must make some more progress.

Mr. Simon: I have to explain to the hon. Gentleman that he has not "extracted" anything, as all this information is clearly on the record. The problem is that there is a greater expectation of funding out there than can possibly be met. We obviously cannot commit to funding the unfundable commitments of the LSC; what we have committed to, however, is that no college will go bust as a result of the LSC's mismanagement.

Mr. Hayes: We will talk a little bit more about how the Government prioritise funding and how they intend to allocate the money that has been announced. I repeat for the benefit of the House—and, in particular, for the Minister—that many projects that have not received agreement in principle, still less in detail, despite being well worked up, critically important in a regenerative sense to the community and having received encouragement, advice and guidance from the LSC, will not, I suspect, receive any degree of Government help now. That is because they do not fall into the category that the Minister will conveniently identify as deserving cases. I simply do not buy the idea that the Government will get the criteria or the support right or that they will not disappoint a very large number of colleges and learners up and down the country.

Mr. Stuart *rose—*

Mr. Hayes: I will give way to my hon. Friend, but then I really must make some more progress.

Mr. Stuart: I am extremely grateful to my hon. Friend and I welcome the Minister's apology to the House today. Does my hon. Friend agree, however, that what we have not yet heard from Ministers is any explanation of their role in the Learning and Skills Council's exciting of these expectations around the country? We have seen the LSC blamed and we have seen the resignation of its chief executive, but are we really to believe that Ministers played no part in all this and had no awareness of what was going on? I think that that is incredible and that the House deserves an explanation this evening.

Mr. Hayes: I cannot really answer that in my all too brief contribution. I know that Members will want me to go on and on and on, but the House will understand that others may wish to speak. That point does matter, however, particularly in respect of the new clauses that I am supporting, to which I shall now turn my attention in more detail.

If the new clauses formed part of this Bill, we would know, for example, how much money had been committed in preparing capital bids. The Association of Colleges estimates that colleges have incurred costs of £170 million in planning capital bids—and that is just the colleges we know about. As I have already said, many have fallen between the cracks, as it were. Some £300 million was announced in the budget for FE capital funding, but that is not nearly enough to fund the projects that are now in limbo. We are yet to have clarity from the Government about the criteria that will determine which projects go forward. It is clear that where colleges were in the approval process tells us only so much; we need a much fuller picture of the economic value of individual projects, how far advanced in practice they are and how much colleges and other bodies stand to lose if their bid is not approved.

This crisis exposes the Government's inconsistency—I hesitate to use the word "hypocrisy", Mr. Deputy Speaker—as far as capital spending is concerned. It is a crisis entirely of the Government's own making. The Government commissioned Sir Andrew Foster, a distinguished commentator, writer and thinker on these subjects, to write a review. It was he, after all who, at the behest of the Government, wrote "Realising the Potential: A Review of the Future of Further Education Colleges" in 2005. Sir Andrew Foster concluded that

"senior staff in Dius could have probed more actively the robustness of the forward projections of future funding commitments. Their challenge was insufficiently incisive to uncover ongoing flaws in implementation."

So we know that Sir Andrew Foster's answer to the question posed by my hon. Friend the Member for Beverley and Holderness (Mr. Stuart) would be that the Department for Innovation, Universities and Skills had a key role to play. When we speak of DIUS, furthermore, do we not speak of Ministers? It would be quite wrong for the buck to stop with civil servants, officials and quangos when it is the politicians and the Government themselves who answer here in this House.

You will have recognised, Mr. Deputy Speaker, that new clause 11 refers to

"an annual report on the... infrastructure of colleges"

and to

"information about which applications for capital funding"

[Mr. Hayes]

have been approved, which should be broken down to show which have been approved "in principle" and which "in detail". The provision also makes reference to the key role of the Secretary of State because the report proposed in the new clause must go to him, making a direct link between what is happening on the ground in colleges and what the Secretary of State knows and does on—

Mr. Deputy Speaker: Order. I want to assure the hon. Member not only that I had indeed noticed it, but that I was rather hoping that at some point he might notice it, too, as he has been conducting a rather general debate as opposed to engaging with the more particular points at the heart of his proposed new clauses.

Mr. Hayes: I am grateful, as ever, for your guidance, Mr. Deputy Speaker, and I can assure you that I had noticed the new clauses. Indeed, they are highly pertinent to the exchanges taking place across the Chamber because they tie Ministers to an empirical assessment of where bids are, where they have come from and how much they are going to cost. That contrasts with what has happened over recent weeks and months, where the link between Ministers and those things has been opaque, obscure and obtuse. That is simply not good enough.

Since it was established in 2001, the Learning and Skills Council has undergone three major reorganisations. Under the Bill, it will be abolished and replaced, as I said, with three quangos. Perhaps it is not surprising that the LSC took its eye off the ball. The Government are, of course, now keen to attribute blame to the LSC; we hold no candle for that body, but because legislation of the kind we propose in the new clauses was not in place, it is perhaps not surprising that Ministers lost control, were unable to anticipate these matters and were unaware of some of the facts.

Indeed, Ministers now claim that they did not know what was going on. They must claim that, must they not? If they did know what was going on, they would take full responsibility rather than partial responsibility for the mess we are in. The projection of costs seems to me to be a pretty fundamental part of managing capital budgets. How can we possibly not know how much we have planned to spend against how much we have got—surely this is bread-and-butter stuff? To be told, in the Minister's words, that the Government could not possibly meet the ambitions of colleges is extraordinary when those ambitions were fuelled and fostered by the very body charged with that purpose—a body that was, in the end, answerable to Ministers.

Despite causing the disruption, Ministers failed to monitor information that their Departments were receiving. The crisis puts into sharp focus the issue of responsibility for capital projects under the new arrangements proposed in the Bill. If the Bill remains unamended, I suspect that we might get into such a mess again, so these new clauses and what we said on Second Reading, in Committee and subsequently are made all the more pertinent by the circumstances that I have described in these few words.

The circumstances regarding FE were not entirely known when we began to debate the Bill; the truth has come out gradually. As I say, more and more colleges have made it clear that they, too, were promised the large investments that, clearly, the Government now are not in a position to make available. However, it is not entirely true that Ministers knew nothing until very recently, because an examination of the LSC minutes makes it perfectly clear that, as early as February 2008, doubts were raised about the capital funding of FE colleges. Certainly by autumn that year, it was as clear as crystal that a major crisis was about to engulf the sector and the Government.

We did not receive an adequate explanation from Ministers in Committee, and last week at departmental questions, the Secretary of State said:

"one of the reasons why our universities are so good is that I do not run them".—[*Official Report*, 30 April 2009; Vol. 491, c. 1027.]

That is certainly true. If he ran the colleges, I guess that we would have had the same thing repeated in revenue terms as we have had in respect of capital bids.

The new clauses, plainly and simply, would improve the Bill. If I were in government in such difficulties, I would grasp the new clauses with both hands and take the view that the Opposition were trying to be helpful. Nothing in the new clauses is partisan. They are entirely consistent with the rest of the Bill. They would provide better lines of communication and better information to Ministers. They would prevent Ministers—whether Labour or Conservative—from finding themselves in the circumstances in which this Government find themselves in respect of FE. At a time of great economic uncertainty, the last thing we need is a Government who create more uncertainty, yet that is what all this has done.

We do not think that the LSC is perfect and we know that it needs reform—that is why we have outlined plans for a streamlined agency to fund FE—but we do not think that this is the right time to spend money on restructuring rather than on training.

The FE capital funding crisis shows what happens when Ministers are more interested in changing structures than transforming lives. Fallacy follows falsehood, and failure follows both. We need Ministers who mean and do what they say, not pass the buck. We need a structure for the funding and management of skills that is cost-efficient and effective. Most of all, we need a Government who trust FE to deliver the training to build the skills that our people want, our communities deserve and our economy needs.

Stephen Williams (Bristol, West) (LD): I welcome the new clauses that the hon. Member for South Holland and The Deepings (Mr. Hayes) has just spoken to. I met the new chief executive of the LSC, Mr. Russell, shortly after his appointment. First, we should thank him for his public service in taking on the poisoned chalice of trying to bring some coherence to an organisation that is not only in its dying days, but is dying in a sense of crisis and much public ridicule. Mr. Russell has already commissioned consultants to develop new criteria for an assessment against which college bids can be assessed. Both new clauses would complement that in-house procedure and review.

In DIUS questions last Thursday morning, this issue came up several times and the Under-Secretary of State for Innovation, Universities and Skills, the hon. Member for Birmingham, Erdington (Mr. Simon), was unable to say when the review being undertaken by the LSC will reach a conclusion so that colleges can get some clarity

and certainty in this area—perhaps he will elaborate on that today—or how far the £300 million announced in the Budget will go.

7.15 pm

The scale of the problem that we face is indeed large: more than 140 different schemes up and down the country have reached various stages of application—either application in principle or detailed approval—while others are the subject of early discussions, although they are still incurring costs as part of their bidding. One such college is Star college, which works with adult disabled people. I have visited Star college. It is in the Cotswolds and has been mentioned on several occasions by my hon. Friend the Member for Cheltenham (Martin Horwood). My hon. Friend the Member for Yeovil (Mr. Laws), who has not yet returned to the Chamber, has asked me to mention also Yeovil college.

I wrote to Mr. Russell on his appointment, asking him to tell me the parliamentary constituencies in which colleges are waiting for detailed approval finally to be granted by the LSC—and 77 parliamentary colleagues have at least one college in their constituency that is at the detailed approval stage. For instance, my hon. Friend the Member for Brent, East (Sarah Teather) tells me that the bid made by the college of North West London in her constituency is essential for the regeneration of Wembley. My hon. Friend the Member for Colchester (Bob Russell) has two such colleges in his constituency—Colchester institute and Colchester sixth-form college—and I should also refer to Plumpton college, in the constituency of my hon. Friend the Member for Lewes (Norman Baker), and North Devon college, in the constituency of my hon. Friend the Member for North Devon (Nick Harvey).

Bournemouth & Poole college is near to the constituency of my hon. Friend the Member for Mid-Dorset and North Poole (Annette Brooke), who has been with us for most of the debate. She tells me that several million pounds have been spent on that college's bidding process so far. I visited the college with my right hon. Friend the Member for Sheffield, Hallam (Mr. Clegg) in September last year as part of our party conference and saw the excellent training work that was going on there. It is a centre of excellence, in particular for catering. It is a shame if the students of that college are at all uncertain about the future facilities for their courses.

Mr. Hayes: The hon. Gentleman spoke well about these matters in Committee and does so again today. The point that I hope he will agree with is that this matter involves not merely the colleges that have received approval in principle, let alone those awaiting detailed approval, but many other colleges and, therefore, many other constituencies across the country. Unless the new clauses are accepted—I think the Minister will accept them—we could get into such a situation again.

Stephen Williams: I thank the hon. Gentleman for his intervention. I think I said that there are two formal parts to the process: approval in principle and approval in detail. Many other colleges are involved in early discussions, but have none the less incurred costs. Some have commenced work and are part way through their building programme. Many of us have been shown photographs of part-demolished Barnsley college by the hon. Member for Barnsley, East and Mexborough (Jeff Ennis). I could mention many other colleges on the list—for instance, South Devon college, in the constituency of my hon. Friend the Member for Torbay (Mr. Sanders). When he was in the Chamber earlier, he told me that the scheme is worked up and ready to go. Work could start tomorrow and all that is needed is approval to proceed.

It is not at all clear from the Budget debate, DIUS questions last week or various Westminster Hall debates on the topic how the £300 million brought forward in the Budget will help in the current financial year. It appears from the letter sent by the Secretary of State for Innovation, Universities and Skills to vice-chancellors and college principals on 22 April that, as well as the £300 million for the current financial year, 2009-10, there will be a planning assumption of a further £300 million a year from 2011-12 to 2013-14. That totals £1.2 billion and rather implies that the capital budget for 2010-11, which is the next financial year—I know that I am mentioning many years—has been raided to bail the Government out in this financial year. Perhaps the Under-Secretary will confirm whether that is the case, because the £1.2 billion over five years clearly does not correspond to £300 million for each year. One year must be missing, and it appears to be 2010-11, which of course is the year straight after the next general election.

Mr. Graham Stuart: The hon. Gentleman has put his finger on an important point. In many areas, the Government appear to have adopted a scorched-earth policy. They are raiding future budgets in order to bolster their current popularity as they approach a general election which, as they are increasingly aware, they are likely to lose.

Stephen Williams: That is an excellent point. It is indeed a political scorched-earth policy. Not only are the Government producing money from budgets allocated for the period after April 2010, but many tax rises are due to be introduced immediately after the next general election.

When the Minister replies, he should bear in mind that what the sector needs is more certainty about how the extra £300 million for the current financial year will be spent. A rationing exercise will clearly be necessary. Not all the bids currently lodged with the LSC can possibly be funded from that £300 million. Many bidders, indeed most, will miss out, and the sooner they know that, the better. All of them will have incurred bidding costs and planning fees, and will have commissioned architects to help them to draw up their proposals and submit them to the LSC's capital board.

Following a survey of its membership, the Association of Colleges calculated that 30 of its colleges had spent at least a quarter of a million pounds on bids, and 18 had spent more than £5 million. All that expenditure may be in vain if the capital programme does not go ahead. Many of the bidders will want to know whether their costs will be met by the LSC. The irony is that those costs, not only for the colleges at either end of the range but for the 100 or so in between, will probably be close to the £300 million allocated in the budget. There is an urgent need for an assessment of what is required by the further education sector—which is the purpose of the new clauses—and for clarity from the Government on the funding criteria that they will apply in future, through the LSC.

[Stephen Williams]

The hon. Member for South Holland and The Deepings began by observing that further education was crucial to our economy, and I shall end my speech in much the same way. The FE college system is essential to helping people to negotiate their way through the current recession, and even more essential to ensuring that we emerge from the other side of it with a world-class, well-skilled work force. We must meet not only the industrial demands that we will face in the future, but the demands of climate change. We shall need skilled engineers to meet the 2020 targets on which consensus has been reached. There is no point in setting such targets if we do not have the engineers and technicians to meet them. The FE sector has a crucial role in bringing those skills to the workplace and the design board, and it deserves rather better than the ineptitude that it has suffered from the Government so far.

Mr. Andrew Turner: I want to highlight the problems that the freezing of the college building programme has caused on the Isle of Wight, although I believe that there should be regulated annual audits in all areas to establish what capital is spent.

The Isle of Wight College is the only further education institution on the island. For many islanders, it represents the only opportunity to receive further education before entering the workplace. Employers value colleges as a source of training, especially during a recession. As the island has relatively high unemployment, taking a college course can make a real difference to someone's prospects, but all that is now in jeopardy. The freezing of funds promised to the council has not only indefinitely delayed vital renovation work, but cost the college more than £2.3 million in development fees alone. It would have cost a great deal more had the college not benefited from the common sense and prudence of its principal, Debbie Lavin—common sense and prudence that the Government and the LSC evidently lack.

The Government are guilty on a number of fronts. There is evidence that the Department for Innovation, Universities and Skills and the LSC knew about a possible overspend as early as February 2008. Mrs. Lavin says that the college was encouraged to continue with the building project until as late as December 2008. DIUS and the LSC were too slow to respond, having had a good eight or 10 months in which to flag up a problem. During that period, colleges—blissfully unaware of the impending crisis, and egged on by the national LSC—spent money, made plans and, in some cases, tore down old facilities. Fortunately, that did not happen on the Isle of Wight. If the colleges had known then what the LSC and DIUS knew back in April—or February—2008, they would not have been so hasty. DIUS Ministers and the LSC should not have encouraged colleges to go ahead if they did not have the money to see the projects through. Colleges throughout the country are now paying the price for the delay. Temporary cabins are being hired in which to teach students, and fees for retaining contractors and professional advisers continue to be paid.

Adding to all the financial woes, the Government are muddying the waters by further complicating an already complex system. The ineffectual LSC is to be abolished, only to be replaced by three new bodies. That has led to further confusion and worry, especially as there is no evidence that the more complicated system will be any more efficient.

The Government are seeking to gloss over the whole issue with their announcement of £300 million earmarked for colleges. We have not been told where the money will go, but it is clearly an insignificant sum in comparison with the scale of the crisis. This is akin to putting a sticking plaster on a disembowelment. We need transparency in regard to further education funding, so that we all know where we stand. New clauses 1 and 11 will help to clarify the situation for the House, colleges and the public. This sorry affair cannot be allowed to happen again.

Sir Andrew Foster's independent and damning report on the college building debacle highlights the existence of Government and LSC incompetence at almost every stage of the process. The LSC chief executive did the albeit late but none the less honourable thing, and fell on his sword. Why have not DIUS Ministers taken their responsibilities just as seriously? Or were they and their officials kept ignorant as well? I can tell the House that it was ignorance. The LSC made decisions—or perhaps it is better to say that it did not even make them—in a state of failure. That is the problem, and we must put it right.

Mr. Simon: Most of the speeches that we have heard have ranged far beyond the scope of the new clauses. I understand why Members wanted a general debate about the further education sector as a whole, and about the FE funding situation in particular. Those are serious matters which are of great concern to Members throughout the country, to their colleges and college principals, and to the corporations of those colleges. Many of them are represented by lay individuals who might feel very exposed and concerned about the position they are in. I understand that Members are constituency representatives—and, indeed, are sometimes Opposition Front Benchers with that job to do—and that they will want to make their points and to seek answers from the Government.

7.30 pm

With your permission, Mr. Deputy Speaker, I propose to speak initially to the new clauses themselves, which have so far received relatively scant mention in the debate, after which I will move on to try to respond to some of the general issues, and in so doing I will be at your mercy as to how wide and generally I may stray and for how long you think it will be appropriate for me to carry on speaking.

Mr. Hayes: The hon. Gentleman says he understands why Members have ranged widely. If he does understand that, why have we had no debate in Government time on Sir Andrew Foster's report, because that would be a more appropriate way of dealing with these matters than by addressing these new clauses?

Mr. Deputy Speaker: Order. I think what the hon. Gentleman has just said rather underlines my intervention earlier. I allowed him to make a rather wide-ranging introduction to his amendments, and therefore I owe it to the Minister to let him at least reply. However, I hope that Members of all parties will recognise that there are

still quite a lot of groups of amendments to be debated, so we do not want to spend an extended amount of time on this group—although let me stress again that, in fairness, the Minister must be given some opportunity to reply to the general nature of the debate.

Mr. Simon: I am very grateful for that, Mr. Deputy Speaker.

New clauses 1 and 11 are not necessary. In terms of new clause 1, an ongoing benchmarking programme already exists. As part of the capital investment programme, almost all further education colleges—some 98 per cent.—are already participating in an existing property benchmarking programme called eMandate overseen by the LSC, and that programme will continue under the chief executive of skills funding.

The eMandate programme captures data on an annual basis from all participating colleges in the FE sector. Those data include information on the quality of their estate and their estate management costs. Participation in the eMandate programme is open to all FE colleges and is compulsory for any college that wants to apply for public capital funding for building. We simply do not need the kind of stocktake described in new clause 1, because precisely that process already exists, and because nobody has suggested that a lack of that kind of information caused the problems with the FE capital programme.

Mr. Hayes: So the hon. Gentleman is saying that, in almost all cases, we know the state of college buildings, yet there was no relationship between that information—which presumably came to the Department and Ministers—and the business of encouraging capital bids. That is inconceivable, is it not?

Mr. Simon: It is not inconceivable at all. The problems with the colleges were to do with financial management, not with a lack of information about the state of the estate, or with the quality or the cost management of the builds themselves. The Foster report came to the explicit and clear conclusion that this was a good policy let down by poor implementation, and the manner of that implementation was not at all of the sort described—or apparently rectified—by new clause 1.

Mr. Graham Stuart: I simply do not understand that reply. Surely there should have been a needs-based assessment of what needed to happen to the buildings in the FE sector. How else could anyone properly approach this? Without that, it is not possible to assign priorities or to ensure that there is the most prudent use of public money. That is what perhaps most irritates my constituents. They realise that the Government have simply wasted millions of pounds on unnecessary projects, and that now tens of millions of pounds will be wasted on consultants' fees for projects that will never proceed.

Mr. Simon: As the hon. Gentleman said, one of the key conclusions of the Foster report is that the programme should have been much more needs-based, and it is clear that it must be more needs-based in future. The reason why it was not needs-based was not because good information did not exist about the state of the FE estate; that information was being collected. The problem was that it was not used effectively. New clause 1 would set up the paraphernalia to collect that information, but that paraphernalia already exists. Good information already exists, but the right things were not done with it. New clause 1 is therefore not the answer to this problem.

Mr. Stuart: It seems to me that that form of methodology applied to that level of spend is a strategic issue. Does the Minister therefore accept ministerial responsibility for failing to ensure that, in terms of that fundamental way of dealing with such huge sums, the Government, rather than the LSC alone, failed to do what they should have?

Mr. Simon: No. Foster was very clear that this was a good policy let down by poor implementation. He was also clear that—*[Interruption.]* The hon. Gentleman mouths "whitewash" from a sedentary position, but it was a very high-quality impartial report. The hon. Member for Isle of Wight (Mr. Turner) said it was damning. It was not damning of Ministers; it was clear and explicit that the responsibility of Ministers was the direction of policy, and that the policy was a good one, but that the implementation of the policy was the responsibility of the LSC and that is where the policy was let down.

Mr. Stuart: I am extremely grateful to the Minister for being so generous in giving way. Can he share with the House a single report commissioned by this Government, who are now in their 12th year in office, that has been damning of Ministers?

Mr. Simon: I shall move on to new clause 11. The new clause also raises the question of parliamentary scrutiny, but it is also superfluous because its measures already exist in the Bill. Paragraph 7 of schedule 4 requires the chief executive of Skills Funding to publish an annual report and accounts covering expenditure on all areas, including capital. That report will be laid before Parliament. I hope that that, together with the commitment of my right hon. Friend the Secretary of State to return to the House with a statement in due course, will give Members some reassurance about the level of parliamentary scrutiny. If the hon. Member for South Holland and The Deepings (Mr. Hayes) wants to have a debate in Government time, he will, as he knows, need to come back on a Thursday and talk to the Leader of the House rather than me—my pay grade is considerably beneath considering such matters.

We do not need new clause 11 in order to have transparency and parliamentary accountability, and we do not need new clause 1 in order to have good information about the state of the FE estate.

Let me turn to the general points that Members have made. The hon. Members for South Holland and The Deepings and for Bristol, West (Stephen Williams) raised the question of colleges that have not received, but have applied for, approval in principle. There are currently 79 colleges that have received approval in principle and 65 that have applied for it and have not received it. The points they make about the great amount of work—and potentially of expenditure, as well as of investment of time and energy—that will have gone into reaching the stage of submitting the application, which is itself a huge, thick pile of documents, are very well understood. We have been very clear in our discussions with the new

[Mr. Simon]

leadership of the LSC that the colleges in that position will be treated broadly in a single pool with the colleges that have already received approval in principle. All of them will be deemed to have a difficulty which the LSC, under its new leadership, needs to help them to deal with.

Several Members—the hon. Members for Bristol, West and for Isle of Wight come to mind—mentioned the £300 million of new cash that was announced in this financial year to enable us to put through some of the most urgent and high-priority cases. The hon. Member for Isle of Wight said that it glossed over the entire issue—I believe that the rich phrase he used was that it was a "sticking plaster on a disembowelment"—whereas the hon. Member for Bristol, West said that it was a political scorched-earth policy. Naturally, I cannot accept any of those colourful descriptions. None the less I am clear about the fact that £300 million will not solve this problem, whose magnitude is much greater. I am not attempting to gloss over the entire issue, and I do not pretend to have solved the problem or put the matter to bed with £300 million. What the £300 million will enable us to do is to put forward, this year, in decisions that will be made in a few weeks' time—in the early summer—the most urgent and high-priority cases across the country. That will still leave many colleges needing certainty and clarity about their future.

Mr. Hayes: Interestingly, the Minister, at last, gives us some detail about this matter, for which I am grateful. We should have been given more detail sooner, but I understand the reasons why he has not been in a position to do that; as he says, this is not at his pay grade level. Will he tell us whether those high-priority cases will be drawn from colleges that have already received agreement in principle and colleges that are at an earlier stage of development? If not, what criteria will be used?

Mr. Simon: As ever in this evening's debate, the hon. Gentleman congratulates himself on having extracted from me something that has been clear and on the record for weeks, if not months, and that I have said dozens, if not hundreds, of times. As I just said, the colleges that have received approval in principle and those that have applied for it but not necessarily received it will all be viewed in the same group when consideration is given to both the urgent and high-priority funding and the later down the line funding. It is probable that colleges that have applied earlier and secured approval in principle are more likely to be further down the road, and I would be surprised if more of them were not more urgent and high-priority immediate cases when compared with those that have yet to receive approval in principle. However, it is clear, and has been for some time, that both those categories will be eligible to be considered for the urgent and high-priority immediate funding, and to go into the second pool of cases that will go through the same process of prioritisation.

As for how those priorities were drawn up, as I am sure the hon. Gentleman knows—I am loth to say this, because I know that he will intervene in any moment to rejoice at having dragged this out of me, although it has also been clear for some time—the LSC, in partnership with the Association of Colleges, set up a reference panel and, between them, they have agreed, or are in the process of finalising within the next week or two, a set of criteria and processes that are to be open and transparent, and that I hope the whole sector can buy into, by which the prioritisations will be decided. The first criteria will be readiness, urgency and whether the case is high priority. In the second round, the same criteria will apply, but without the criterion of readiness.

Hon. Members have also mentioned the amount of money already committed in preparing bids. That is a problem for colleges and it is an issue about which college principals and corporation leaders feel worried and exposed. I am sensitive to that, and we have made it clear to the LSC that it will need to be sensitive to the difficulties in which its mismanagement of this programme has put college leaderships. It has retained an independent firm of property consultants, who are currently consulting all the affected colleges with a view to reporting back to them what level of support they could individually expect; again, that will take place within the next few weeks.

7.45 pm

I could go on talking about these matters indefinitely, but I am conscious of the fact that other hon. Members wish to discuss this new clause and others, and that the hon. Member for South Holland and The Deepings has to follow me so this matter is by no means close to conclusion. I am sympathetic to the desires of hon. Members to have a wide-ranging debate about this matter and I have tried to address some of the main issues in the time available, but I do not think it is appropriate for me to go on talking indefinitely. I am sympathetic to the intentions of new clauses 1 and 11, but both of them are dealt with in the Bill or within existing practice and are, therefore, superfluous. On that basis, I know that the hon. Gentleman, with his customary sagacity and courtesy, will be inclined not to press the new clauses to a Division.

Mr. Hayes: The Minister has done his best to deal both with these new clauses and with the crisis that is not entirely of his making, given that he is a newcomer to his Department. He will understand why Conservative Members and, indeed, Members from across the House, are so exercised about this capital funding crisis. Joseph Conrad said that "reality beats fiction out of sight", and nobody could have made this up, could they? This is stranger than fiction. The Minister first says that colleges might be allowed to go bankrupt and then says that they will not be able to do so.

Mr. Simon *rose—*

Mr. Hayes: I shall give way to the Minister, although I was in the middle of my exciting peroration.

Mr. Simon: I hate to interrupt the hon. Gentleman's peroration, but I should say that I never said that colleges might be allowed to go bankrupt—not on the "Today" programme or anywhere else.

Mr. Hayes: What the hon. Gentleman said on the "Today" programme, on blogs and on Twitter is probably not worth dwelling on now because to do so would not be in his interests or those of the House. We certainly know that Sir Andrew Foster, who was asked by the

Government to look into these matters because they were so concerned about where things had got to, concluded in his report on the crisis that it had been "predictable and probably avoidable". We know that 79 of the colleges that have had their capital bids frozen had already received agreement in principle and were simply awaiting agreement in detail, and we know that the £300 million that the Government have committed will not do the job.

These new clauses are as clear as crystal. They would help a Government to ensure that the circumstances in which this Government find themselves would be most unlikely to occur—I shall not say impossible, because incompetence can reign regardless of law. However, law must at least be in place to mitigate the results of the sort of incompetence, miscommunication, failure to act and lack of accountability that lay at the heart of this crisis.

We propose in our amendments that the House receive reports, with properly collected information from across the country, that match the state of the college estate to the bids for capital funding. It is remarkable that the Minister says that that information is already collected. He says that the Government have all the knowledge that they need about the state of FE colleges and the level of resources they enjoy. My goodness, if they have all that information but do not match it to bids for capital funding, what sort of organisation is the Learning and Skills Council and what sort of Ministers have we had who have not held that body to account? After all, it is a Government agency and there must be some sort of line of report, even if the Minister was not himself in office at the time.

It is essential for the good of our colleges that we avoid similar crises in the future. It is essential for good governance that we have the right information, and it is certainly essential for the further education and training needs and skills that our people deserve that we have better Ministers. I wish to press new clause 1 to a Division because I want to test the House's opinion on whether this sort of thing is excusable or whether it thinks, as I do, that it is unforgivable.

Question put, That the clause be read a Second time.

The House divided: Ayes 181, Noes 273.

Division No. 110] **[7.50 pm**

AYES

Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Baron, Mr. John
Barwell, John
Bellingham, Mr. Henry
Benyon, Mr. Richard
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Browning, Angela
Burt, Lorely
Campbell, rh Sir Menzies
Clappison, Mr. James
Clark, Greg
Clifton-Brown, Mr. Geoffrey
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. (Monmouth)
Davis, rh David
Djanogly, Mr. Jonathan
Dorries, Nadine
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evennett, Mr. David
Fabricant, Michael
Field, Mr. Mark
Foster, Mr. Don
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Grayling, Mr. James
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harvey, Nick
Hayes, Mr. John
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Herbert, Nick
Hoban, Mr. Mark
Holloboone, Mr. Philip
Holloway, Mr. Adam
Horam, Mr. John
Horwood, Martin
Howard, rh Mr. Michael
Howarth, David
Hughes, Simon
Hulme, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Lait, Mrs. Jacqui
Lansley, Mr. Andrew
Laws, Mr. David
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mates, rh Mr. Michael
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Ottaway, Richard
Paice, Mr. James
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Prisk, Mr. Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Smith, Sir Robert
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Sir Peter
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Wiggin, Bill
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wilson, Mr. Rob
Winterton, Sir Nicholas
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
James Duddridge and Jeremy Wright

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Beckett, rh Margaret
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Brennan, Kevin
Brown, Lyn
Brown, Mr. Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Cairns, David
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Elman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goodman, Helen
Griffiths, Nigel
Gwynne, Andrew
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hoey, Kate
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Iddon, Dr. Brian
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
Jenkins, Mr. Brian
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Lewis, Mr. Ivan
Linton, Martin
Love, Mr. Andrew
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miller, Andrew
Mitchell, Mr. Austin
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Mudie, Mr. George
Mullin, Mr. Chris
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Pleaklitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Salter, Martin
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Angela E. *(Basildon)*
Smith, John
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stuart, Ms Gisela
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain

Tellers for the Noes:
Ms Diane R. Johnson and Ian Lucas

Question accordingly negatived.

New Clause 2

COMPARATIVE STUDY OF QUALIFICATIONS

'(1) The Secretary of State shall commission a comparative study, to be conducted by a person or body he considers appropriate, of the standards of—

(a) GCSEs, and

(b) A levels,

with comparable qualifications in each of the jurisdictions of the European Union, to be completed within a period of 18 months of the coming into force of this Act.

(2) The Secretary of State shall publish the results of this study.'.—*(Mr. Gibb.)*

Brought up, and read the First time.

Mr. Gibb: I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker (Sir Michael Lord): With this it will be convenient to discuss the following: Amendment 72, in clause 126, page 72, line 25, at end add—

'(f) the education standards objective.'.

Amendment 61, page 72, line 26, after 'to', insert

'ensure that the standard of regulated qualifications is maintained and to'.

Amendment 74, page 72, line 30 , at end insert—

'(c) indicate a consistent level of ability, including over time, between comparable regulated qualifications.'.

Amendment 62, page 72, line 31, after 'to', insert

'ensure that the standard of regulated assessment arrangements is maintained and to'.

Amendment 75, page 72, line 37, leave out 'and regulated assessment arrangements' and insert

', regulated assessment arrangements, the consistency of educational standards over time, and in the independence and credibility of Ofqual.'.

Government amendments 21 to 24.

Amendment 63, in clause 126, page 73, line 10, at end add—

'(7) Within 18 months of its establishment Ofqual shall publish a report on whether standards of qualifications have been maintained over the previous 20 years and the report shall include consideration of—

(a) A-Levels, and

(b) GCSEs.'.

Amendment 71, page 73, line 10, at end add—

'(7) In pursuit of the objectives in this section, Ofqual shall lay before Parliament by 1 January 2011 an assessment of the impact of introducing modular GCSEs on the maintenance of standards and public confidence in schools.

(8) In pursuit of the objectives in this section, Ofqual shall seek to ensure that over time an age cohort with similar abilities shall be awarded qualifications at a similar level of indicated attainment.'.

Amendment 73, page 73, line 10, at end add—

'(7) The education standards objective is to monitor, assess and report on the changes in educational standards and performance in England over time, including by using standardised sample testing for such purposes as Ofqual judges this to be of value.'.

Amendment 87, in clause 127, page 74, line 7, at end insert

'provided that, in the view of Ofqual, these aspects of government policy do not undermine the objectives set out in section 126.'.

Amendment 60, page 74, line 8, after 'effectively', insert 'and in a timely manner'.

Government amendment 25.

Amendment 82, page 80, line 2, leave out Clause 139.

Amendment 80, page 80, line 3, after 'may', insert 'in exceptional circumstances'.

Amendment 81, page 80, line 5, at end insert

'provided that this minimum requirement does not relate to the grading or assessment of that qualification.'.

Amendment 88, page 80, line 5, at end insert

'provided that such a determination does not include specifying detailed minimum requirements of the curriculum content of each such specified qualification.'.

Amendment 89, page 80, line 29, at end add—

'(9) Ofqual must publish and lay before Parliament a response to any determination made by the Secretary of State under subsection (1) within 60 days of that determination being made.'.

Government amendments 26 to 28.

Amendment 90, in clause 163, page 90, line 32 , at end insert—

'(c) the assessment of changes in educational standards and performance in England, including any comparative international assessment which Ofqual considers to be necessary.'.

Government amendment 29.

Amendment 91, in clause 170, page 93, line 23, leave out 'coherence' and insert 'choice'.

Government amendments 30 to 37.

Mr. Gibb: The Opposition support the establishment of an independent regulator of qualifications and examinations. It was, after all, my right hon. Friend the Member for Witney (Mr. Cameron) who, when he was shadow Education Secretary—as the position was then known, before the word "Education" was eliminated from the name of the Department—said:

"It is not acceptable that the QCA, the guardian of our exams, is not independent of the Government."

By government, we mean the government machine—that is, all those elements of government charged with the responsibility of providing education, training teachers, determining the direction of education policy and the style of pedagogy; all those who determine whether, for example, primary education should be child centred; those who determine whether classes should be mixed ability or set by ability; the independent panels of advisers who advised the Government to remove translation from English into French from the secondary modern foreign languages curriculum; or those who advised that the primary curriculum should no longer teach the multiplication or addition of fractions. The exam regulator needs to be independent of all those groups and of anyone who has a vested interest in demonstrating that educational standards have improved.

Ofqual particularly needs to be independent of civil servants in the education world, both departmental and at local authority level. As Sir Michael Barber points out in his book "Instruction to Deliver":

"While the civil service was not party political, it was heavily influenced by the various lobby groups who competed for influence in the Department which thus tended to see issues from the producer angle...Moreover, the lack of ambition which characterised the education service as a whole inevitably affected the Department too."

[Mr. Gibb]

It is keeping Ofqual independent from that lack of ambition that is so crucial, as well as keeping it independent of the producer angle.

That lack of ambition was exemplified by almost the very first act of the newly created Ofqual. In October last year, in response to reports that one of the exam boards, Edexcel, was awarding C grades in its new science GCSE to pupils achieving just 20 per cent., Ofqual was asked to adjudicate after the three exam boards failed to reach an agreement over grade boundaries. Instead of making the three boards rise to the standard of the most demanding, which was AQA, it ordered AQA to lower its grade boundaries to those of the other two—levelling down rather than levelling up. The director general of AQA, Dr. Mike Cresswell, said that he did so under protest and wrote:

"AQA is extremely reluctant to adopt a standard for GCSE Science which is less comparable with the past than it needs to be."

Ofqual spectacularly failed, therefore, in its first test.

That all goes to the root of the contradictions that lie at the heart of this policy. On the one hand, the Government are saying that standards have been rigorously maintained over the years and between different exams. On the other hand, they say that an independent regulator needs to be created to boost public confidence. In a letter of September 2007, in which the DCSF set out the new model of regulation of qualifications, the Department states:

"Over the last ten years, the Qualifications and Curriculum Authority...has shown robust independence in its work as a regulator and has developed a system for assuring standards which is recognised internationally for its quality and reliability...The hard work of the QCA, and its fellow regulators, means that we can be confident that standards have been maintained."

If things are so good and rosy, why do we need reform? The document goes on to say:

"Yet once again, this summer, we had a public debate about standards in qualifications and tests—even as the QCA provided reassurance that standards had been maintained".

In other words, how dare the public have a debate about standards when the QCA has "provided reassurance". The reforms are not about ensuring that standards are maintained, but about finding a better way to try to convince the public that standards are being maintained.

Kathleen Tattersall, the new chairman and chief regulator at Ofqual, said in her evidence to the Public Bill Committee:

"Ofqual has been set up...to ensure that there is a better...understanding of the issues and to assure public confidence."

What Ofqual should be concerned about is maintaining standards—something that its predecessor regulator, the Qualifications and Curriculum Authority, singularly failed to do. That is why, in amendment 61, we propose adding a specific requirement to maintain standards to Ofqual's list of objectives.

Mr. John Gummer (Suffolk, Coastal) (Con): Does it not strike my hon. Friend as odd that the chairman of Ofqual should talk about improving understanding of the issues? It seems to me that the public in general understand the issues; what they do not understand is why standards are not kept up. Is not "understanding the issues" code for "Let us explain to people why they should think differently from the way that they do."?

Mr. Gibb: My right hon. Friend has summarised brilliantly the argument that I was trying to make. It is a huge concern, because as he hints, a huge amount of independent academic research carried out in recent years points to the decline in exam standards over time. To take just one example, Peter Tymms at the Centre for Evaluation and Monitoring at the university of Durham has shown that a student who got an E in A-level maths in 1998 would have been awarded a B in 2004. Professor Peter Williams, appointed by this Government, said in *The Observer* newspaper:

"Over 20 or 30 years I don't think there is any doubt whatsoever that absolute A-level standards have fallen.

They have edged south, continuously over a long period of time.

I think all university academics and a good proportion of sixth-form teachers would agree with my assertion."

That and other evidence has been available for several years now, but what concerns us is the attitude to such evidence expressed by Ofqual's chief regulator in her evidence to the Public Bill Committee. When asked by my hon. Friend the Member for Broxbourne (Mr. Walker),

"Does Ofqual believe that there is grade inflation in A-levels and GCSEs?"

she replied:

"Ofqual will take the evidence that it has and that comes to its attention to make any pronouncement, one way or the other, on issues of that kind. That is something that we have not particularly explored and I do not think that it would be appropriate for me to come to a view without full consideration of the evidence."

Why is the matter one that Ofqual has "not particularly explored"? When my hon. Friend asked whether Ofqual would explore the issue in future, he received another odd answer from the chief regulator:

"What we will be doing as a regulator is looking at the evidence, particularly where there are any issues of public concern. If that issue is a matter of public concern, clearly we will be seeking evidence on it, but there are a range of other issues where our starting point would always be to look at the evidence and to come to a considered judgment on the evidence."

Why have the QCA and Ofqual not been looking at the evidence, including that of Peter Williams and the Durham evidence? What did the chief regulator mean when she said:

"If that issue is a matter of public concern"?

What did she mean by "if"? As my right hon. Friend the Member for Suffolk, Coastal (Mr. Gummer) suggests, of course it is an issue of public concern. We read about it in the newspapers the whole time.

When challenged by my hon. Friend the Member for Basingstoke (Mrs. Miller), the chief regulator's response was:

"Ofqual has been set up to regulate the system, to get better public accountability for the system, to ensure that there is a better public understanding of the issues and to assure public confidence. That is what regulators do. I do not think that it has been set up to address any specific concerns, such as the one that was just mentioned"—[*Official Report, Apprenticeships, Skills, Children and Learning Public Bill Committee*, 3 March 2009; c. 70, Q182 to Q184.]—

or indeed the one raised by my right hon. Friend the Member for Suffolk, Coastal.

The anxiety that that answer provoked was compounded by minutes of Ofqual board meetings that were leaked to a Sunday newspaper. It was clear from those minutes that Ofqual was not sure whether there was any

methodology that it could use to compare standards between a non-modular GCSE exam and a modular exam that was being introduced by the QCA. According to the newspaper, the chief regulator said that Ofqual and the exam boards

"need...to arrive at a clearer picture of what is meant by 'maintaining standards' when the structure of qualifications changes."

That makes one wonder whether Ofqual is the right body for the job, particularly as there are academics, such as Professor Tymms, who could say precisely how to make such a comparison, using a sample of cognitive ability tests. That is similar to the comparison proposed in the second part of the Liberal Democrat amendment 71. Our proposal, set out in new clause 2, is to benchmark comparative qualifications in other countries. New clause 2 says:

"The Secretary of State shall commission a comparative study...of the standards of...GCSEs, and...A levels...with comparable qualifications in each of the jurisdictions of the European Union".

Of course, the Secretary of State could extend the study to places such as Singapore and Japan.

8.15 pm

That measure reflects a policy announcement made by my hon. Friend the Member for Surrey Heath (Michael Gove) in a speech at the Haberdashers' Aske's school, in which he said:

"We have asked Sir Richard Sykes, the former rector of Imperial College and one of our most successful scientists, to review our entire system of assessment and qualifications in this country and we have made it clear that his aim is to ensure once more that our exams are internationally competitive...That is why we would legislate to make the fixing of our exam standards to an international benchmark crucial to our programme of radical reform."

Mr. Tobias Ellwood (Bournemouth, East) (Con): My hon. Friend is making a powerful argument. I wonder whether he has considered the concerns that business has about grade inflation. It is now setting its own exams. Where that is not happening, schools in my area—and the area of the Minister for Schools and Learners, who represents the same county as I do—are turning their backs on GCSEs and offering another alternative, the international baccalaureate.

Mr. Gibb: My hon. Friend makes a valid point, which I shall come to in a moment. He is right: people across the board are concerned about some of the public exams on offer. McDonald's, Flybe and other major international companies are taking measures, and we support those measures, but it is interesting that they feel that they have to do so to get the quality that they seek from qualifications.

The Minister for Schools and Learners (Jim Knight): I did not intend to intervene in this debate, because the Under-Secretary of State for Children, Schools and Families, my hon. Friend the Member for Portsmouth, North (Sarah McCarthy-Fry), is leading for the Government on it, but the qualifications that the employers listed are involved in are not in any way supposed to be competing with the academic qualifications that the hon. Gentleman talks about. It is just not reasonable to compare the two at all.

Mr. Gibb: I understand that point, but there is a concern in the private sector—a feeling that it should not rely on the Government to provide the kind of qualifications that it might wish to use, and that it is time that it got on with its own qualifications. I could also have cited academic qualifications that are comparable with GCSEs and A-levels. I will come to those in a minute.

Amendment 63 would require Ofqual to publish a report on standards in A-levels and GCSEs over the past 20 years. It is important, if we are to be able to maintain standards over the next 20 years, that we have a proper, honest understanding about what has happened to our public exams over the past 20 years. Amendments 61 and 62 would amend the objectives of Ofqual to ensure that it maintained standards. That phrase is not in the standards objective as drafted, and that is a serious omission. Finally, amendment 60 would ensure that Ofqual conducted its work in a timely manner. It is a frequent complaint of exam boards that delays at regulator level leave them insufficient time to develop their exams.

As my hon. Friends have said, public confidence in the integrity of our public exam system is at an all-time low. Those in the independent sector are flocking to the more rigorous exams, such as the international GCSE, the Pre-U, which was developed to deal with concerns about the A-level, and of course the international baccalaureate. The way to deal with that lack of confidence is not public relations and repeated assurances, but concrete work to ensure that standards do not decline. The new clauses and amendments tabled by my hon. Friends and by me will go a long way to helping Ofqual to provide the rigour that is sought by the public.

Mr. Laws: The Bill contains much that is unwanted, unnecessary or both, but the clauses, new clauses and amendments that we are debating should be the most important and beneficial part of it. Unfortunately, we share many of the concerns expressed by the hon. Member for Bognor Regis and Littlehampton (Mr. Gibb) regarding the nature of the Ofqual that the Government have chosen to establish.

Anyone interested in education ought to seek an objective understanding of what has happened to standards over a period of time. Indeed, it is difficult to have a meaningful debate about education and education policies without having an understanding of and agreement about what has happened to educational standards. We have heard from the hon. Member for Bognor Regis and Littlehampton about the disagreements about what Government statistics mean and about what has happened to standards over the past 10 or 20 years, and those concerns are echoed in the report on testing and assessment by the Children, Schools and Families Committee which was published last year and which received all-party support. I refer the Minister to paragraph 162, in which the Committee concludes that

"the measurement of standards across the full curriculum is presently virtually impossible under the current testing regime because national tests measure only a small sample of pupils' achievements; and because teaching to the test means that pupils may not retain, or may not even possess in the first place, the skills which are supposedly evidenced by their test results"

a damning criticism if ever there was one of the existing testing regime.

In paragraph 166, the Committee concludes:

"It is highly questionable whether a claim can validly be made that A-levels have remained at a consistent standard over a period as long as 20 years or indeed anything like it."

[Mr. David Laws]

There are further criticisms in paragraph 171 about the difficulties of reaching a conclusive view on the issue of grade inflation and thus what we should conclude about what has happened to educational standards over the past 10 or 20 years.

That is of fundamental importance because the Government's view, and their gloss on the statistics, is that there has been a staggering improvement in educational standards over the past 10 years, and perhaps even longer. In some parts of the country, the improvement in, for example, GCSE scores is quite breathtaking on paper. If it is true that there has been an improvement in standards of that magnitude, it is extremely important, and it has all sorts of implications for policy. However, if the hon. Member for Bognor Regis and Littlehampton is correct in saying that we cannot rely on those statistics, and if the Select Committee is right in its criticisms, we are in a difficult, and very different, position, which is presumably why, in paragraph 186, the Select Committee recommends that there should be a greater use of sample or cohort testing to establish what has truly happened to educational standards over time, and to make those judgments invariant to changes in the structure of qualifications, and thus to restore public confidence in standards.

We discussed in our debates in Committee, and previously, our great disappointment that the Government did not take up the Select Committee proposal and instead, in their response to the Select Committee report, made it clear that they rejected not only the use of sample testing to measure educational standards over time but, as they state in paragraph 50 of their response, that in their view,

"Ofqual's role is not to monitor education standards as a whole; it is to regulate the qualifications and assessments which are one of the means by which standards are measured."

When we look at the measures in clause 126 that deal with Ofqual's objectives, we discover on careful reading that what at first appears to be an impressive list of objectives—the qualifications standards objective; the assessments standards objective; the public confidence objective; the awareness objective; and the efficiency objective—requires Ofqual to make judgments of levels of attainment in comparable regulated qualifications, and in comparable assessments, which is not in any way a guarantee that, as the nature of those assessments changes, we will have a reliable measure of what is really happening to standards.

Mr. Graham Stuart: The hon. Gentleman is making a powerful speech, but may I put it to him that we do not have to go to outside academics or international comparators to gain an insight into the way in which the Government have dealt with standards? We look to the man who was in charge of the Qualifications and Curriculum Authority, which was responsible for protecting standards in recent years. He said in evidence to the Select Committee that

"too often boards such as that of the QCA are put into a position where it is expected that they will seek to negotiate…advice in advance. I think that is a pernicious process that compromises integrity and independence, and if we are not careful, in relation to Ofqual, it will cause real difficulties there. I do not think that for Ofqual the runes are propitious at all."

That is powerful evidence that the Government cannot be trusted on standards.

Mr. Laws: It is indeed an important warning of the risk that arises from the manner in which the Government have established Ofqual, the degree of independence that Ofqual will, or will not, have, and in its tightly defined remit, which are designed effectively to stop it making the judgments about standards that it needs to make. Although the Minister herself, in giving evidence to the Public Bill Committee, suggested that it would be possible for Ofqual to use sample testing, she later qualified that by indicating that that could be used only in the context of the specific objectives in the Bill, which prevent such testing from being used to make judgments about educational standards and changes in those standards over time.

That is why we tabled a large number of amendments, both in Committee and on Report. Amendment 90 requires comparable international assessments to be made by Ofqual in a way that is similar to what new clause 3, which was introduced by the hon. Member for Bognor Regis and Littlehampton, would do. Amendments 72, 74 and 75 deal with the need to establish a proper educational standards objective in place of the long list of objectives that the Government have designated for Ofqual, none of which addresses the fundamental issue of standards, and judgments about standards over time. Amendment 71 seeks to address the soon-to-be-topical issue of the introduction of the modular GCSE, and the impact that it is likely to have on results. We heard some interesting evidence from the Minister and others in Committee about the effect that the introduction of modular GCSEs is likely to have. Many of us suspect that when they are introduced, there will be a rise in GCSE results, even though there will not be an improvement in underlying GCSE standards. We heard ambiguous evidence from the Minister about whether a rise in apparent standards as a consequence of changing to modular GCSEs should essentially be suppressed by ensuring that similar-ability cohorts of children end up with similar GCSE results, or whether in fact the modular GCSE will allow the results to rise in a fairly predictable way that, no doubt, will be used by the Government, if they are still in power, to claim that standards have risen.

Amendment 73 deals with the need for standardised sample testing, in relation not only to the existing Ofqual objectives, but to the wider standards objective that we believe there should be. Amendment 91 deals with the issue of coherence v. choice in qualifications, a subject that we touched on in Committee.

Another fundamental debate is hidden away in the amendments and new clauses before us. That is in relation to what was, when we were debating the Bill in Committee, the famous clause 138, which, under the reordering in the new Bill, becomes clause 139. This is the clause that gives the Secretary of State the ability to determine the minimum requirements in respect of skills, knowledge or understanding that someone must be able to demonstrate to gain a particular qualification or type of qualification.

That is a very significant power. It allows a Secretary of State to prescribe, potentially in great detail, what should be in each and every regulated qualification. The example that the Minister gave during our Committee hearing was that particular authors might be considered to have a status that would justify a Minister insisting that they ought to be covered by, for example, a GCSE

English qualification. The same approach could no doubt be sustained to justify the study of particular political theorists for a politics exam, or particular parts of history for a history exam.

8.30 pm

Under cross-questioning from my hon. Friend the Member for Mid-Dorset and North Poole (Annette Brooke), the Minister initially said she was not sure whether this was a new power or a power that the Government already had. In her letter to my hon. Friend on 14 March, the Minister confirmed that at present there is no explicit statutory power to determine such matters. In other words, this is a new power being taken by the Secretary of State to prescribe in a potentially very detailed way what should be in particular qualifications.

That makes us extremely nervous. We agree that there is a role for a Government in a broad-brush national curriculum. We believe it is right that there should be a political view of the broad nature of subjects that should be taught in schools and what should represent the core curriculum. We cannot accept that it should be for a politically appointed Secretary of State to interfere and meddle in the subjects that young people have to study to achieve regulated qualifications.

In our amendment 80 we seek to include in the Bill what is in the explanatory notes, which the Government have so far resisted writing into the Bill: that these powers should be used only in exceptional circumstances. In some of our other amendments, 88 and 89, we seek to put in place other safeguards to prevent the power being used by the present Government or by a future Government in a way that most people in this country would regard as deeply objectionable.

Mr. Stuart: Was the hon. Gentleman disturbed, as I was, by the contents of the letter of 29 April to the Public Bill Committee in response to his questions in Committee? In that letter, Ministers say:

> "It would not be in anyone's interests were Ofqual not to be regulating in a way which recognised its potential to influence the success of Government policy".

It is hard to follow what that means, but it has a rather creeping sense that the Government aim to force Ofqual to stick to their political agenda.

Mr. Laws: The hon. Gentleman underlines effectively the fact that although the Government initially indicated that Ofqual would be a wholly independent body, it is clear to us, both from the Bill and from the initial comments and judgments that have been made by Ofqual, that this is a body which is as yet far from being independent and may remain so for a considerable time.

The issue is of great concern to us. That is why, as well as supporting some of the amendments to which the hon. Member for Bognor Regis and Littlehampton referred if they are pressed to a vote, unless the Minister tells us that she has reflected again on the matter, we shall seek leave to press amendment 80 to a Division.

Mr. Gummer: There seem to be two important aspects of the Bill which are addressed by the amendments and new clauses under discussion. The first gives me considerable cause for wonderment. I do not understand why it should be so unacceptable to the Government to want to see, in the context both of history and of our competitors, how good our qualification and examination system is. I should have thought that anybody running a business, a charity or any organisation would want to know whether the process by which they measured their success was, first, constant in the sense that it was comparable with previous measurements, and secondly, whether it was comparable with the measurements used by other people. It seems very peculiar to refuse to do either thing, and I do not understand why the Government find it so difficult, unless they are too afraid that they might have to say sorry. Is it another example of the Government fearing that an objective measurement might mean that they would have to admit that all their statements about standards having not fallen turned out to be untrue?

The Minister represents a normal, run-of-the-mill constituency, and I am sure that if she talked to people there she would find that a large number think that standards have fallen. There is no way of reassuring them, except through independent assessment. The Government have recognised that, so they have set up an organisation that, they claim, will be independent. However, they have then proceeded to give to that organisation a series of remits that limit to an unacceptable degree its ability to be independent. Both the Minister's responses to previous Committee debates, which I have had the pleasure of reading, and her letters show that she has no intention whatever of enabling the body to set up an independent measurement of the success or failure of a particular means of testing and assessment.

If we live in a society in which more and more employers say, "I take no notice of GCSE results and A-level results," it is a society that properly should address that worry. As an employer, I find it difficult to see any continuity of standards in the conduct of those examinations, so I beg the Minister to take seriously the amendments. They are intended neither to criticise the Government, nor to upset the convenience of her Department; they are designed to ensure that people have confidence in the standards attained. She has admitted that people do not have such confidence, and one does not solve that problem unless one is prepared to enable people independently to measure our present system against what happens in the rest of Europe, with which, after all, we compete, and to see how far it has changed over the past 20 years. I should be perfectly happy to make it a 20-year period, so that it covered the life of another Government, too, and I am sure that my hon. Friend the Member for Bognor Regis and Littlehampton (Mr. Gibb) would agree. It is not a matter of getting at this Government.

The hon. Member for Yeovil (Mr. Laws), who speaks for the Liberals, raised an even more worrying point. If it is true that there is widespread concern about the standards of examination and the standards that young people are now expected to reach, there is even more widespread concern about Government interference in how the education system works. One cannot ignore that, and anybody with a constituency anywhere in the country knows perfectly well that people are worried. If the Department and the Minister want to do something about that concern, they must take seriously the amendments that the Liberal Democrats have put forward.

Mr. Laws: I am grateful to the right hon. Gentleman for his support. May I encourage him to join us if there is a vote on the issue later?

Mr. Gummer: No doubt if the hon. Gentleman listens to what I have to say, he will be able to make an assessment of what I think about the matter. I must say that his amendments do not go far enough, however, because I do not see any occasion on which the advantage to the society in which we live of the Government being able to detail those arrangements is sufficiently great to overcome the disadvantage that I see. I have a very strong view that Governments should keep their fingers out of what is taught in the classroom—apart from the general principle of ensuring a broad approach that covers the range of history, geography and the like. This Government are the last to whom I would want to give such permission, because they have shown themselves to be incredibly concerned to control and to ensure that what happens in the country fits their particular attitude towards politically correct teaching and the like.

Jim Knight *indicated dissent.*

Mr. Gummer: It is all very well for the Minister to shake his head. He is one of the very few in this Government whom I would trust with anything; that compliment, of course, will do him no good in his party. Do not let him encourage me to be more complimentary, because that would be bad for his future—limited though it may be in a Government whose future is limited. I say to him that we have had too many examples, and too often, of the fact that the Government cannot manage variety, diversity and difference. They are determined to ensure that we all accept a particular view—their view—of almost everything.

The Government may have set up the inelegantly named Ofqual to reassure the public, but it would be much better if the public heard from the Government the statement that Ofqual can make its own decisions on what it wishes to investigate, compare and contrast; that its remit will be sufficiently wide for those decisions to be of the sort that these amendments seek; and that it is not a supporter of the pusillanimous and peculiar responses that its chairman gave in cross-examination. I do not like people who are supposed to be running a regulator, but cannot answer a question directly.

I would like the Minister to look at the answers from Ofgem and other regulators. They are direct: those regulators say exactly what they are intending to regulate and know precisely what they are trying to do. I do not think that the person about whom I am talking understands at all what she is trying to do—or perhaps she understands all too clearly, but does not want to tell us because it is not what the public want.

I say to my hon. Friend the Member for Bognor Regis and Littlehampton that I am pleased with his amendments, although I would like them to have gone further. That is because I think that freedom is better than direction; I would rather have a society in which we might be worried that some people teach rather peculiar things than one in which people are afraid lest the Under-Secretary should come down on them for teaching something that they think important.

We are at the very heart of the public's concern about the Government. The Government cannot say that they are sorry, so they do not want to be measured lest they have to say that they are sorry. They cannot allow people to be various and different, so they have to have reserve powers. They will not say that they are reserve powers; they will not say in the body of the Bill that they will not use them except in extremis. They must have such powers to keep control, because they are a control-freak Government. Lastly, they are a Government who will not listen to the public. I am thinking not only of the Gurkhas, but of everybody in Britain to whom I ever talk on these subjects and who wants to know. If we are wrong and if it is not true that standards have fallen, the Government should be honest and prove it. If they cannot prove it, they should change things so that the situation changes and we can raise standards again.

Recently, I tried to buy something in a store. The person serving me did not want the extra money I offered so that the change could be simple, because she could not work out what the change should have been except by using the machine in front of her. When I told her that I would give her the one and thruppence, or whatever it was, she said—*[Interruption.]* I said "thruppence" because the Minister was asleep at that moment and I wanted to wake her up. In fact, it was 13p extra, so I gave her that money; she could not work out what the change was because it did not tally with what was on her machine.

8.45 pm

Standards have fallen, and the Minister should prove to me that I am wrong—merely stating it will not help. She should allow for an independent assessment. Above all, she should be comparing us with our neighbours, because they are the people with whom we compete. Why will she not do the sensible thing? Is it because she cannot say sorry? Is it because she is frightened of the results of an independent comparison? If not, then give it to us. Why does she continue to refuse to do what the public want her to do?

Mr. Ellwood: I am grateful to have caught your eye at the last minute, Mr. Deputy Speaker. I had not intended to participate in this debate, but I have been prompted to do so by the words of my right hon. Friend the Member for Suffolk, Coastal (Mr. Gummer), who made a powerful argument about the Government's actions and intentions as regards education. The amount of money allocated to the education budget has doubled, but we have to ask whether we are getting value for money. My right hon. Friend has put his finger on the issue. Have there been any improvements to our education system that are worthy of the amount of money that has gone into it? *[Interruption.]* The Minister says yes, but when we speak to employers, teachers and parents and ask them their views about what has happened to A-levels or GCSEs, they will say, without any prompting, that there has been a degradation in standards, with grade inflation. The Minister shakes his head, but that is what people out there are saying. It therefore defies logic that this Government, so late in the day in their tenure and in this parliamentary season, still refuse to listen to what the public are asking for, employers are calling for, and we are suggesting here today.

Let us have a comparison so that we can understand exactly what is happening. We would be happy to stand up and say that we had been proved wrong, but I suspect that we would be proved right in saying that GCSEs and A-levels have suffered. Is it right, in this day and age, that 90 per cent. of people taking GCSEs can

pass? There is something fundamentally wrong with that. If someone gets more things wrong than right, they should be heading towards a fail, not a pass, and they should not get a certain number of marks simply for turning up. My right hon. Friend made a valid point: unless we have such a comparison, how can we tell how we are doing in comparison with the people against whom we are competing? There are other yardsticks of measurement to say how we are doing in that competitive sphere, in the sense of who is taking our jobs—who is coming to work in the UK.

People educated in the UK are finding it difficult to compete with those educated to the higher levels that we see abroad. That is why schools that choose to examine the current situation and are not happy with it are turning their backs on A-levels and GCSEs and looking towards the more independent, more respected and higher-standard international baccalaureate. I should declare an interest in that I was taught the international baccalaureate, and I believe that it is a superb system.

Jim Knight: Was that under a Tory Government?

Mr. Ellwood: It was under a Tory Government and a Labour Government; I am afraid that I had to witness both. I am trying to stress that the levels of education that one receives from the baccalaureate are very different from those that one gets from GCSEs.

O-levels have not disappeared from the world that we live in. Someone who goes to an international school in Singapore can still take O-levels—the same exam that many of us here in the Chamber took when we were at school. But if we get students doing GCSEs today to sit the O-levels in the same subjects, we will find that many of them cannot pass because of the difference between the two.

I echo the comments made by our Front-Bench team in pleading with the Government to be honest and give us an opportunity to judge and scrutinise the current situation. We are happy to be proved wrong, but I am convinced that we will be proved right. If we are, we owe it to education, our pupils today and the next generation, who will be competing in a very difficult world, to ensure that we have the right level of standards and that we do not have more and more grade inflation.

Sarah McCarthy-Fry: We have had another interesting debate. Many of the points were made in Committee, but I am none the less sure that hon. Members were sincere in their requests.

The provisions in the Bill to set up Ofqual and the Qualifications and Curriculum Development Agency are central to our ambitious programme of education reform. They are part of ensuring that we deliver two things successfully. One is high-quality assessments and qualifications that enable all children and young people to gain the knowledge, understanding and skills that they need to play a full and active part in the economy and society. The other is adults who have, and can continue to develop, the skills that they need to succeed in the workplace.

Mr. Gibb: The Minister uses the term "high-quality assessments and qualifications". Why does she use the word "assessment" and not "examination"?

Sarah McCarthy-Fry: This is about qualifications, but within the QCDA it is also about the national assessments of the curriculum. I was talking broadly about Ofqual and the QCDA.

We are changing the qualifications landscape and reforming assessments—reforms that are more urgent and important than ever in the challenging economic circumstances that we face. At a time of qualification reform we need an anchor point, an expert body that people trust, as many hon. Members have said, and that gives us confidence in the standard of qualifications and assessments. That is what Ofqual will be—a credible, authoritative regulator of the system. Fundamental to that credibility is the independence that is enshrined in the Bill, which I shall explain.

Mr. Graham Stuart: Can the Minister tell me whether there will be observers appointed by the Department on the Ofqual board or in other parts of Ofqual?

Sarah McCarthy-Fry: There is no provision in the Bill for Government observers to attend the Ofqual board. If the board itself decided that it wished to have such observers, that would be entirely up to the board, but nothing in the Bill requires that.

Mr. Stuart: Am I right that the Minister has just said that there is a possibility that there will be departmental observers on the board of this supposedly independent guarantor of standards? She seemed to suggest that there could be observers if the board so decided. Perhaps she could tell us who will appoint the members of the board.

Sarah McCarthy-Fry: It will be a decision of the board whether it wishes to have independent observers. It will be an independent body, and there is nothing in the Bill that will require it to have Government observers on the board.

I return to a point that many hon. Members have made. We want to get away from that all-too-familiar footage on television every summer when exam and test results come out—the nervous teenagers approaching the board, the whoops of delight, and then immediately the cut-away to the dumbing-down debate. That is not fair on our young people, and it is not fair on teachers.

Mr. Laws: Does the Minister really think that the Bill will do away with that debate?

Sarah McCarthy-Fry: Yes, that is the purpose of having an independent regulator, and I will come to why I believe that that is indeed the case.

Mr. Gummer: I am sorry, but the Minister really cannot say that without accepting that if that body cannot compare standards with those abroad and those that we have had before, everybody will continue to believe that standards have fallen. It does not matter how independent it is; it must compare those standards and prove people wrong, or people will go on believing that and we will go on having the nervous scenes that we have had on YouTube and so on.

Sarah McCarthy-Fry: If the right hon. Gentleman will be patient, I will explain what I believe will happen. There is nothing in the Bill to prevent Ofqual from making those comparisons, but we are not requiring it to do things in that way.

Mr. Ellwood: Will the Minister give way?

Sarah McCarthy-Fry: One more time.

Mr. Ellwood: The Minister has been very generous, Madam—sorry, Mr. Deputy Speaker; I am confusing genders. If there has been no grade inflation, why has it been necessary to introduce the A* grade, which I understand many universities are now obliging students to attain?

Sarah McCarthy-Fry: I find it very sad that the hon. Gentleman cannot accept the possibility that the abilities of our young people and the quality of teaching have enabled standards to rise.

I was pleased to hear that the setting up of a strong and independent regulator has received widespread support. Most hon. Members in the Chamber would agree that that is needed, but there are inevitably some differences of opinion about exactly what Ofqual's role should be. Two themes in particular attracted debate in Committee, and they are again the subject of amendments today: first, what Ofqual's role as a standards watchdog means—there seems to be some confusion about what is meant by the standards that Ofqual must maintain—and secondly, what "independence" means. Ofqual must be free to take the decisions that it needs to take to maintain standards. It will report to Parliament on how it does so. However, that does not mean that Ofqual should operate without reference to matters that are at the heart of Government education policy, such as the content of GCSEs or the purpose of national curriculum assessments.

Let me take standards of qualifications first. We spent a good deal of time on that in Committee, and quite rightly so. Protecting standards is the key driver for the establishment of Ofqual. It is essential that we have—I am drawing on the wording of the Bill now—qualifications and assessments that give a reliable indication of knowledge, skills and understanding, and that indicate a consistent level of attainment, including over time. That needs an expert, independent regulator with the powers to ensure that qualification standards are maintained and the credibility so that people trust it when it provides that assurance.

The Bill has a range of provisions that are all about delivering on that, including objectives for Ofqual in respect of safeguarding the standards of qualifications and assessments; a power for Ofqual to set conditions that are binding on awarding bodies, so that Ofqual can have all the leverage that it needs to safeguard standards, coupled with a strong set of enforcement powers if an awarding body steps out of line; strong powers to regulate assessments; a reporting line to Parliament, not Ministers; and separation from the organisation that develops the curriculum and delivers and develops related qualifications or tests, the Qualifications and Curriculum Development Agency.

What we do not have, because there is no need for it, is anything in the Bill that tells Ofqual exactly what it should do to safeguard standards. The Bill makes it clear what Ofqual needs to achieve and how it will be held to account. The focus of the Bill is rightly on outcomes and accountability, not on process. Ofqual is not being told how to achieve its objectives. The starting point is that we need to trust Ofqual to get on with the job that it is given and leave it to choose the right tools for doing just that.

We would certainly expect Ofqual to publish evidence underpinning its conclusions on the maintenance of standards and—to pick up the point in new clause 2—to consider lessons from other countries. Ofqual will be accountable to Parliament for the way it pursues its objectives, but we will not prejudge the best way for it to gather or present its evidence on qualification standards, or what it should publish and when. That should be Ofqual's call. Parliament, not least through the Select Committee on Children, Schools and Families, will look to Ofqual for the definitive word on the quality of qualifications in this country. That is what the Bill enables. The Bill gives Ofqual all the powers that it needs to monitor those standards and pronounce its judgments on what it finds without fear or favour.

That is why I do not support amendments 61 to 63, 71 and 74 and new clause 2, which relate to standards. I agree with what I take to be the underlying sentiment of some of those amendments—that standards of qualifications need to be as high as ever they were—but we do not need amendments to the Bill to deliver on that. The Bill already gives all the safeguards that we need.

Given the time, I shall deal with Ofqual's independence, on which our message is clear. To be an effective regulator, Ofqual must be fully independent. The acid test is whether Ofqual has the powers that it needs to meet its objectives, the freedom to exercise those powers and the responsibility to report to Parliament and the public on its performance against those objectives. The Bill meets that test in every respect. It has to; there would be no point in establishing Ofqual without making it fully and clearly independent. Being independent, Ofqual might sometimes say things that will be uncomfortable for the Government and others, as we found when it reported on science GCSEs a few weeks ago. Home truths—

9 pm

Debate interrupted (Programme Order, 23 February).

The Deputy Speaker put forthwith the Question already proposed from the Chair (Standing Order No. 83E), That the clause be read a Second time.

The House divided: Ayes 186, Noes 278.

Division No. 111] **[9 pm**

AYES

Afriyie, Adam	Boswell, Mr. Tim
Ainsworth, Mr. Peter	Bottomley, Peter
Alexander, Danny	Brady, Mr. Graham
Amess, Mr. David	Brake, Tom
Ancram, rh Mr. Michael	Brazier, Mr. Julian
Arbuthnot, rh Mr. James	Brokenshire, James
Atkinson, Mr. Peter	Brooke, Annette
Bacon, Mr. Richard	Browning, Angela
Baldry, Tony	Burt, Lorely
Baron, Mr. John	Campbell, rh Sir Menzies
Barrett, John	Clappison, Mr. James
Bellingham, Mr. Henry	Clark, Greg
Benyon, Mr. Richard	Clifton-Brown, Mr. Geoffrey
Beresford, Sir Paul	Curry, rh Mr. David
Binley, Mr. Brian	Davies, David T.C. *(Monmouth)*
Blunt, Mr. Crispin	Davis, rh David
Bone, Mr. Peter	

Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Nadine
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evennett, Mr. David
Fabricant, Michael
Field, Mr. Mark
Foster, Mr. Don
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harvey, Nick
Hayes, Mr. John
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Holloway, Mr. Adam
Horam, Mr. John
Horwood, Martin
Howard, rh Mr. Michael
Howarth, David
Hughes, Simon
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Lait, Mrs. Jacqui
Lamb, Norman
Lansley, Mr. Andrew
Laws, Mr. David
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mates, rh Mr. Michael
Maude, rh Mr. Francis
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Ottaway, Richard
Paice, Mr. James
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Prisk, Mr. Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Smith, Sir Robert
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Sir Peter
Walker, Mr. Charles
Wallace, Mr. Ben
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Wiggin, Bill
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willott, Jenny
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Sir Nicholas
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Jeremy Wright and James Duddridge

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Beckett, rh Margaret
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Brennan, Kevin
Brown, Lyn
Brown, Mr. Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Cairns, David
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hoey, Kate
Hope, Phil

Hopkins, Kelvin
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Iddon, Dr. Brian
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Mr. Kevan
Jones, Lynne
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Lewis, Mr. Ivan
Linton, Martin
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miller, Andrew
Mitchell, Mr. Austin
Moffatt, Laura
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Mudie, Mr. George
Mullin, Mr. Chris
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Salter, Martin
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Angela E. *(Basildon)*
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Sloate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stuart, Ms Gisela
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Usher, Kitty
Vis, Dr. Rudi
Walley, Joan
Watho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain

Tellers for the Noes:
Helen Jones and
Chris Mole

Question accordingly negatived.

The Deputy Speaker then put forthwith the Questions necessary for the disposal of the business to be concluded at that time (Standing Order No. 83E).

Clause 49

PERSONS DETAINED IN YOUTH ACCOMMODATION: FURTHER PROVISION

Amendment made: 10, page 31, line 1, leave out Clause 49.—*(Ed Balls.)*

Clause 50

DETENTION OF CHILD OR YOUNG PERSON: LOCAL EDUCATION AUTHORITY TO BE NOTIFIED

Amendment made: 11, page 32, line 12, leave out Clause 50.—*(Ed Balls.)*

Clause 117

DIRECTIONS: FUNDING CONDITIONS REQUIRING CO-OPERATION

Amendment made: 18, page 68, line 27, leave out Clause 117.—*(Ed Balls.)*

Clause 119

INTERPRETATION OF PART

Amendment made: 50, page 69, line 26, leave out from 'means' to end of line 27 and insert

'functions of the Chief Executive conferred by or under any Act;'.—*(Ed Balls.)*

Clause 126

OBJECTIVES

Amendments made: 21, page 73, line 2, leave out 'different types' and insert 'range'.

Amendment 22, page 73, line 8, after 'any' insert 'relevant'.

Amendment 23, page 73, line 9, leave out from 'a' to 'represent' in line 10 and insert

'qualification in respect of which the body is recognised under section 130'.

Amendment 24, page 73, line 10, at end insert—

'(7) For the purposes of subsection (6) a sum is relevant if it is payable in respect of the award or authentication of the qualification in question.'.—*(Ed Balls.)*

Clause 128

MEANING OF 'REGULATED QUALIFICATIONS' ETC.

Amendment made: 25, page 74, line 35, leave out from 'is' to end of line 38 and insert 'any of the following—

(a) a foundation degree;

(b) a first degree;

(c) a degree at a higher level.'.—*(Ed Balls.)*

Clause 139

POWER OF SECRETARY OF STATE TO DETERMINE MINIMUM REQUIREMENTS

Amendment proposed: 80, page 80, line 3, after 'may', insert 'in exceptional circumstances'.—*(Mr. Laws.)*

Question put, That the amendment be made.

The House divided: Ayes 41, Noes 275.

Division No. 112] **[9.14 pm**

AYES

Alexander, Danny
Baker, Norman
Barrett, John
Brake, Tom
Brooke, Annette
Burt, Lorely
Campbell, rh Sir Menzies
Davies, Mr. Dai
Foster, Mr. Don
George, Andrew
Gidley, Sandra
Hancock, Mr. Mike
Harvey, Nick
Heath, Mr. David
Hemming, John
Horwood, Martin
Howarth, David
Hughes, Simon
Huhne, Chris
Hunter, Mark
Lamb, Norman
Laws, Mr. David
Moore, Mr. Michael
Mulholland, Greg
Pugh, Dr. John
Rennie, Willie
Rowen, Paul
Russell, Bob
Sanders, Mr. Adrian
Smith, Sir Robert
Spink, Bob
Stunell, Andrew
Swinson, Jo
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Webb, Steve
Williams, Mark
Williams, Stephen
Willott, Jenny
Younger-Ross, Richard

Tellers for the Ayes:
Dan Rogerson and
Mr. Roger Williams

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Beckett, rh Margaret
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Brennan, Kevin
Brown, Lyn
Brown, Mr. Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Cairns, David
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Henderson, Mr. Doug
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hoey, Kate
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Iddon, Dr. Brian
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Mr. Kevan
Jones, Lynne
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Killoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Lewis, Mr. Ivan
Linton, Martin
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mactaggart, Fiona
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miller, Andrew
Mitchell, Mr. Austin
Moffatt, Laura
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica

Morgan, Julie
Mullin, Mr. Chris
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
Olner, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Salter, Martin
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Angela E. *(Basildon)*
Smith, John
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Steen, Mr. Anthony
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stuart, Ms Gisela
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Usher, Kitty
Vis, Dr. Rudi
Walley, Joan
Watts, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain

Tellers for the Noes:
Helen Jones and Chris Mole

Question accordingly negatived.

Clause 142

SURRENDER OF RECOGNITION

Amendments made: 26, page 82, line 13, at end insert—

'( ) At any time before the surrender date Ofqual may vary that date by giving further notice to the recognised body.'.

Amendment 27, page 82, line 14, after 'deciding' insert 'or varying'.—*(Ed Balls.)*

Clause 152

INTERPRETATION OF CHAPTER

Amendment made: 28, page 86, line 20, after 'a' insert 'form of a'.—*(Ed Balls.)*

Clause 166

INTERPRETATION OF PART

Amendment made: 29, page 92, line 22, leave out 'has the same meaning as in' and insert

'means a higher education institution within the meaning of'.—*(Ed Balls.)*

Clause 172

QUALIFICATIONS WITHIN THE QCDA'S REMIT

Amendment made: 30, page 94, line 33, leave out 'or will' and insert

', will be or may reasonably be expected to'.—*(Ed Balls.)*

Clause 221

CONSIDERATION OF OTHER MATTERS BY SSSNB

Amendment made: 110, page 129, line 23, leave out subsection (3).—*(Ed Balls.)*

Clause 222

SUBMISSION OF AGREEMENT UNDER SECTION 220 OR 221: SSSNB RECOMMENDATION

Amendment made: 42, page 129, line 28, leave out Clause 222.—*(Ed Balls.)*

Clause 223

AGREEMENT SUBMITTED BY SSSNB UNDER SECTION 220 OR 221: RATIFICATION RECOMMENDED

Amendment made: 43, page 130, line 6, leave out from '221(2)' to end of line 8.—

Clause 224

AGREEMENT SUBMITTED BY SSSNB UNDER SECTION 220 AND 221: RATIFICATION NOT RECOMMENDED

Amendment made: 44, page 130, line 14, leave out Clause 224.—*(Ed Balls.)*

Clause 225

RECONSIDERATION OF AGREEMENT BY SSSNB

Amendments made: 45, page 130, line 30, leave out ', section 224(2)(b)'.

Amendment 46, page 130, line 38, leave out subsection (4).

Amendment 47, page 131, line 11, leave out subsection (7).

Amendment 48, page 131, line 20, leave out 'or vary the reference' and insert 'the reference of the agreement'.—*(Ed Balls.)*

Clause 231

GUIDANCE

Amendment made: 49, page 134, line 14, leave out '224(2)(a) or'.—*(Ed Balls.)*

Clause 241

CO-OPERATION WITH A VIEW TO PROMOTING GOOD BEHAVIOUR, ETC.: ENGLAND

Amendments made: 38, page 143, line 33, at end insert—

'(2A) A relevant partner must secure that, at least once in every 12 month period, a partnership report is prepared and submitted to the local Children's Trust Board in relation to each of the arrangements under subsection (2) to which the relevant partner has been a party at any time during the period to which the report relates.

(2B) A partnership report, in relation to arrangements under subsection (2), is a report that—

(a) gives details of the arrangements and what has been done under them during the period to which the report relates;

(b) assesses the effectiveness of the arrangements during that period;

(c) gives details of what is proposed to be done under the arrangements in the future.'.

Amendment 39, page 143, line 39, after 'of' insert 'a proprietor of'.

Amendment 40, page 143, line 41, at end insert—

'(c) the local Children's Trust Board, in relation to a relevant partner, is the Children's Trust Board established for their area by virtue of section 12A of the Children Act 2004 (c. 31).'.—*(Ed Balls.)*

Clause 244

INFORMATION ABOUT EXPENDITURE: SUPPLEMENTARY

Amendment made: 51, page 145, line 22, leave out ', 11, 12 and 17' and insert 'to 12, 12C, 12D and 17A'.—*(Ed Balls.)*

Clause 248

FURTHER EDUCATION CORPORATIONS IN ENGLAND: PROMOTION OF WELL-BEING

Amendment made: 19, page 148, line 23, leave out Clause 248.—*(Ed Balls.)*

Clause 261

COMMENCEMENT

Amendment made: 16, page 155, line 12, at end insert—

'(fa) paragraphs 53A to 53C of Schedule 6, so far as relating to Wales;'.—*(Ed Balls.)*

New Schedule 3

'LEARNING AND SKILLS COUNCIL FOR ENGLAND: TRANSFER SCHEMES

Staff transfer schemes

1 The Secretary of State may make a scheme (a "staff transfer scheme") providing for the transfer of designated employees of the LSC—

(a) to a permitted transferee, or

(b) so as to become employed in the civil service of the state.

2 (1) This paragraph applies where a staff transfer scheme provides for the transfer of an employee of the LSC to a permitted transferee or so as to become employed in the civil service of the state.

(2) The scheme must provide for the TUPE regulations to apply (to the extent that they would not otherwise apply) as if—

(a) any transfer of functions (however effected and described) from the LSC to a permitted transferee or the Crown were a transfer of an undertaking,

(b) the transfer of the undertaking took effect on a designated date,

(c) the transfer of the undertaking were a relevant transfer for the purposes of the regulations,

(d) the employee had for those purposes been assigned to an organised grouping of resources or employees that was subject to the relevant transfer.

3 (1) This paragraph applies where a staff transfer scheme provides for a transfer of an employee of the LSC so as to become employed in the civil service of the state on terms which do not constitute a contract of employment.

(2) The scheme must provide for the TUPE regulations to apply with the necessary modifications.

4 A staff transfer scheme may provide for the transfer of an employee of the LSC to a permitted transferee or so as to become employed in the civil service of the state despite any provisions, of whatever nature, which would otherwise prevent the employee from being so transferred.

Property transfer schemes

5 (1) The Secretary of State may make a scheme (a "property transfer scheme") providing for the transfer from the LSC of designated property, rights or liabilities of the LSC to—

(a) a permitted transferee,

(b) the Secretary of State, or

(c) the Chief Executive of Skills Funding.

(2) A property transfer scheme may—

(a) create rights, or impose liabilities, in relation to property or rights transferred by virtue of the scheme;

(b) provide for anything done by or in relation to the LSC in connection with any property, rights or liabilities transferred by the scheme to be treated as done, or to be continued, by or in relation to the person to whom the property, rights or liabilities in question are transferred;

(c) apportion property, rights and liabilities;

(d) make provision about the continuation of legal proceedings.

(3) The things that may be transferred by a property transfer scheme include—

(a) property, rights and liabilities that could not otherwise be transferred;

(b) property acquired, and rights and liabilities arising, after the making of the scheme.

Continuity

6 A transfer by virtue of a staff transfer scheme or a property transfer scheme does not affect the validity of anything done by or in relation to the LSC before the transfer takes effect.

Supplementary provision etc.

7 A staff transfer scheme or a property transfer scheme may include supplementary, incidental, transitional and consequential provision.

Interpretation

8 In this Schedule—

"designated", in relation to a staff transfer scheme or a property transfer scheme, means specified in, or determined in accordance with, the scheme;

"the LSC" means the Learning and Skills Council for England;

"permitted transferee" means—

(a) a local education authority in England;

(b) the Young People's Learning Agency for England;

(c) any other person specified in an order made by the Secretary of State;

"the TUPE regulations" means the Transfer of Undertakings (Protection of Employment) Regulations 2006 (S.I. 2006/246).'.—*(Ed Balls.)*

Brought up, and added to the Bill.

Schedule 4

THE CHIEF EXECUTIVE OF SKILLS FUNDING

Amendment made: 52, page 167, line 24, leave out 'service in' and insert 'employment in'.—*(Ed Balls.)*

Schedule 6

DISSOLUTION OF THE LEARNING AND SKILLS COUNCIL FOR ENGLAND: MINOR AND CONSEQUENTIAL AMENDMENTS

Amendments made: 17, page 177, line 5, at end insert—

'Education Act 2002 (c. 32)

53A The Education Act 2002 is amended as follows.

53B After section 208 insert—

"208A Recoupment: adjustment between local education authorities and the YPLA

(1) This section applies in relation to the following cases—

(a) the YPLA secures the provision of education under section 64 of the Apprenticeships, Skills, Children and Learning Act 2009 in respect of a person who belongs to the area of a local education authority in England or Wales ("the home authority");

(b) a local education authority in England or Wales ("the providing authority") secures the provision of education within section 64(1) or (3) of that Act in respect of a person who belongs to the area of a local education authority in England.

(2) Regulations made by the appropriate national authority may make provision—

(a) in relation to cases within subsection (1)(a), requiring or authorising the payment of an amount by the home authority to the YPLA;

(b) in relation to cases within subsection (1)(b), requiring or authorising the payment of an amount by the YPLA to the providing authority.

(3) The amounts that may be required or authorised to be paid are such sums in respect of amounts described in the regulations as may be—

(a) agreed between the YPLA and the local education authority in question, or

(b) failing agreement, determined in accordance with the regulations.

(4) The regulations may provide for the amounts payable—

(a) to reflect the whole or any part of the average costs incurred by local education authorities in the provision of education (whether in England and Wales as a whole or in any particular area or areas), and

(b) to be based on figures for average costs determined by such body or bodies representing local education authorities, or on such other figures relating to costs so incurred, as the appropriate national authority thinks appropriate.

(5) Regulations made under this section by the Welsh Ministers may provide that, in cases specified in or determined in accordance with the regulations, the amounts payable are to be determined by the Welsh Ministers with the consent of the Secretary of State.

(6) In a case where the providing authority is a local education authority in Wales, a dispute between the providing authority and the YPLA as to whether the providing authority is entitled to be paid an amount by the YPLA under the regulations is to be determined by the Welsh Ministers with the consent of the Secretary of State.

(7) In this section—

"the appropriate national authority" means—

(c) in relation to a case where the providing authority is a local education authority in Wales, the Welsh Ministers;

(d) in relation to any other case, the Secretary of State;

"the YPLA" means the Young People's Learning Agency for England."

53C In section 210(6A) (orders and regulations: provisions subject to annulment by National Assembly for Wales) after "section 32(9)" insert "or section 208A".'. *—(Ed Balls.)*

Schedule 7

LEARNING AND SKILLS COUNCIL FOR ENGLAND: TRANSFER SCHEMES

Amendment made: 41, page 177, line 28, leave out Schedule 7.*—(Ed Balls.)*

Schedule 8

SIXTH FORM COLLEGE SECTOR

Amendments made: 20, page 185, line 36, at end insert—

'"(11) A sixth form college corporation may provide advice or assistance to any other person where it appears to the corporation to be appropriate for them to do so for the purpose of or in connection with the provision of education by the other person."'.

Amendment 53, page 188, line 38, leave out from '1993' to end of line 39.*—(Ed Balls.)*

Schedule 12

OFQUAL AND THE QCDA: MINOR AND CONSEQUENTIAL AMENDMENTS

Amendments made: 31, page 210, line 45, leave out from beginning to end of line 1 on page 211 and insert—

'(4) For subsection (1B) substitute—

"(1B) The functions set out in subsection (1) are exercisable solely by the Welsh Ministers."

(5) Omit subsections (1C), (1D) and (2).'.

Amendment 32, page 211, line 6, leave out from 'is' to end of line 9 and insert 'any of the following—

(a) a foundation degree;

(b) a first degree;

(c) a degree at a higher level.'.

Amendment 33, page 214, line 35, at end insert—

'() At any time before the surrender date the Welsh Ministers may vary that date by giving further notice to the recognised person.'.

Amendment 34, page 214, line 36, after 'deciding' insert 'or varying'.

Amendment 35, page 214, leave out lines 41 to 43.*—(Ed Balls.)*

Schedule 16

REPEALS AND REVOCATIONS

Amendments made: 36, page 231, line 30, leave out '30(6)' and insert '30(1C), (1D), (2) and (6)'.

Amendment 37, page 233, line 4, leave out '162(3) and' and insert '162(2) to'.*—(Ed Balls.)*

Third Reading

9.25 pm

Jim Knight: I beg to move, That the Bill be now read the Third time.

The high quality of debate so far this afternoon reflects that which has been sustained throughout the passage of the Bill. The contributions of hon. Members from both sides of the House have been productive and professional, by and large, throughout the exhaustive and, at times, exhausting sittings that we enjoyed. The Bill is long and complex, but it is also important. Proper consideration and scrutiny have been essential, so I thank everyone who has contributed both this afternoon and throughout the earlier stages.

In November, we achieved Royal Assent for the Education and Skills Act 2008, which took the bold and historic step of raising the participation age in education, employment or training to 18 from 2015, because nothing could be more important than ensuring that young people have the opportunities to get the skills that they need to succeed. Those opportunities must, of course, be open to all learners, not just the fortunate few, so we supported the raising of the participation age, with a broader range of options at 14 to 19. Those diplomas are introducing new areas of study and new methods of study through a combination of theoretical and applied learning. We have also strengthened existing qualifications at 14 to 19. Now, every learner can find something that captures their interest and plays to their strengths. This is a moral cause and an economic one.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): I wonder whether my right hon. Friend will be surprised to learn that I agree that this is an economic and a moral cause. Is there any possibility of bringing this work forward, given the current economic situation?

Jim Knight: Tempting as it may be, given the compelling case for raising the participation age, I am sure that my hon. Friend, as Chair of the Select Committee on Children, Schools and Families, would not wish me to rush ahead of the ability of the system to deliver. It is important that we get the information, advice and guidance right, that the qualifications consistently work across the country and that we have the work force ready to deliver. I do not think that an accelerated timetable would allow us to do that.

As we face the current economic challenges, this is the time to invest in skills and training that will build a strong work force and a strong economy, and that will secure Britain's place at the forefront of global competition, innovation and productivity. Therefore, in spite of the economic difficulties we face—indeed because of them—this is education's moment. This Bill not only seeks to put in place the infrastructure that will ensure that the system can deliver the historic changes we have made, but supports the moral and economic ambitions of the 2008 Act. It will open up more learning routes to more people and support fairer access to that learning, through an expansion of apprenticeship places and a new right for adults to request time to train to help them to overcome constraints to their learning and develop the skills they need to progress. It will rationalise the national infrastructure, with lighter-touch bodies that will support local delivery, promote excellence and represent the choices and aspirations of learners.

In particular, the Young People's Learning Agency will be created to support local authorities in their new 16-to-18 funding role, Ofqual as an independent regulator of qualifications and assessment, the Qualifications and Curriculum Development Agency to take on the Qualifications and Curriculum Authority's non-regulatory functions, and the Skills Funding Agency as part of a new demand-led system of post-19 education and training.

Mr. Graham Stuart: I enjoyed the Second Reading of the Bill and sat through Committee, but I am none the wiser about how the right to an apprenticeship place will be guaranteed, given that that requires an employer. How will the new National Apprenticeship Service be able to guarantee that employers come forward, especially at this time of recession? We should be careful not to make promises that we cannot keep. Perhaps the Minister can put my mind at rest.

Jim Knight: It is Labour which is guaranteeing the funding and putting in place the infrastructure, through the National Apprenticeship Service, so that we can properly mobilise employers, who—as demonstrated by the support of employer organisations such as the CBI—want to see the expansion of apprenticeships. Certainly, we in the public sector will play our part in expanding apprenticeship provision.

The Bill will secure more scope for local provision to be tailored to local need. Local authorities will become the single point of accountability for all children's services from 0 to 19 and children's trusts will be strengthened to provide a stronger base for partnership working and to better support children's wider well-being and development, especially those children with additional needs.

As my right hon. Friend the Secretary of State outlined earlier, the Bill will also implement recommendations made by Lord Laming to strengthen practice in safeguarding and child protection.

Mr. Hayes: If employer organisations are so in concert with the Government's ambitions, why did they describe this Bill in the witness sessions as a "bureaucratic muddle" and a "wasted opportunity"? That does not suggest great faith in the infrastructure that the Minister now advocates with such energy.

Jim Knight: We can all pull out quotes from the evidence sessions from people who supported or opposed aspects of the Bill. I was referring to the support from organisations such as the CBI for our policy of raising the participation age and for our expansion of the apprenticeship programme. I do not think that the hon. Gentleman would argue with that support.

The Bill will help to drive up standards across all schools by strengthening powers to intervene in those schools that are underperforming, creating a lighter-touch inspection framework for those that are performing really well and creating a more straightforward and open complaints system for parents. Fair access, a strong, streamlined infrastructure, more power at local level and a relentless focus on standards are the ambitions at the heart of the Bill, and they are fundamental to delivering a world-class education system, building a strong economy and ensuring that every learner has the opportunity to pursue their talents, realise their ambitions and secure for themselves a successful future. I am pleased to commend the Bill to the House. I am also pleased that it will go to the other place, subject to the vote on Third Reading, in a form that is sure to meet with its approval.

9.33 pm

Mr. Gibb: It must come as a welcome relief to the Minister, after all the chaos of the Bill's passage through Committee, that we have at last come to the Third reading of the Apprenticeship, Skills, Children and Learning Bill. It is such an appropriately named Bill given that three of the four Ministers responsible for taking it through Committee appear to have been released from their ministerial apprenticeships prematurely—too soon, it seems, to manage the complex responsibility of ensuring that the Committee voted the right way on clause 49. The fourth Minister, the Minister for Schools and Learners, though experienced, appears not to have the skills to ensure that he did not lose four successive votes on the trot. And as for children, that role was amply filled by the Government's Deputy Chief Whip, whose petulance after losing those votes resulted in his looming presence in the Public Gallery and unnecessarily and expensively running the Committee through the night, finishing the Bill despite there being a full day left in the programme. What about the learning? Well, perhaps Labour Back Benchers on the Committee need to learn that Thursday Committee sittings start at 9 am and that they should get out of bed a little earlier.

I want to thank my hon. Friends the Members for Broxbourne (Mr. Walker) and for Beverly Hills—*[Laughter.]* I apologise; I mean for Beverley and Holderness (Mr. Stuart). I thank them for their diligent attendance and contributions to the Committee stage, and I also thank our supportive Whip, my hon. Friend the Member for Leominster (Bill Wiggin). I also want to thank the two Chairmen, my hon. Friend the Member for Christchurch (Mr. Chope) and the hon. Member for Blackpool, North and Fleetwood (Mrs. Humble) for their patience and expert deliberation, and my hon. Friend the Member for Basingstoke (Mrs. Miller) for her thorough scrutiny of the children and early years elements of the Bill. Finally, I want to thank my hon. Friend the Member for South Holland and The Deepings (Mr. Hayes) for his scrutiny of the DIUS elements of the Bill and for his charm and eloquence, of which all members of the Committee have grown so fond.

A Government who were elected on the threefold promise of education will bequeath an education system in which 40 per cent. of children leave primary school still struggling with the basics of reading, writing and maths; in which half the children who qualify for free school meals fail to achieve a single GCSE above a grade D; and in which the number of young people who have left education without a job or a place on a training scheme to go to has soared to a record 860,000. It is an education system about which academics such as Professor Tymms of Durham university have repeatedly provided evidence that literacy tests and GCSEs no longer provide robust evidence of standards, and where a student achieving an E in A-level maths in 1998 would now be awarded a B. Over the past few years, that education system has been beset by poor administration: the SATs marking fiasco, the non-payment of education maintenance allowances, the halting of the further education college building programme and, most recently, the sixth-form funding chaos, when the Learning and Skills Council sent out different letters to schools confirming a different level of funding.

Of course, the Secretary of State is quick to blame others—the QCA, the National Assessment Agency or the Learning and Skills Council. It is never his fault, or the Department's fault. Perhaps his focus has been on trying to become Chancellor, or Home Secretary, or on partisan politics, or on becoming leader of the Labour party after the general election. It is always the quangos' fault, which is why it is odd that the Bill creates a host of new quangos—the Young People's Learning Agency, the chief executive of skills funding, and the National Apprenticeship Service. As my hon. Friend the Member for Havant (Mr. Willetts) said on Second Reading, this Bill

> "reveals the besetting problem of a decaying Government coming to the end of their term: when in doubt, reorganise...Even worse than that, they are now reorganising their own reorganisations, and changing the institutions that they themselves created earlier."—[*Official Report*, 23 February 2009; Vol. 488, c. 115.]

The Government claim that creating three quangos from one will slim down bureaucracy but in Committee, Ministers refused to guarantee that staffing numbers employed by these new quangos would not exceed the numbers currently employed by the LSC. However, we certainly welcome the Government's commitment to increasing the number of apprenticeships. My hon. Friend the Member for South Holland and The Deepings is well known and respected for his advocacy of genuine apprenticeships and, along with our hon. Friend the Member for Havant, he has developed a policy that will mean 100,000 more work-based apprenticeships.

We support measures in the Bill that give people the right to request time off to train or study. Raising skill levels in this country can only be beneficial to the individual, to their employer and to our economy as a whole, but it is surprising that the Government want to engage in bureaucratic reorganisations just when our economy is at its lowest ebb and when tens of thousands of people will be hoping to retrain for the jobs that we all hope will come when the economy eventually emerges from recession.

Jim Knight: I join the hon. Gentleman in thanking all colleagues for their work in Committee. I am resisting the temptation to mention the extra quango that he wants to create to look after academies, which would have been introduced by amendments that we did not get a chance to debate this evening. Will he match our commitments on a September guarantee so that all learners in these economic times can have the opportunities that they need?

Mr. Gibb: That measure was introduced in the Budget as a result of yet another fiasco in the administration of funding by the Learning and Skills Council—fiascos including EMAs, capital funding and now sixth-form funding. The LSC is accountable to Ministers, so it is a little rich for this Minister to ask us whether we support his emergency measure to tackle his crisis caused by his lack of oversight. I shall leave the matter there.

I hope Ministers will keep a close watch to ensure that moving chairs and desks in an office block in Coventry does not become the focus of the Learning and Skills Council, the YPLA and the Skills Funding Agency.

We support the measures in the Bill that put Sure Start centres on to a statutory footing. I am grateful to my hon. Friend the Member for Basingstoke for the scrutiny that she gave the provisions in part 9 of the Bill,

particularly as she did so late into the night on the final Thursday of the Committee, which also happened to be her birthday. She has been, and remains, a firm advocate of Sure Start, but she wants to ensure, as we all do, that its services reach the most disadvantaged and hard-to-reach families in our society—something that the National Audit Office tells us that Sure Start all too often fails to do.

We support measures in the Bill that give independence to the exam regulator, Ofqual. Those measures were originally suggested by my right hon. Friend the Member for Witney (Mr. Cameron) when he was the shadow Secretary of State for Education and Skills. A raft of evidence points to falling standards in the rigour and quality of examinations—not in the rigour or quality of the students or teachers, but in the exams. I have already quoted Professor Peter Williams, who said in *The Observer* in July 2007:

"Over 20 or 30 years I don't think there is any doubt whatsoever that absolute A-level standards have fallen...I think all university academics and a good proportion of sixth-form teachers would agree with my assertion."

However, one of Ofqual's first acts was to ask one of the three exam boards, AQA, to lower the grade boundaries in its new science GCSE to conform to the grade boundaries of the other two exam boards. I would have hoped that the approach would have been to instruct the other boards to raise theirs.

We welcome measures in the Bill to tackle poor standards in schools, particularly those that relate to behaviour. Ofsted reports that 43 per cent. of secondary schools are not good enough, which is a staggeringly high proportion. We know from answers to parliamentary questions that 344 children are suspended from schools in England every day for violence against other pupils. We know that more than 4,000 children under the age of six were suspended from primary school last year. We know that in 2006-07, some 980 three and four-year-olds were suspended for physical assaults against other pupils and teachers. We know that the number of children suspended 10 times or more in a year has tripled over the past four years to nearly 900, and we also know that police have been called into schools 7,000 times to deal with violence. Some of those cases relate to incidents outside the school gates, and some to cases involving disruptive parents, but some cases dealt with incidents inside the school.

As we discovered in Committee, the Bill makes the involvement of the police in classroom management more likely. The new powers for teachers to search for weapons, drugs and alcohol require the search to be carried out by a teacher of the same sex as the pupil being searched, in the presence of another teacher of the same sex. That requirement for two teachers could be a problem for a very small primary school where there are no male teachers, or indeed in any primary school that has fewer than two male teachers. It could also be a problem in circumstances such as school trips, where there might be just one male teacher. The response that the Under-Secretary of State for Children, Schools and Families, the hon. Member for Portsmouth, North (Sarah McCarthy-Fry), made to those points early on Friday morning, on the final day of Committee proceedings, was as follows.

"our guidance on"

school visits

"says that if a power to search is required, people should call the police."

I realise that we had been up all night, but it seems absurd for the Minister to suggest that when a teacher needs to search a pupil for stolen items, she should call the police. My hon. Friend the Member for Leominster said:

"As a parent of young children, I cannot imagine how horrified I would be if, having signed the consent forms and allowed my child to go off to the Lake district or wherever, I found that the police had been summoned"—[*Official Report, Apprenticeships, Skills, Children and Learning Public Bill Committee*, 26 March 2009; c. 841-43]

We are also concerned that the power to search is confined to weapons, knives, alcohol, drugs and stolen items. There is nothing in the provision about pornography, or indeed any item prohibited by the school rules, such as mobile phones and iPods. We need to give teachers and heads the powers that they need to enforce the rules of the school, whether they concern adherence to the school uniform rules, a ban on bringing mobile phones to school, or any other rule, such as those regarding completion of homework or standards of behaviour generally. *[Interruption.]* I may well come to that. There is nothing in the Bill to clarify the law so that the onus is not on teachers to prove that their actions in maintaining order are lawful and proportional. There is nothing in the Bill to protect teachers from false accusations.

Mr. Graham Stuart: On Friday I visited Hornsea Burton primary school in Hornsea in my constituency—a lovely school of 90 pupils. The only male member of staff is the caretaker, and the idea that that school, founded on warmth and community feeling, should call the police every time that there needs to be a search is frankly ridiculous. That is indicative of the poor thought that has gone into so much of the Bill.

Mr. Gibb: My hon. Friend makes the point better than I could by citing a specific example from his constituency of Beverley and Holderness. Raising standards of behaviour in schools is key to raising academic standards. Giving teachers the power and protection that they need is key to raising standards of behaviour. While we support the Bill's new powers for teachers to search pupils, it does not go far enough to tackle the endemic problem of persistent low-level disruption in our schools.

Today, the Prime Minister heralded yet another education White Paper and therefore yet another education Bill. However, it is not the number of Bills that builds a quality education system; it is the direction of policy. The Prime Minister says that he wants to give more power to parents, but today's announcement is not about more power for parents; it is about one particular parent wanting to cling on to power. The Opposition will not oppose the Bill tonight, but it is clear that if we want a real rise in educational standards in this country, what we need is not another Bill from the Government but a change of Government.

9.45 pm

Mr. Laws: I, too, begin by thanking all those involved in the scrutiny of the Bill, including Ministers who were, as ever, very patient in Committee. They accepted many interventions and, as the hon. Member for Bognor

[Mr. Laws]

Regis and Littlehampton (Mr. Gibb) said, gave the Opposition a great deal of amusement on the morning of 26 March as they tripped over a number of their own new clauses and parts of the Bill.

I would particularly like to thank all the staff and others in the House, including the departmental staff who stayed for our very long sitting on 26 March, which lasted overnight into 27 March. They could not go home for a few hours in the early morning to clean up, but had to stay in the House because of the rather odd behaviour of the usual channels on the Government side. We very much appreciate the fact that they did so. I am grateful to my hon. Friends the Members for Bristol, West (Stephen Williams) and for Mid-Dorset and North Poole (Annette Brooke) for their support and for their proactive approach throughout proceedings on the Bill, although they had the good sense to leave before the overnight sitting on 26 and 27 March; they did not, I think, anticipate the length of that sitting.

I should like to make three points in conclusion. First, there was a rather bad-tempered debate earlier on child protection and child well-being. It was a pity that it was so intemperate on both sides, because it is an extremely important issue, which we ought to deal with in the mature way in which my hon. Friend the Member for Mid-Dorset and North Poole dealt with it. We were surprised when we heard that the Government were going to introduce three new clauses at short notice. Two of those new clauses do not cause us particular concern, but new clause 22, which introduces a new targets regime, is very significant indeed. Although we did not oppose it today, we want to find out a lot more about it before deciding whether to support it in another place. I am grateful to the Secretary of State for Children, Schools and Families for saying that he is happy for my hon. Friend and others to sit down with his departmental officials and perhaps Ministers to discuss the measure before it goes to another place, as it is important that we deal with the concerns that my hon. Friend set out very clearly.

On the issue of child protection, I am disappointed by the insistence of the Secretary of State on keeping the substance of the serious case review secret. He knows that no Liberal Democrat Member has any problem with the notion that certain parts of serious case reviews should not be published. I can think of one page of the baby P serious case review that I certainly would not want to put in the public domain. When he kindly invited a number of us to look at that serious case review, I made notes on what I considered to be the significant parts of it. When I passed those notes to his departmental officials to find out how much was already in the public domain, or how much was not in the public domain, so I could not use it, all the points that I considered to be significant concerning the way the baby P case was handled, were, according to the officials, not in the published version of the serious case review, and not in the public domain. I therefore question whether on the basis of the selective information that is published we can understand fully what happened in such cases. I believe that there is a middle way whereby the bulk of the reports can be published and small portions excluded. None of the bodies cited by the Secretary of State has commented on that issue.

Secondly, I wish to make an observation on the Bill, which includes, particularly in the parts relevant to the Department for Children, Schools and Families, a ragbag of measures, which suggests a lack of direction, particularly in the DCSF education portfolio. I am genuinely disappointed that on the subject of Ofqual, although the Secretary of State has taken a welcome step by introducing this new organisation, the Government have not gone much further in setting up what would be an objective standards regulator, rather than a body that will simply seek to regulate existing qualifications.

The Secretary of State must know that if the intention behind the establishment of the body is to end the annual debate where the Schools Minister and others have to pop up on TV in the middle of August to comment on standards of GCSEs and A-levels, it will not work. It will not work because the Government have set up Ofqual in a very limited form and not given it the ability to comment on educational standards in a way that could allow all those interested in the education debate in this country to understand what has happened to educational standards over time. Without that basic understanding, we have little chance of having policy that is informed by fact, rather than dogma.

Although we were not able to debate it today, there is an awful lot in the Bill on the children, schools and families side which adds to the bureaucracy of schools. The Secretary of State must know that individuals whom he greatly respects, such as John Dunford of the Association of School and College Leaders, have been highly critical of much that is in the Bill on the new complaints procedures, the regulations surrounding the use of force, and the search powers. All those bring in extraordinary bureaucratic burdens which head teachers object to and which will make their job in schools much more difficult.

I ask the Secretary of State to reflect on how those proposals and the impact that they will have on schools square with what the Prime Minister talked of today in his rather drab education speech, in which he spoke about a White Paper that will contain proposals to reduce the burdens on schools, and about rationalising the statutory duties, correspondence and guidance that schools receive. The effect of much that is in the Bill in the children, schools and families area will be to impose new bureaucratic burdens on schools. Issues such as the use of force could make the job of head teachers and teachers more difficult, potentially even making them less willing to intervene in circumstances where the use of force is necessary.

Finally, an aspect of the Bill that showed up the incoherence of Government thinking in terms of accountability—I hope this will be dealt with in the White Paper that is to come—is that of school oversight. We were told that the Young People's Learning Agency was being established to cover the academies programme because, in a nutshell, the Government do not have confidence in the ability of local authorities as commissioners and standard setters at a high level.

In the west country there will be a tiny number of academies which, owing to the Government's lack of confidence in the oversight of local authorities, will have to be monitored by some regional quango because the Government do not trust the local authority commissioning and oversight process. That is not only

extraordinarily wasteful, but a terrible indictment of the existing regime that we ought to depend on for the oversight of 23,500 schools in the country.

If we cannot trust local authorities to do their job of overseeing schools and as the first tier to hold those schools to account for the standards that they deliver, we have a real problem, not only with the average schools and the better than average schools but with the many schools in this country which are in challenging circumstances and which are performing badly, but which are not academies at present.

My final comment is about the context of the debate in education. There is a feeling about the Government that they may be coming to their final months in office. Many of us can remember when the Government started the process of public service reform—the attempt to improve public services in 1997. They started with no cash because they were tied into the spending limits that the Conservative Government set. They started with no reform agenda. Indeed, the early mantra was standards, not structures.

After a while the money started to flow, as the Conservative spending plans were dumped. That led to some improvements, particularly in terms of the capital stock and the staffing in schools. Eventually, there was a change in policy by the Prime Minister, who acknowledged the importance of structures, rather than standards.

Over the past couple of years, we seem to have gone backwards. The Secretary of State, in his first speech, turned on its head the Prime Minister's comment about the importance of structures rather than just standards. The whole reform agenda has clearly run into the sand, as confirmed by the Schools Minister's extraordinary comments the other day on the proposals to extend the academies programme to primary schools. He described the proposals as sending

"a chill down the spines of parents and teachers"

and leading to an

"opting out of the national curriculum in an unregulated free market experiment."

I should have thought that Lord Adonis would have felt shivers down his spine at that description of what is, after all, merely an extension of the existing academies programme. There could be no clearer indication that the reform programme in education has come to an end.

Although the Prime Minister claimed today that he wants to be on the side of spending more and continuing to invest in education, as opposed to being on the side of austerity, we know that the Government's spending plans after 2011 deliver real reductions in total expenditure year on year, and that there will be cuts in capital expenditure of 17.5 per cent. in real terms each and every year beyond 2011. We are almost back to where we started in 1997, returning to an era of austerity in public services, including education, and no reform programme. If we are to see standards continue to improve, and the gap between youngsters from deprived backgrounds and those from more affluent backgrounds continue to narrow, we will require an awful lot more in policy terms than what is now on offer from this Government.

9.56 pm

Mr. Graham Stuart: As we approach the end of the time available to this fading Administration, it seems that the Bill will be the final law on education that they have a chance to introduce before the next general election. It is their SATs test. Does the Secretary of State for Children, Schools and Families lie awake at night fretting about next year's constituency league table and what it might mean for his future? Has Labour's educational curriculum been distorted and narrowed by the test ahead? I fear that this Bill—this flimsy, incoherent Bill—provides evidence that it has. The Secretary of State has introduced it not to improve education but to fulfil the aspiration that he notoriously described to the *New Statesman* back in March 2006, when he said that he aspired to create political dividing lines, to show up the Conservatives and to score political points. This Bill was the educational equivalent of the 50p tax rate—another example of the vicious, paranoid, clan-based politics that he and his master have used to claw their way to the top.

It seems that no smear, no clandestine briefing and no moral outrage is too much for that coterie of the now electorally damned. But the game is up. People are not fooled anymore; they have had enough of Labour. So I appeal to the Secretary of State to accept his fate, recognise that defeat is inevitable and use the time he has left to try to do something constructive. He should work with Opposition Members not to create dividing lines but to do constructive things, such as introducing the apprenticeships that we would all like as a result of the Bill, because time and again Ministers have failed to show how they will make those apprenticeships a reality. They have made the promise, but they have not put forward the mechanisms with which to deliver it.

I appeal to the Secretary of State to give schools more freedom and to get apprenticeships going, because politics is not about winning or about power; it is about trying to make a positive difference and trying to make people's lives better. *[Interruption.]* The Secretary of State may laugh at such naive idealism, but I suggest to someone so young that, although he may never serve again after next year, despite being so young, he has one year left to try to work positively for the future of education and for our young people, and not to carry on with what is a politically driven, rather than an educationally driven, agenda.

Question put and agreed to.

Bill accordingly read the Third time and passed.

Business without Debate

DELEGATED LEGISLATION

Mr. Speaker: With the leave of the House, we shall take motions 3 to 5 together.

Financial Services and Markets

Motion made, and Question put forthwith (Standing Order No. 118(6)),

That the Financial Services and Markets Act 2000 (Contribution to Costs of Special Resolution Regime) Regulations 2009 (S.I., 2009, No. 807), dated 29 March 2009, a copy of which was laid before this House on 30 March, be approved.—*(Ms Diana R. Johnson.)*

Question agreed to.

Building Societies

Motion made, and Question put forthwith (Standing Order No. 118(6)),

That the Building Societies (Insolvency and Special Administration) Order 2009 (S.I., 2009, No. 805), dated 29 March 2009, a copy of which was laid before this House on 30 March, be approved.

That the Amendments to Law (Resolution of Dunfermline Building Society) Order 2009 (S.I., 2009, No. 814), dated 30 March 2009, a copy of which was laid before this House on 30 March, be approved.—*(Ms Diana R. Johnson.)*

Question agreed to.

Autism Bill (Money)

Queen's recommendation signified.

10.1 pm

The Minister of State, Department of Health (Phil Hope): I beg to move,

That for the purposes of any Act resulting from the Autism Bill, it is expedient to authorise the payment out of money provided by Parliament of—

(1) any expenditure incurred under or by virtue of the Act by the Secretary of State, and

(2) any increase attributable to the Act in the sums payable under any other Act out of money so provided.

On Second Reading, it was the will of the House that the Autism Bill should be discussed in Committee. The Bill, introduced by the hon. Member for Chesham and Amersham (Mrs. Gillan), will have expenditure implications for the public purse. At the first sitting of the Committee last week, the Chairman confirmed that those implications are significant for certain clauses of the Bill. Therefore, approval for a money resolution is needed before the Committee can engage fully in those discussions.

I want to stress that the Government, and I personally, share the hon. Lady's wish to improve services for people with autism, whether children or adults. Indeed, with the Under-Secretary of State for Children, Schools and Families, my hon. Friend the Member for Portsmouth, North (Sarah McCarthy-Fry), I have made clear commitments to take forward a range of work that will achieve all the objectives claimed to be behind the Bill. We will take it forward in a way that is cost-effective and focused on improved outcomes for people with autism. Our determination to deliver real and lasting change for people with the condition is rock solid.

Although there was a common aim on Second Reading, I was duty bound to make clear to the House the Government's view that the Bill, as currently drafted, is not the most effective way to achieve the improvements that we all want, and my view on that has not changed. Nevertheless, the establishment of the Committee to consider the Bill gives us a timely opportunity to discuss all the important issues that it raises. I am looking forward to doing so, confident that the hon. Member for Chesham and Amersham and I will be able to move forward together in a true spirit of mutual interest and collaboration.

To do that, however, we need to deal with the money resolution, without which the Committee will not be able to have a detailed discussion of the key clauses of the Bill. On that basis and no other, I commend the resolution to the House.

10.2 pm

Mrs. Cheryl Gillan (Chesham and Amersham) (Con): I am pleased to speak to the Government's money resolution on the Autism Bill. I thank them and the Minister for tabling the resolution at this stage. As the Minister acknowledged in his brief contribution, it is necessary to progress discussions of the Bill against the background of the House's having passed the money resolution.

The resolution is also a good sign, in my book, because, as the Minister said, we are continuing negotiations on the content of the Bill. I am optimistic that, with a

little give and take on both sides, we may reach agreement on legislation which will give the help that the Minister and I wish to bring to people with autism and their families. Some cost to the public purse is associated with the legislation, and I have been looking at the costs with the National Autistic Society.

However, it is becoming more apparent that, in this case, a stitch in time will save nine. That is what the Bill is all about. Expenditure at an early stage, enabling better interventions and better assistance to be given to people with autism, can often help prevent such people from deteriorating into a crisis phase. It is the costs of people in crisis that are often so high, to say nothing of the savings that we may be able to find in terms of the pain and misery that a crisis usually causes the individual and their family.

The Minister will be familiar with the Knapp report, which clearly laid out the economic consequences of autism; it certainly makes sobering reading. The aggregate national costs of supporting children with autistic spectrum disorder were estimated to be about £2.7 billion per year, most of which was accounted for by the services used. For adults, the aggregate costs amount to £25 billion each year. Of that, services account for 60 per cent. and lost employment and family expenses account for the remainder.

With an annual cost to the economy of about £28 billion, we must be looking for ways to ensure that the best outcomes are achieved for people with ASD and that the money is well spent. Early interventions can help with behaviour patterns, and increased investment at the right time could reduce the high support costs in adulthood. The report points to the reality that greater availability of early interventions will reduce the impact of ASD on the UK economy—but most importantly, it could improve the quality of life for people with ASD and their families. In addition, we will shortly have the National Audit Office report, which will give us a more detailed analysis of the effectiveness of expenditure. I am sure that that will add to the knowledge of what Government need in order to ensure that we improve the quality of outcomes. We need to know how best to spend these resources, and I hope that the Bill will act as a pointer and a general framework for that background.

On the clauses relating to children, registration of children with autism on the local authority registers should not present significant cost implications. The cost of an administration assistant to receive the register and manage it totals £210,600 on the last Government-prepared estimate, but as the registers already exist in some form, the additional costs should be marginal. The effective implementation of clause 2 would result in an increase in service provision, but it is also clear that there are significant medium-term and long-term savings to be made by providing the appropriate services at the right time to children with autism.

On clause 3, there is existing funding to deliver support for transition through the Aiming High for Disabled Children transition support programme, but there is a low baseline in many authorities, and the £17 million that is already in the budget can only achieve so much. However, as the funding exists, it does not necessarily form any great amount in extra costs under the Bill.

On the remainder of the clauses, much of the cost has already been committed by the Department through the announcements that the Minister has made. We are in the process of negotiating amendments to the Bill so that it can reflect the generous offer made by the Government to fulfil some of those promises. I look forward to the Minister supporting the Bill as we progress through the Committee stage, and I am delighted that the money resolution has been tabled to enable that progress to be made.

Question put and agreed to.

PETITIONS

Employment (Mr. Howard Horsley)

10.7 pm

Mr. Philip Dunne (Ludlow) (Con): I rise to present the petition of my constituent, Mr. Howard Horsley. In doing so, I am supported, although in his absence, by the hon. Member for Great Grimsby (Mr. Mitchell), who has consented to my mentioning his support.

The petition states:

The Petition of Mr. Howard Horsley,

Declares that Mr. Howard Horsley was falsely accused of unsatisfactory performance in the service of Her Majesty and Her Majesty's Government overseas, through the Department for International Development; further declares that Mr. Horsley was suddenly dismissed without due process and then denied all opportunity to challenge his accusers under any of the several procedures which legislation passed by the House of Commons has provided intending to ensure the protection of the individual rights and liberties of all citizens and in particular those citizens in the service of Her Majesty and Her Government; further declares that when Mr. Horsley protested against the extraordinary circumstances of his employment and dismissal, stating his determination, if necessary, to take the matter to Select Committees of the House of Commons, he was threatened with prosecution under the Official Secrets Acts, a threat which effectively prevented him from securing timely Government accountability to Parliament or from exercising his full rights under the law; further declares that, despite his right to be regarded as innocent, having been found guilty of nothing by any due process, officers of Her Majesty's Government have prevented Mr. Horsley from gaining alternative employment and have used the public purse to employ barristers to defend actions which, whether strictly legal or not, offend all the principles of good practice in employment endorsed by this House of Commons.

The Petitioner therefore requests that the House of Commons conducts a parliamentary investigation to examine in full the unique circumstances of Mr. Horsley's employment and dismissal and to consider the significance of the concerns about weaknesses in financial procedures and the potential for corruption in the service of Her Majesty's Government that the Petitioner had raised in the period prior to his dismissal; further requests that this parliamentary investigation also considers the serious implications for Government accountability to Parliament of the threat to Mr. Horsley of prosecution under the Official Secrets Acts if he detailed his concern to Members of this House; further seeks to determine to what degree the concerns that he expressed about the potential for corruption influenced the decision of Civil Servants to effect his sudden dismissal, without warning or due process, from the service of Her Majesty and Her Majesty's Government; and further requests that the House of Commons urges the Government to bring forward legislation making it mandatory for all public services to have in place an effective, well-publicised, confidential, and independent internal reporting system to protect and support whistleblowers in order to root out corruption and malpractice from the public services.

And the Petitioner remains, etc.

[P000350]

Post Office Services (Shropshire)

10.10 pm

Mr. Philip Dunne (Ludlow) (Con): You will be relieved to hear that this is a slightly shorter petition, Mr. Speaker.

The petition states:

The Petition of users of the sorting office in Church Stretton,

Declares that the proposed closure of the sorting office in Church Stretton will have a detrimental effect on the lives of local residents; further declares that the Sorting Office is an important and efficient element of the local community, supporting both private residents and businesses; notes that a majority of local residents are elderly and large numbers are dependent on public transport; further notes that such residents would find it difficult and costly to travel eight miles down the A49 to Craven Arms (a town half the size of Church Stretton) to collect parcels; further notes that this journey would also be highly inconvenient and inefficient for the growing number of businesses dependent on computer sales; and believes that if closed there would be difficulties for local postmen and women, delayed local deliveries, uncertainties and difficulties over collecting parcels, inconvenience, possible job losses, a lack of space for parcels in the Post Office in Spar, another empty building on the industrial estate, and another nail in the coffin of local democracy.

The Petitioners therefore request that the House of Commons urges the Government to recognise the threat posed to the community of Church Stretton by the proposed closure of the local sorting office, and to take action to ensure the sorting office is retained.

And the Petitioners—

some 1,000 of them—

remain, etc.

[P000361]

Rail Timetables (Lewes)

Motion made, and Question proposed, That this House do now adjourn.—*(Ms Diana R. Johnson.)*

10.11 pm

Norman Baker (Lewes) (LD): I wish to raise a constituency matter relating to rail services to my constituency, and in particular the impact of the new timetable introduced on 14 December last year. It is fair to say that in the years leading up to last December, my constituents were seeing an improved railway service. We had got over the disaster of the existence of Railtrack and seen new rolling stock introduced and the replacement of Connex with Southern. The number of complaints that I was receiving about rail services was reducing, although of course there were still one or two.

All that was good, but there has been an avalanche of complaints from my constituents since the new timetable was brought in on 14 December. The reason for that is that it is fragile by its very nature and disadvantages my constituents in Lewes, Polegate, Seaford, Newhaven, Plumpton and elsewhere. Part of the discussion that took place before the new timetable came in was about what should happen to the Gatwick Express service. A common view—the majority view—was that the dedicated Gatwick Express service should cease, as it occupied platforms with stationary trains at Gatwick, blocking the lines. That was the view of Southern, the current train operating company. The view that it put forward, to which I subscribe, was that the replacement of that dedicated service with trains running through to Brighton or elsewhere would have led to a much more robust and better timetable.

The Government were in a difficult position, but I am sorry to say that they appeared to take the side of the aviation industry. They allowed the dedicated Gatwick Express service to continue, albeit in modified form with certain trains routed through to Brighton. The consequence has been that the timetable has been thrown into disarray, with grave consequences for my constituents. Notably, there are now trains running through to Brighton that are lightly loaded, while trains running through to Lewes and Eastbourne are heavily overcrowded. The 18.45 dedicated service to Gatwick from Victoria, for example, has a load of less than 40 per cent., whereas the 18.47 train from Victoria to Lewes and on to Eastbourne has standing room only to Lewes, not least because the number of carriages has been reduced from eight to four on that service. What we have seen overall—Southern has confirmed the figures for me—is four fewer carriages in the rush hour running through to Lewes and Eastbourne than there were before the timetable changes were introduced.

I should like to cite one or two examples from constituents for the Minister. I have received a large number of complaints from constituents. It is not possible to do justice to them all this evening, but it is possible to refer to some of them. Southern also appears to have been inundated with complaints, because I am now receiving complaints about its failure to respond to complaints. I did not receive such complaints before, so clearly Southern is overwhelmed with correspondence as well.

Here is a typical e-mail from one of my constituents in Seaford:

"the decision to reduce the number of carriages on peak time trains from London Bridge has resulted in severe overcrowding

on a daily basis. And this at a time when fares have also been increased by well over the rate of inflation.

As a disabled person, the overcrowding is not just difficult but can some days make it impossible for me to travel and I have to get off the train again due to the severe pain and discomfort. This in turn has a serious impact on my work as I have had to miss several important meetings because of this over the past few months. In view of that I have recently resorted to travelling first class—at considerable extra cost of around £75 per week—but even then I am still unable to get a seat on some days. For example, on the 17.23 from London Bridge on 13th March, the guard announced that 'Due to overcrowding I have decided to decommission the 1st Class Carriages and now any standard class passenger can use this space.' This was the second time this had happened in a week…again on 8th April, all first class seats were taken and there was severe overcrowding in all parts of the train, with the result that I had to stand all the way to Gatwick—at which point I had to give up and get off and get a taxi home instead because I was in such discomfort."

A further complaint by a local pressure group draws attention to the following: short formation as a matter of policy on the 16.17 service from Victoria to Eastbourne, which has now been reduced to four carriages; short formation on the 16.57 service, the following train from Victoria to Eastbourne; the removal of the 17.17 London Victoria-to-Seaford and Ore service; serious overcrowding on the 17.23 service from London Bridge, which is the service to which the other constituent whom I have quoted referred; people standing to Haywards Heath or beyond; and the constant late running of the 18.06 service from Victoria to Eastbourne, which is described by the group as a "systematic failing".

My third example is from a constituent who says:

"The weekday service from Victoria in the rush hour between 17.00 and 19.00 is worse than on Saturdays…There is a grotesque imbalance between services to Brighton (very frequent, long trains) and to Lewes (infrequent, short trains)…As an absolute minimum, the Lewes portion of the 18.47 service should return to at least 8 coaches urgently, instead of the ludicrous 4 at present".

He makes the following suggestion:

"Why not convert at least one of the early evening extended Gatwick Express services from serving Brighton to serving Lewes/ Eastbourne instead?"

He also bemoans the fact that the new timetable from 17 May shows no improvements to the December timetable, despite all the kerfuffle and the protests, in order to rectify the damage that has been done.

I understand the various pressures that exist, with a lot of trains seeking to use limited infrastructure. Of course there is a need to balance services on different bits of the network. However, I hope the Minister will accept that the new timetable is not working for my constituents in Lewes or for those in Eastbourne. Perhaps naturally, blame has been levelled at the rail company, which is not entirely without blame for how it has handled the matter. However, the crude political reality is that the company is bidding again for its franchise, as are its three competitors, and is therefore not going to tell the Government, "Your timetable has caused most of these problems." However, my honest assessment as a local Member of Parliament is that the changes to the timetable that were imposed on Southern, not the timetable that Southern wanted, have caused most of the problems.

I hope we will get a recognition from the Minister that the problem exists. I hope he will not tell me that it does not exist. If he does, I will send that comment to all the hundreds of people who have contacted me about the matter since the new timetable was introduced. I hope he will accept that there is an imbalance between the services to Brighton and those to Lewes. I hope he will also accept, as a matter of fact, that one of the problems with the Gatwick service, to which I have referred, is that the Government have now imposed a requirement on Southern to run trains through from Brighton to Gatwick, and then on to Victoria without stopping. The consequence is that many of the people from Brighton also feel aggrieved because they want to access East Croydon and Clapham Junction but now have fewer direct trains that will allow them to do that. That leads to more pressure being put on the Brighton trains—and trains from other destinations, including Littlehampton and Eastbourne—that do stop at East Croydon and Clapham Junction. People are encouraged to use those trains, which leads to overcrowding on those services.

Does the Minister have any figures, from Southern or elsewhere, relating to the overcrowding on particular services? Does he see it as his job to get those figures and then to decide that the timetable should be recast, or does he take the view that this is a matter for Southern to sort out with the rolling stock that it has? I hope that he does not take that latter view, although he could doubtless say that Members on both sides of the House accuse the Department for Transport of micro-management. On this occasion, however, I might welcome some micro-management from the Department.

There is also a problem with the rolling stock. I do not mean with the type of rolling stock, which is adequate. The problem is that there is not enough of it. A new timetable was brought in when there was insufficient rolling stock to operate it, because the rolling stock that had been promised simply had not materialised. Southern was also required to operate extra bits round the edges which had not been part of the original franchise, such as the line to Tonbridge and services previously run by South West Trains that had been abandoned and that Southern had picked up. No extra rolling stock was provided to form those services, yet Southern has been leant on by the Department for Transport to hand rolling stock over to Thameslink and First Capital Connect in order that they can run their services.

There is an absolute shortage of rolling stock in the south central area. Will the Minister tell me when that shortage will be corrected? I would also like an assurance that when the rolling stock imbalance is corrected, the reduction in the number of carriages running to Lewes, Eastbourne and Polegate in the evening peak will be corrected, and that he will at the very least restore the number of carriages running to Lewes in the evening peak, rather than leaving us four down, as is presently the case.

This all comes down to a wider problem, albeit one that the Government inherited. The timetable on which the south central franchise is presently operating is essentially the one that was run by British Rail many decades ago. It has been built on in a higgledy-piggledy fashion, with various changes, ever since. The timetable is, to use a well worn cliché, no longer fit for purpose.

There is a desperate need to rewrite the timetable entirely for the south central region, not simply to eliminate the problems that I have identified tonight, and not simply to get more efficiency in the timetable to prevent the delays that are now occurring. Incidentally, the punctuality targets have been woefully missed by

[Norman Baker]

Southern since the new timetable came in; they have been way below 75 per cent. on many occasions. If the Government envisage passenger numbers growing—I think that they do, and I support them in that objective—where will the capacity on the south central franchise come from, 10 years down the track? Under the present signalling arrangements, there are now trains at every train path in the rush hour, but there are no plans for extra tracks. There are also no plans to reconfigure East Croydon, which needs to be done if we are to get more capacity on the line. There are not even any plans to reopen the line between Lewes and Uckfield, which would provide an alternative northbound route from the south coast to Victoria, assuming that we could get the East Croydon bottleneck sorted out as part of the process.

I suggest to the Minister that one of the cheaper options—I do not pretend that it is without problems, or that it could be done overnight—would be to reconfigure the timetable entirely, starting with a blank piece of paper. We need to forget the house of cards that was built into the British Rail timetables of the 1960s and 1970s, and to draw up a timetable that meets people's needs. The existing one has been designed to fit in with whatever space is available, with all the problems that that creates. A new timetable would also have the benefit of creating passenger incentives. A further benefit would be an end to timetable padding and the unnecessarily long journey times between Lewes, Polegate, Seaford and London.

When I was a researcher in the House in the late 1980s, the shortest train journey time from Lewes to Victoria was 49 minutes on a slam-door mark 1 stock train. That rolling stock has been replaced by much faster Electrostar trains, yet the shortest journey time between Lewes and Victoria today is 63 minutes—14 minutes longer than it was 20 years ago. I emphasise that that is the shortest journey it is possible to make; many journeys are considerably longer within the allowed timetabling. For the reasons I have given, part of the problem is that the Government, Network Rail and the train operating companies have built a timetable on shifting sands—an unsafe and insecure base on which to build a timetable. It is also the case that this problem muddies the waters and lets train companies pad timetables and allow themselves extra time to reach destinations in order to meet their punctuality targets.

How can it be, for example, that the normal time allowed to get from Clapham Junction to London Victoria on my service is nine minutes, yet the journey time back from London Victoria to Clapham Junction is six minutes? I am not aware of any particularly severe gradient on that journey; it is simply the rail company building in three minutes of spare capacity to give itself time to get there and meet its punctuality targets. While punctuality was a problem, as it certainly was four or five years ago, perhaps that made some sense, but we should now concentrate on journey times, particularly in commuter land.

Outside commuter areas—this applies to the west coast main line, for example—there is competition from air travel and, in a sense, that incentivises a train company to get journey times down, but there is no such incentive on commuter lines, so the Government and the Office of Rail Regulation should intervene to ensure that journey times are not absurdly long simply to enable train companies to meet their punctuality targets. As I say, the poor timetable itself is what allows that particular problem to be masked in a way that it should not be.

There are other changes that a new timetable should bring along with it—including, for example, an hourly service to Plumpton. Over the years, I have managed, working with others, incrementally to increase the number of trains to Plumpton station. They used to be for rush hours only, but now they run by and large throughout the day, but still with a three-hour gap in the middle. Why is that gap not filled? Why cannot we simply have one train an hour; even the faulty timetable we have at the moment would allow that, yet we have seen no progress from Southern on that matter.

Worryingly, the new franchise arrangements specify the old timetable rather than the improved one to Plumpton, so that raises the possibility of further cuts to, rather than an improvement in, services to that station. Will the Minister specifically look at the situation in Plumpton and see what he can do to ensure an hourly service for my constituents? I appreciate that the Minister may not be able to answer this particular point and one or two others I have raised tonight, but if so, I hope that either he or his noble Friend Lord Adonis will drop me a line with answers to any specific questions not addressed tonight.

Lastly, let me say that I am a supporter of the railways. I believe in getting people on the trains for environmental and social reasons. I also by and large welcome the direction of travel in which the Government are engaged; it is something that I mostly support. I believe that the Rail Minister, Lord Adonis, is doing a particularly good job, and I am happy to say so in public, on the record and in the House. Over the years I have been MP for Lewes, I have seen a steady improvement in the quality of rail services to my constituency, but that improvement came to an end in December in a sort of own goal by the rail industry and the Government, so I am now asking the Government to recognise the problem and to try to correct it.

As a minimum, we need an increased number of carriages to Lewes in the rush hour—at the very least, back to the number there were before the timetable changed in December. We need more rolling stock on the 18.47 in particular, as it is standing room only all the way to Lewes on some occasions. We need to redress the balance of carriages between Lewes and Brighton, and we need a commitment, either from the Government or from Network Rail or the ORR—I do not mind who it comes from—that when the timetable is rewritten for December, these matters will be taken on board. There should also be an overall commitment to a complete rewrite of the timetable for the south central region; the Sussex route utilisation strategy now under way provides the opportunity to do that. I say to the Government that they have made some real improvements to rail transport, so it is such a shame to have gone backwards now, as we have as a result of the December timetable. I look to the Minister for his help and support in correcting that.

10.30 pm

The Parliamentary Under-Secretary of State for Transport (Paul Clark): At the outset, I congratulate the hon. Member for Lewes (Norman Baker) on securing this

debate about rail services on the Brighton main line and the effect of the timetable changes on his Lewes constituents.

The hon. Gentleman acknowledged the substantial investment that has benefited many towns in Sussex, where, 10 years ago, there was a shabby service provided by the 40-year-old, slam-door rolling stock to which he referred. How they rattled and bumped around the county, providing a poor service. Over these past 10 years, however, we have seen improved services and better rolling stock, as he recognised.

Many of the services operating in Sussex use some of the 744 new vehicles that have been on the Southern network since 2003. They are modern, air conditioned and fit for purpose for 21st-century travelling. However, I equally recognise the issue that the hon. Gentleman refers to as timetable padding. I acknowledge that issue as one he has followed up on a number of occasions—indeed recently, in a letter to my noble Friend the Minister of State.

The hon. Gentleman referred in his letter, as he did in the debate, to the time taken to complete journeys, saying that

"new…rolling-stock…ought, all other things being equal, to have reduced journey times."

But of course, all other things are not equal, because there are more trains, more passengers, greater demand and additional services for his constituents. Indeed, between 1998 and 2007, patronage in the Sussex route utilisation strategy area increased by some 45 per cent. That is a great success story for the Government policy of investing in what is fundamental in our national rail system, as well as the provision to make it safer, more effective and more efficient—additional resources and seats on those trains to meet the requirements of the travelling public. However, work has to be undertaken to manage that demand, which brings with it certain issues.

I believe that the travelling public would prefer a timetable that tells them a reliable time for their arrival at the destination they want, rather than shaving two or three minutes off their journey. They want reliability and affordability. For evidence of that, I look to the major overhaul undertaken by South West Trains in December 2004, which introduced extended, not shortened, journey times, as well as features such as regular repeating service patterns. That timetable change achieved a significant improvement in punctuality, accompanied by a sharp rise in passenger satisfaction ratings.

A consultation exercise was undertaken to establish what stakeholders wished to see in the new south central franchise, which is due to commence in September. Few respondents placed importance on journey time reductions. The majority commented on the things that matter to them—capacity, service reliability and passenger information—as the most important issues. They want to know that trains will arrive on time, as laid out in the timetable.

I appreciate what the hon. Gentleman said about the timetable. There are many competing demands. The good residents of Eastbourne demand faster trains to London with fewer stops, and, as he said, there is a demand for better services for a number of stations in his constituency. There must be a balance that can meet those requirements.

Many of the characteristics of today's railway timetables are a feature of railway history. Large towns such as Bexhill are an example. Bexhill is located on a line that was originally built as a local route to connect the coastal towns of Kent and East Sussex, rather than as a fast route to London. As a result, it takes some 110 minutes to travel from Bexhill to Victoria. Battle, which is a much smaller town in relative terms and is barely five miles away, is located on a direct line to London Bridge, and the journey time is just 70 minutes.

One of the main problems associated with the specification of faster journey times is the negative impact that they have on the network capacity. Capacity is most effectively used when all trains on the route have identical performance characteristics. Unfortunately, that does not happen, because, as I have said, there are many competing demands. The Brighton main line is a perfect example, because it is used to satisfy many requirements. There is a strong demand for express trains to such places as Gatwick airport and Brighton, but there is also a requirement to serve quieter stations such as Balcombe and Wivelsfield and the various divergent routes: East Grinstead, Redhill, Arun Valley, and the east and west coastways. All those use different rolling stock with their own particular characteristics. The combination means that no trains, even Gatwick Express trains, can be timetabled in a way that will exploit the full potential of modern high-performance rolling stock.

Looking at the timetable that exists today, I think it remarkable that such great achievements have been made. I recognise that problems have been caused by the introduction of the 14 December timetable, about which I shall say more later. However, let me list some of the problems with which the train planners must grapple. There is the dedicated use of the Gatwick Express trains on platforms 13 and 14 at Victoria. There is the restrictive layout of approaches to London Bridge. There are the conflicting moves at the various flat junctions such as Battersea Park, Streatham Common and Gloucester Road, and the convergence of multiple suburban routes in the Croydon area. There is also the two-track railway between Three Bridges and Brighton.

The new timetable is fragile and vulnerable. While I recognise that its introduction on 14 December led to a further deterioration in the performance measurement that we normally use, that was partly due to failures in infrastructure. Rolling stock was also a problem, as was severe weather in one of the periods, as I am sure the hon. Gentleman will remember. But the public performance measure for March was 91 per cent., and the April figure was 94 per cent. I do not think that that indicates a failing timetable.

The timetable that has been introduced was consulted on for three years. It was not imposed. Overall, there has been a 10 per cent. increase in the number of seats available during the peak period between Victoria and Brighton. As I think the hon. Gentleman recognised, a compromise had to be reached in terms of the non-stop Gatwick Express to the capital, but also in the introduction of more seats for commuters on the Brighton main line. As for the number of complaints received by Southern trains, according to figures from the company, the number of complaints about timetable issues has been only about 5 per cent. of the total number.

[Paul Clark]

I recognise that there are rolling-stock issues, but I am pleased to be able to inform the House that 15 of the 17 units of the class 442s are now in service and are being utilised on the routes. There have also been staff training issues, which have now been addressed, and that, too, will help in the provision of the service. In the last three weeks, in recognition of issues raised by Members and others, some adjustment has been made to create an additional Brighton to London Bridge service and to amend the timings of nine services to improve the resilience of the timetable.

I will investigate the issue of the cutback from eight-carriage to four-carriage cars and write to the hon. Gentleman, because that should not be the case. I have said that the timetable was not imposed.

10.41 pm

House adjourned without Question put (Standing Order No. 9(7)).

House of Commons

Wednesday 6 May 2009

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

SCOTLAND

The Secretary of State was asked—

Home Repossessions

1. **Jim Sheridan** (Paisley and Renfrewshire, North) (Lab): What discussions he has had with ministerial colleagues and Scottish Executive Ministers on assistance for people in Scotland facing home repossessions. [271861]

The Parliamentary Under-Secretary of State for Scotland (Ann McKechin): My right hon. Friend the Secretary of State and I have discussed measures to support people in the economic downturn with both ministerial colleagues and Scottish Government Ministers.

Jim Sheridan: I thank my hon. Friend for that response, but what discussions has she had with Scottish Parliament Ministers about the Scottish repossessions working group and what, if any, progress it has made? What discussions has she had about whether the pre-court protocol that exists in England and Wales could be better utilised in Scotland as well?

Ann McKechin: The important point is that Scottish house owners should not have any less protection than house owners south of the border enjoy. The pre-court protocol in England and Wales has been successful in helping to stem the number of repossessions cases that pass through the court system. In addition, I am sure that my hon. Friend will welcome the new home owner mortgage support scheme introduced last month, which covers about 80 per cent. of all lending and will offer relief on mortgage interest payments for up to two years for those who suffer a substantial but temporary loss of income. I very much hope that the work of the repossessions working group in Scotland will lead to further protections so that the trauma of repossession can, as far as possible, be avoided.

Stewart Hosie (Dundee, East) (SNP): The Minister mentioned the home owner mortgage protection scheme; it was announced back in December, but has only just come into being. Likewise, the consultation on the sale and rent back proposals does not even conclude until this May. Would the Minister like to take this opportunity to remind the House that congratulations are due to the Scottish Parliament on having had mortgage protection in place since 2001, on having a mortgage rights Act and on committing more money pro rata to mortgage to rent and mortgage to shared equity schemes than elsewhere in the UK?

Ann McKechin: I certainly welcome any such measures, and I can advise the hon. Gentleman that the consultation on sale and rent back concluded last week. We hope that there will be a move to bring the regulation of these schemes under the Financial Services Authority, and we are already ensuring that when mortgage lenders write to people who have got into arrears, they advise them of the potential pitfalls and problems of such schemes. It is also important that people who face repossession have the best possible advice when they get to court. In England and Wales, people are offered free advice at court. I know that some courts in Scotland have started along that route, but I very much hope that the number doing so can be increased so that a consistent level of advice and service is available to anyone facing the trauma of repossession at this time.

Budget 2009

2. **Mark Lazarowicz** (Edinburgh, North and Leith) (Lab/Co-op): What discussions he has had with Scottish Executive Ministers on the implications for Scotland of the measures contained in Budget 2009; and if he will make a statement. [271862]

The Secretary of State for Scotland (Mr. Jim Murphy): Good morning, Mr. Speaker. The Budget included new measures to support Scots on modest and middle incomes through the recession, and I look forward to discussing those plans with the CBI, the Scottish Government and trade unions at our next meeting.

Mark Lazarowicz: My right hon. Friend will be aware that there has been a lot of discussion in Scotland about the implications of the Budget for the finances of the Scottish Government. Will he make clear just how much the Scottish Government are getting as a result of the Budget? What assistance can he give the Scottish Government in terms of their own budget in the current financial circumstances that we are all facing?

Mr. Murphy: My hon. Friend raises an important point. An international financial crisis is sweeping across the globe, but, despite that, the Scottish Government will continue to receive increased funding—an extra £700 million next year. That is a very important statement of intent of continued support. *[Interruption.]* Scottish National party Members may shout, but the fact is that the Scottish Government now have double the budget that Donald Dewar had when he was First Minister just a decade ago. The people of Scotland will judge whether their current Government are twice as good as Donald Dewar's Government.

Sir Menzies Campbell (North-East Fife) (LD): Does the Secretary of State agree that the one Government policy that is having no visible effect in Scotland is the temporary reduction in value added tax? Would not that money have been of greater economic and social benefit to Scotland if it had been spent on home insulation, replacing inadequate schools and building council houses?

Mr. Murphy: I have great respect for the right hon. and learned Gentleman, but the fact is that the VAT cut is working in Scotland. Independent economists now assess that that is the case. The Centre for Economics and Business Research says:

"The figures are clear; the VAT cut is working."

We have never argued that the VAT cut that helps so many Scottish families is, in and of itself, the solution. We have, of course, to continue to look for other ways to support Scots families through, and beyond, the recession, and the Labour Government are determined to do just that.

David Mundell (Dumfriesshire, Clydesdale and Tweeddale) (Con): Largely as a result of this Government's reckless tax and spend approach, the Scottish block grant has, indeed, grown to twice the size of 10 years ago. Despite some implausibly optimistic forecasts in the Budget, it is clear that the Treasury is now on course to run out of money, yet all the First Minister has done is attempt to persuade the Government that no cut at all can be made to the block grant. Has the Secretary of State informed the Treasury that, following this development, the Chancellor now looks like only the second most deluded politician in Scotland?

Mr. Murphy: That is entirely pleasant. I wonder whether the hon. Gentleman has entered himself for the gold medal in that particular competition following his celebration of the 30th anniversary of Mrs. Thatcher's ascent to power and the disruption of Scottish industry. I am glad to see him in his place following his celebration of that anniversary and Scotland's commiseration of it over the weekend.

In the previous recessions of the 1980s and 1990s, a generation of young people were abandoned to a life of poverty and a life on benefit. It is our intention to do, wherever possible, the exact opposite to what the Tories did, so that a generation of young people are not abandoned to a life of unemployment free of any hope.

David Mundell: The Secretary of State can resort to all the old mantras that he wants, but they will do him no good because the public know where the buck stops for this crisis. Does he really disagree with the view of the Centre for Public Policy for Regions that the years of the Scottish Executive coffers being full to overflowing thanks to block grant increases are over? Will he confirm that, as a direct result of Labour's financial mismanagement of the UK, up to £4 billion in real terms will have to be cut from the Scottish budget over the next four years? Is it not about time that he and his Prime Minister finally took responsibility for Labour's catastrophic economic failures and, in particular, the damage that they have done to Scotland's public finances?

Mr. Murphy: The hon. Gentleman refers to relying on old mantras. I would never mention the old lady or the iron lady in those terms, but if he wishes to insult her in that way, he can do so. The fact is that Scots know what happened in the previous recession. They know that industry was destroyed and that instead of supporting that industry and the people who were made redundant, the Conservatives simply cast them aside. Hundreds of thousands of Scots were made unemployed; hundreds of thousands of Scots were deliberately pushed on to incapacity benefit and a life free of hope, which is why I am happy to announce today that we will be organising a jobs summit next month in Scotland to ensure that the lessons are learned from the previous recession, so that young Scots can benefit from the £1 billion announcement that the UK Government have made about preventing long-term youth unemployment in Scotland.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): Further to the Secretary of State's answer to my right hon. and learned Friend the Member for North-East Fife (Sir Menzies Campbell), can he confirm that if that VAT cut, which has had so little impact, had been reversed, it could have brought Barnett consequentials for the Scottish Government of almost twice the sum that has been complained of as a cut by the Scottish Government? Did the Government not realise that that VAT cut was doomed to fail when they enlisted the support of the SNP for it in the Lobby here?

Mr. Murphy: The hon. Gentleman is just wrong; the economic experts say very clearly that the VAT cut is working. A philosophical disagreement is involved here. Of course the Scottish Government are getting more money and their budget continues to increase, but the UK Government's view is that money should also be in the pockets and purses of Scottish consumers, so that they can spend and thus ensure that the Scottish economy is bolstered and that the recession is shallower and shorter than it would otherwise be. The VAT cut is, of course, one of a range of measures, another of which is the scrappage scheme for cars, which has been welcomed by the industry in Scotland. That is another important measure of a Labour Government who are taking decisive action to do what we can throughout this international recession.

Economic Downturn

3. **Jo Swinson** (East Dunbartonshire) (LD): What discussions he has had with the First Minister on the effect on Scotland of the economic downturn. [271863]

The Secretary of State for Scotland (Mr. Jim Murphy): The Prime Minister recently hosted a dinner with the CBI, the Scottish Trades Union Congress and all the party leaders in the Scottish Parliament to discuss working together through the recession.

Jo Swinson: I suggest that our constituents watching these exchanges are hardly likely to be impressed by what they see on the television. Given that unemployment is rising—it has increased by 87 per cent. in my constituency alone in the past year—and people are worried about losing their homes, does the Secretary of State think it would be better if less time was spent bickering and engaging in political point scoring between Westminster and Holyrood, and more time was spent on working together to help Scots to deal with the effects of the recession?

Mr. Murphy: I cannot come to a judgment as to what the hon. Lady's constituents who are watching her on telly make of her performance. I have tried my very best in my time in this job to say to Scotland, and to politicians throughout Scotland, that it is time to set aside some of the traditional disagreements. I have tried to bring together all the politicians of different political parties, but a philosophical difference remains. The

SNP believes that Scotland would be better off being like Iceland, whereas I simply believe, as do most Scots, that we are stronger, better off and better protected because we are part of one of the largest economies in the world.

Mrs. Anne McGuire (Stirling) (Lab): Has my right hon. Friend seen the statement by Michael Levack, the chief executive of the Scottish Building Federation, in which he said:

"In the current economic downturn, unless we see rapid progress towards the Scottish Futures Trust actually starting to fund new infrastructure projects, we could see a significant number of construction firms left high and dry within a matter of months and faced with the real prospect of having to down tools."

When my right hon. Friend meets the First Minister and his Cabinet, will he draw their attention to that statement by builders who face a fall off the cliff in October or November of this year?

Mr. Murphy: My right hon. Friend raises a very important point about the future of the construction industry in Scotland. Of course, the failure of the Scottish Futures Trust to build schools and other public works in Scotland is remarkable, but that will be debated in detail in the Scottish Parliament. For our part, after ensuring that savers were saved from the actions of the banks, our focus was on getting the banks to begin to do more to support the construction industry. There are early signs that that is happening, but more needs to, and will, be done.

Angus Robertson (Moray) (SNP): We are all reminded of the description of the Labour party by Lord Mandelson that

"we are all Thatcherites now".

No, we are not—not on these Benches—unlike the Labour Government and their privatisation and cuts agenda. In the same vein, the Treasury has confirmed savage cuts in public spending in the years ahead. In the teeth of a recession, how can the Secretary of State marry his rhetoric against cuts with his plans to cut £1 billion of public spending in Scotland?

Mr. Murphy: We no longer hear from the hon. Gentleman about Iceland or Ireland and the arc of prosperity—now the arc of insolvency. He talks about Thatcherism. Let us recall that it was in this very Chamber just three decades ago that his party ensured the defeat of a Labour Government and a general election. In the Scottish Parliament, the SNP has been supported admirably by the Conservative party in different votes. Despite the SNP and its relentless personal attacks, I am determined to rise above that and work to do what is best for Scotland. The public will punish whichever political party continues to put itself before our country.

Dr. Gavin Strang (Edinburgh, East) (Lab): My right hon. Friend has always recognised the importance of Ministry of Defence expenditure to the economy in Scotland, and he is well aware of the centre of engineering excellence at SELEX in Edinburgh, which leads on the radar contract for the Typhoon. Given that it has now been reported in the industry that we have negotiated a good new deal on tranche 3, split into two and with the Saudi Arabia export planes counted, will he resume his discussions with colleagues in the Cabinet, such as the Chancellor and the Secretary of State for Defence, with a view to ensuring that Britain stays fully behind this world-beating new plane?

Mr. Murphy: My right hon. Friend raises an important point, and he has raised it many times before. I will of course look into the points that he raises, but the wider point that he makes is a fair one. MOD contracts are of great importance to Scotland and its economy, especially the new aircraft carrier orders. It is a fact that Royal Navy orders have ensured years of work in Scottish shipyards, which is of great importance to current workers and those on apprenticeships. It is very welcome investment indeed.

Mr. Alan Reid (Argyll and Bute) (LD): The decisions in the recent Budget, including, for example, the increase in the price of fuel without concessions for remote rural areas and the increase in whisky duty, have made the economic downturn worse in the remoter parts of my constituency. Those increases severely affect Islay especially. Will the Secretary of State come with me to Islay to meet local businesses and discuss how the Government can help to see them through the recession?

Mr. Murphy: I am always happy to meet the hon. Gentleman to discuss any issue relating to his constituency. The Budget ensured record investment in Scotland, building on the pre-Budget report. I have pointed already to the VAT cut, but we also have the support for pensioners in the winter fuel payment and the car scrappage scheme. In a real policy innovation, we are also considering new ways to support grandparents who look after their grandchildren. Of course, I am happy to listen to any representations that he wishes to make.

Mr. Brian H. Donohoe (Central Ayrshire) (Lab): My right hon. Friend will remember the meeting he attended in Prestwick, where a number of industrialists were very concerned about banks and the problems associated with banks. He will know that he is coming back to Ayrshire for a further meeting. He should be aware that a number of the industrialists are now concerned about the Scottish Executive's lack of activity in providing them with relief from the problems that they face because of this economic downturn.

Mr. Murphy: I look forward to returning to Ayrshire to meet leaders of large and small businesses and to discuss ways in which we can provide further help to their companies at this difficult time. One thing raised on a separate visit to Ayrshire was how we support people on the minimum wage in the retail and entertainment sectors. That is why we will take further measures to ensure that it is against the law for tips to be used as subsidies for people on the minimum wage. People have to be sure that when they offer a tip in a restaurant or a bar, that goes to the staff rather than to the employer to be used to subsidise low pay.

Mr. Ben Wallace (Lancaster and Wyre) (Con): It is 10 years since devolution and since my hon. Friend the Member for Dumfriesshire, Clydesdale and Tweeddale (David Mundell) and I entered the Scottish Parliament as two brand new MSPs. We should not let the occasion go without registering that. It is of course amazing that

the silence from the party that introduced devolution 10 years ago has been deafening. Does the Secretary of State think that because devolution has meant that the Prime Minister has had less influence on economic development in Scotland, the country will be in a better position to weather the storm than the rest of the UK? Is it not ironic that the one part of the country that is shielded from the Prime Minister's economic policies will be the country that he is from?

Mr. Murphy: I welcome the fact that the Parliament that the hon. Gentleman opposed continues to be a success. After his short term in the Scottish Parliament, I welcome him to the green Benches here in the Palace of Westminster. The fact is that Scotland, England, Northern Ireland and Wales are stronger together and would be weaker apart. Together we have this unity and Members on both sides of the House—except for four or five who sit opposite—have a sense that our country has a remarkable history. We have achieved so much together and together we can get through this recession strongly, effectively and successfully and we can continue to be the brilliant, wonderful, successful nation that we all believe that we can be.

Oil and Gas Fields

4. **John Robertson** (Glasgow, North-West) (Lab): Whether he has had recent discussions with the First Minister on the development of small and technically challenging oil and gas fields; and if he will make a statement. [271864]

The Secretary of State for Scotland (Mr. Jim Murphy): I have had no such discussions recently.

John Robertson: I thank my right hon. Friend for that extensive answer. The financial support promised in the Budget for the oil and gas people and the work that my right hon. Friend is doing with the Scottish Executive deserve congratulations. Will he assure me that the work that he is doing within Cabinet to secure money for Scotland will not be put in danger because of the separatist Administration north of the border?

Mr. Murphy: I will continue to do all I can to support the oil and gas industry in the North sea. I believe that the North sea has a big future not only with its continuing oil and gas industry, but as a world centre for carbon capture and storage. That is why the new investment is so essential. The field allowance has ensured that companies can continue to invest, by removing the supplementary charge from up to £75 million of their profits so that they qualify for the small field allowance. That is an important announcement, which will be welcome on both sides of the House.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): I thank the Secretary of State for his answers so far, but does he recognise that the impact of that field allowance is limited to only very specific marginal fields? The crisis facing the North sea is much bigger now, given the credit crunch and the banking crisis. Will he work with the Chancellor to see whether more can be done to bring forward tax reliefs that will allow new entrants to explore up front during this credit crisis and so that the Government ease the industry's cash flow?

Mr. Murphy: Of course I have those conversations with the Chancellor and I have spoken to the hon. Gentleman about some of these issues in the past. As he knows, the fuel allowance has been carefully targeted to ensure that, as far as possible, it supports those projects that would not otherwise go ahead. That is the purpose of the targeted way in which it is being introduced. We continue to look for additional ways to support the industry in Scotland and throughout the United Kingdom and I look forward to discussing them with the hon. Gentleman, the Chancellor and the industry in the future.

Sheep Tagging

5. **Mr. Henry Bellingham** (North-West Norfolk) (Con): When he next expects to meet members of the Scottish Executive to discuss the co-ordination of implementation of policy on sheep tagging. [271865]

The Parliamentary Under-Secretary of State for Scotland (Ann McKechin): My right hon. Friend has no plans to meet the Scottish Executive to discuss the electronic identification of sheep. However, the Secretary of State for Environment, Food and Rural Affairs is in regular contact with his Scottish counterpart on this issue and, on 27 April, he met representatives of the Scottish sheep industry.

Mr. Bellingham: Is the Minister aware that a recent survey carried out by NFU Scotland revealed that 74 per cent. of farmers said they would reduce the size of their flocks if electronic tagging with individual registration came in? Is she aware that these EU proposals could do untold harm to Scottish agriculture? What is wrong with the existing system?

Ann McKechin: The Government recognise the concerns that the costs could well be disproportionate to the benefits. That is why we have been working closely with the devolved Administrations, including the Scottish Government, to seek a number of concessions. In fact, we met the Commission again on 4 May, when it appeared supportive of our new proposals about third party reporting; we very much hope that they will be passed. We recognise that there are additional costs, but this is a mandatory scheme and it must be implemented by the end of this year.

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP): As a crofter, I wonder whether the Minister will do all she can to prevent this daft, unworkable and expensive scheme coming into being.

Ann McKechin: I hear what the hon. Gentleman has to say, but I again point out that the scheme is mandatory. The EU has stated that it is not prepared to review the scheme until implementation. However, we are working very closely with the Scottish Government and the other devolved Administrations to try, as far as possible, to reduce the impact on sheep farmers. We have already achieved a number of important concessions and we continue to work closely with the Commission to achieve more.

River Forth (New Crossing)

6. **Willie Rennie** (Dunfermline and West Fife) (LD): What the outcomes were of his recent discussions with the Chief Secretary of the Treasury and the Cabinet Secretary for Finance and Sustainable Growth in the Scottish Executive on funding for the construction of a new crossing over the River Forth. [271866]

The Secretary of State for Scotland (Mr. Jim Murphy): I want to see the new crossing over the River Forth built. We had a constructive meeting on 4 March and identified a number of ways of dealing with the funding of a new bridge.

Willie Rennie: I thank the Scottish Secretary for that answer. People in Fife are getting exasperated by the failure of the Scottish Executive and the UK Government to reach an agreement on this. The £1 billion that has been offered is not new money, and not a single penny has been raised by the Scottish Government to pay for this bridge. I know that the Scottish Secretary and the First Minister are not best buddies, but can they please kiss and make up and sort out this problem before it has an effect on Scottish jobs and Scottish investment?

Mr. Murphy: I know that the hon. Gentleman has been campaigning for this bridge for some time, as have my hon. Friend the Member for Glenrothes (Lindsay Roy) and others in Fife. We had that meeting, and we offered a package of support of up to £1 billion for the new Forth road crossing, including £500 million as consequentials from Crossrail. I am disappointed, and I think all of Scotland will be disappointed, that the Scottish Government at the moment refuse to accept this offer of unprecedented support for this Forth crossing, but despite the opposition, the offer still lies on the table.

Mr. David Hamilton (Midlothian) (Lab): Does my right hon. Friend accept that not everyone agrees that there should be a second bridge going across to Fife? Indeed, many of us believe that it should be a tunnel, because it would last a lot longer. The problem with a second bridge is that in 30 years' time it will have the same problems as the present bridge, and maybe we should be looking at an alternative and that should be a tunnel—and we could take out some coal at the same time.

Mr. Murphy: I am happy to listen to my hon. Friend's representations that we should have a bridge, a tunnel, a flyover or any other sort of crossing across the Forth. The important thing is that we make progress. That is why the Treasury offered unprecedented deals to the Scottish Government of up to £1 billion to help to make a reality of the Forth crossing—because it is so important to Scotland's economy. I repeat, despite the SNP's opposition to an unprecedented offer, the offer still stands.

Gordon Banks (Ochil and South Perthshire) (Lab): Does my right hon. Friend agree that a funding mechanism is vital, not just for Scotland's infrastructure but, as we have already heard from my right hon. Friend the Member for Stirling (Mrs. McGuire), for the future of the construction industry in Scotland, which is in decline due to the failure of the Scottish Futures Trust?

Mr. Murphy: My hon. Friend raises an important point. He is an acknowledged expert on the construction industry in Scotland. Of course, the Scottish Government have to get Scotland building again, and it is for them to discuss how they do that. As for the UK Government, stability in the banking sector and the way in which we save savers from the actions of the bankers, the fact that there needs to be additional support for the construction industry in Scotland is generally recognised. However, I am confident that with the stability that the UK Government have ensured in the banking sector, Scotland's construction industry can have a bright future.

North Sea Oil

7. **Mr. Tom Clarke** (Coatbridge, Chryston and Bellshill) (Lab): What assessment he has made of the effect of measures announced in Budget 2009 on North sea oil exploration. [271867]

The Secretary of State for Scotland (Mr. Jim Murphy): I continue to discuss the issues with members of the Scottish Government, and with those in the oil and gas industry in Scotland.

Mr. Clarke: I thank my right hon. Friend for that reply. Does he agree that as well as economic investment, investment in human resources is important, not least because of the demands of health and safety?

Mr. Murphy: My right hon. Friend raises a crucial point. Business confidence is important, but so is the confidence of those who work in the North sea, following the recent dreadful, high-profile tragedy that claimed so many lives. That is why there is again consideration of the reintroduction of personal locator beacons. However, in the past, those lights interfered with the long-range beacons fitted to helicopters and life rafts. Of course we are looking into the detail of that horrific crash, and are seeing what lessons can be learned. The reintroduction of those beacons is now under consideration.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [272702] **Mr. Gregory Campbell** (East Londonderry) (DUP): If he will list his official engagements for Wednesday 6 May.

The Prime Minister (Mr. Gordon Brown): This morning I had meetings with ministerial colleagues and others. In addition to my duties in the House, I shall have further such meetings later today.

Mr. Campbell: Many regions of the United Kingdom, such as Northern Ireland, found it challenging to compete when times were good. In the depths of the current recession, what additional assistance can the Prime Minister offer the devolved institutions to improve the everyday lives of millions of United Kingdom citizens?

The Prime Minister: I hope that the hon. Gentleman agrees with me that the £600 million fiscal stimulus into Northern Ireland, which allows people to have more money to spend, advances public works programmes and gives more help for the unemployed, is the best way to deal with the problems that we have at the moment. In addition, 3,500 businesses in Northern Ireland have been able to defer their taxes to enable them to have better cash flow. We will continue to do everything that we can to make sure that businesses, home owners and individuals who are facing doubts and uncertainty about their jobs come through this difficult recession. We will continue to offer people real help now.

John McDonnell (Hayes and Harlington) (Lab): The Prime Minister will have seen the distressing reports this morning in *The Guardian* about the trafficking of children, who arrive at Heathrow, are taken into care, and are then trafficked into prostitution and used as child labour. He has always taken a personal interest in the care and safety of children. May I ask him to secure a report for the House on the measures that the Government are taking with the local authority to tackle this problem and prevent this human suffering?

The Prime Minister: Child trafficking is completely unacceptable and inhumane, and anything that we can do to stop child trafficking, we will do. I will investigate, with the Home Secretary, the reports that are in the newspaper this morning. We will do everything that we can to protect these children. We are leading internationally in asking other countries to help us ban the practice of trafficking children. We will do everything that we can.

Mr. David Cameron (Witney) (Con): There have been a series of U-turns, defeats in Parliament—even when the Government have a majority—and Ministers, including Cabinet Ministers, openly questioning the authority of the Prime Minister. Does the Prime Minister agree that those are signs of a Government in terminal decline?

The Prime Minister: Once again, the right hon. Gentleman cannot ask questions about the economy, swine flu or the difficult decisions that we have got to take in the world. Once again, he reduces everything to personality. We are getting on with the business of governing.

Mr. Cameron: If the Prime Minister got out and knocked on a few more doors, he would realise that his leadership is the issue. He likes to talk about those issues of substance, but his failure to reform welfare, his failure to deal with the deficit, and his failure to run a united Cabinet all have two things in common: they are failures, and they are his failures. So let us take the state of his Cabinet. This weekend, the Secretary of State for Communities and Local Government wrote an article calling the Government's performance "lamentable". Given that she is openly mocking the Prime Minister and his authority, what is she still doing in the Cabinet?

The Prime Minister: What would be unacceptable is if we were to follow the policies of the Conservative party. What would be lamentable is if we were to adopt the Conservatives' policy of doing absolutely nothing. Once again, the right hon. Gentleman has nothing to say about the big issues of the day; once again, he has nothing to say about unemployment; once again, he has nothing to say about the help that we are giving people for housing; and once again, he has nothing to say about help with businesses. Talking about U-turns, this is the man who promised to support the Government through the economic crisis; within a few days, he had abandoned that promise with his U-turn.

Mr. Cameron: I am afraid this just won't wash. The Communities Secretary—she has appeared; I am glad she is still here—did not write an article about the NHS. She did not write an article about unemployment. She did not write an article about the recession. She wrote an article about the Prime Minister's leadership and his failure of authority. Let me read out what she said:

"YouTube if you want to."

How much more mocking can one get than that? She also wrote:

"All too often we announce . . . five-year plans, or launch new documents—often with colossal price tags attached—that are received by the public with incredulity at best and, at worst, with hostility. Whatever the problems of the recession, the answer is not more government documents or big speeches."

Having just made a big speech, who on earth does the Prime Minister think she is referring to? Does he not realise that his Government simply cannot go on like this? Let me ask him again: why is she still in the Cabinet?

The Prime Minister: What we are doing is taking action on the recession. We are helping the unemployed get back into work—opposed by the Conservatives. We are helping people with their mortgages—opposed by the Conservatives. We are helping people with cash flow for their businesses—opposed by the Conservatives. We are going to give a September schools guarantee to every school leaver that they will get work, training or educational support, which is also opposed by the Conservatives. Let us talk about the real issues in government. It is about making big decisions in difficult times. The right hon. Gentleman is not up to the task.

Mr. Cameron: The big issue in British politics today is the fact that the man who is meant to be leading our country shows such appalling judgment. That is the reason he is losing his authority. Let us look at the string of misjudgments that we have seen. The Prime Minister has made U-turns on Titan prisons, the internet database, MPs' expenses and that humiliating defeat on the Gurkhas. Why does he think he got so many judgments so badly wrong?

The Prime Minister: If the right hon. Gentleman wants to talk about U-turns, the biggest U-turn is his supporting public spending, and now saying that he will not match our public spending. The biggest U-turn on education is to support money for education, and then to say that he will cut it. The biggest U-turn is to say that he was supporting us on the police and is now planning to cut police expenditure. Let us remember that he was the "hug a hoodie", which was another of his big U-turns. Compassionate Conservatism—it has gone, gone and gone.

Mr. Cameron: I am sure that sounded just great in the bunker, while the mobile phones and printers were flying round the room. The biggest U-turn of all is that of the Prime Minister, who fought the last election accusing us of £35 billion in spending cuts. On his own

arithmetic, he has cut £85 billion from his own spending. If he is so confident of his arguments and his judgments, and if he thinks he is on the right side of these arguments, why does he not do what Margaret Thatcher and Tony Blair did after four years of a Parliament and call a general election?

The Prime Minister: The reason I am confident about what we are doing is that there is nobody in the world supporting the policies of the right hon. Gentleman's party. Go to America, Germany, France or Italy—he has no supporters in Europe. He is completely isolated because he wants to cut spending during a recession, and everybody else recognises that we cannot cut our way out of recession. We have to invest our way out of recession. The Conservatives are in the dark ages on policy. They have to think again.

Mr. Cameron: The Prime Minister talks about isolated. He is isolated in his own Cabinet—he is the only one who thinks he is any good. What is it about this Prime Minister and elections? He would not fight an election to win the leadership of the Labour party; he did not fight an election to become Prime Minister; and he does not have the courage to go to the country now. Is not the truth that Britain needs a strong Prime Minister with a united party capable of taking long-term decisions? Instead, we have a wasted year with an utterly busted Government. No one doubts that he might have come into politics for the right reasons, but is it not clear that he is just not up to the job? The public know it, his party knows it, and now the Cabinet knows it, so why not do the last bold thing left and call an election?

The Prime Minister: I have listened to the right hon. Gentleman's six questions, and not one of them has been about policy. He has not raised the cause of the unemployed in Britain once; he has not mentioned mortgage holders or home owners once; he has not mentioned small businesses once; he has not mentioned the state of the economy and what we can do to improve it once; he has not mentioned the public services once; and he has not mentioned health and education once. He is completely out of his depth when it comes to the big issues in this country.

Mr. Parmjit Dhanda (Gloucester) (Lab): Is my right hon. Friend aware that in just a fortnight's time, a £120 million designer outlet will open at Gloucester docks, with the creation of more than 1,000 local jobs? Will he call on the regional development agency to continue to invest in urban regeneration companies? It is creating jobs and investment in communities such as mine, and that is a real contrast with when the Opposition were in power.

The Prime Minister: I am grateful to my hon. Friend, who fights very hard for the interests of his constituents. More jobs are coming to his constituency as a result of what he is doing, and he knows that the Conservative party would abolish the regional development agency. We will support it, we will invest; they would make cuts. That is the dividing line between the parties.

Mr. Nick Clegg (Sheffield, Hallam) (LD): Yesterday, the Prime Minister gave a speech on education and young people. It was his big chance to show that he still has some big ideas for the country: to explain why one in three 11-year-olds still cannot read or write properly; to explain why we have more young people than ever before in prison, in debt or on anti-depressants; and to explain why under his Government we have the unhappiest children in the developed world and a care system in crisis. How is a bit of tinkering with the schools complaints procedure going to fix any of that?

The Prime Minister: Let us deal with the right hon. Gentleman's first point, about children and reading. Far more, and a far higher percentage of, children are able to read and write at 11 as a result of the decisions that we have taken as a Government. There are 30,000 children who now get personal tuition to be able to read, and another 30,000 who get personal tuition to be able to write. No Government have invested more in reading, literacy and counting for children, and we have doubled our expenditure on the education of every child over the past 10 years. Of course, there is a great deal more to do and, of course, we are worried about instances of children in care, where there has to be reform. But, we have doubled investment in education over 10 years. It could not have happened under a Liberal or Conservative Government.

Mr. Clegg: There comes a point when stubbornness is not leadership; it is stupidity. *[Interruption.]* At least I say it to the Prime Minister's face; Labour Members say it behind his back. For the past 12 years, this Government have vilified and criminalised young people and abandoned a whole generation, and all the Prime Minister can do is spin a vacuous speech to keep his own party off his back. Is it not now obvious that he does not really care about what is right for the country? All he really cares about is saving his own skin.

The Prime Minister: I am sorry that the right hon. Gentleman prepared his answer to the second question before he got the answer from me. The truth is that we are doing more than ever before to help children realise their potential. Sure Start did not exist until there was a Labour Government; nursery education until age three did not exist until there was a Labour Government; and all the programmes that have doubled expenditure and raised standards in primary schools did not exist until there was a Labour Government. Of course, we have more to do, but it would be better if he supported us in doing the right things, rather than attacking us when we are doing the right things.

Mr. Kevin Barron (Rother Valley) (Lab): May I say to my right hon. Friend that, despite the current state of the economy, Rother Valley still has 3,000 fewer people unemployed than it had in 1997? May I encourage him to keep up that help and assistance for areas that need it and to forget about the blustering from the Opposition Front-Bench spokesmen?

The Prime Minister: My right hon. Friend is absolutely right. We are doing everything that we can to protect jobs and help people into jobs. Some 350,000 people, who did not receive tax credits before, now receive them to make up for the short-time working that they have to undergo, and we are trying to help people who are unemployed to get back into work as quickly as possible, given that there are almost 500,000 vacancies in the economy. What will not work is doing absolutely nothing

and failing to help the unemployed. I must tell my right hon. Friend that, in the Budget, the Chancellor was given an estimate that if we had refused to take action, 500,000 more people would either face unemployment or be unemployed. That is the difference between Conservative policies and Labour.

Q2. [272703] **Steve Webb** (Northavon) (LD): My constituents who have worked hard and saved hard now feel betrayed, because the value of their savings has slumped and interest rates have plunged close to zero. Indeed, the banks that those constituents' taxes have helped to bail out are the very ones offering them virtually nothing for their savings. What message does the Prime Minister have for my constituents who now wonder why they bothered to save?

The Prime Minister: As the hon. Gentleman knows, the worst thing that could happen to savers would be rampant inflation wiping out the value of their savings. We have kept inflation low during the past 11 and 12 years. The second thing that we have tried to do in the Budget—particularly for elderly savers—is to increase the amount of money that can be invested in individual savings accounts. Soon that will be £10,000 a year. We are aware that low interest rates put additional pressures on savers. We have taken action in the Budget to help them, and I hope that the hon. Gentleman will support that.

Mr. David Chaytor (Bury, North) (Lab): In my constituency today, we have the biggest town centre redevelopment in the north-west of England. It includes a new shopping centre, a hotel, a new office block, two primary care centres and a new police station. The Opposition's spending plans would cut 200 officers from Greater Manchester police. What would be the point of a new police station with that level of spending cuts?

The Prime Minister: My hon. Friend makes a point. When people are looking, in every area, at the numbers of police who are going to be on the beat, or the number of teachers or classroom assistants who are going to be in schools, they have to compare the spending policies of our party with the spending policies of other parties. It is absolutely clear that thousands of police would lose their jobs as a result of the policies of the Conservative party. It is also clear that spending on regeneration would be brought to a halt by the policies of the Conservative party. People face a choice. We have to invest our way out of recession, as America and other European countries are doing, and not cut our way out of recession. That is the 1930s route; we are taking the modern way out of recession.

Q3. [272704] **Mr. Stephen Crabb** (Preseli Pembrokeshire) (Con): What does the Prime Minister intend to do about the important issue of bullying in the workplace, given the reliable reports of a senior Whitehall boss throwing around mobile phones and printers and swearing at switchboard operators?

The Prime Minister: Any complaints are dealt with in the usual manner.

Michael Connarty (Linlithgow and East Falkirk) (Lab): The Prime Minister—*[Interruption.]*

Mr. Speaker: Order. Let the hon. Gentleman ask his question.

Michael Connarty: I have always recommended that the Prime Minister treats everything from the Opposition as a joke.

The Prime Minister will recall meeting me and my hon. Friends the Members for Paisley and Renfrewshire, North (Jim Sheridan) and for East Lothian (Anne Moffat) to hear our arguments against the use of service charges and tips to pay the minimum wage. What are the Government going to do to end that scandalous practice, which is harming millions of people in this country?

The Prime Minister: Last month marked 10 years of the national minimum wage, which I am proud to say was introduced by this Government. It has helped millions of workers over these years. There has been an issue about tipping; consumers—people who are buying goods—leave their tips in good faith, expecting them to go to the workers themselves. Our public consultation, which we promised, has shown that consumers, workers and businesses support a change that would mean that tips would be in addition to the national minimum wage. I believe that that is the right policy, and that is why we will implement a change in the current policy.

Q4. [272705] **Andrew Rosindell** (Romford) (Con): The Prime Minister will be aware that twice as many people have signed the online petition at No. 10 calling for his resignation than voted for him at the last general election. What is his response to them?

The Prime Minister: I have listened to Tory Back Benchers for the past 20 minutes, and not one of them has asked a serious question about policy. They should be ashamed of the way they are treating the House of Commons.

Q5. [272706] **Ms Celia Barlow** (Hove) (Lab): This weekend, I witnessed the great escape of Brighton and Hove Albion in securing its place in the first division. Its next goal of championship football is boosted by construction under way at Falmer Community stadium, which will eventually provide 66 apprenticeships, not to mention those involved in building it. That is a stark contrast to Brighton and Hove city council—

Mr. Speaker: Order. The Prime Minister will have an answer.

The Prime Minister: Let me, too, congratulate the Brighton team on its success; I think that the whole House will want to do so. I saw some of the photographs of the celebrations. I understand that Brighton has delivered nearly 4,000 Skills for Life achievements, and that is helping young people. I believe that the Learning and Skills Council has provided Brighton and Hove Albion's football in the community scheme with funding, and we will continue to support that. Football clubs that are at the centre of their communities are good for every community, and Brighton has proved exactly that. It brings not only community support but football success.

Q6. [272707] **Mr. Gerald Howarth** (Aldershot) (Con): Two years ago, the Prime Minister ruled out holding an immediate general election on the grounds that he needed time to set out his vision. Will he tell us how that epic project is proceeding before the British people and he are put out of their collective misery?

The Prime Minister: Has any Question Time exposed the hollowness of the Conservative party more than what we have seen today? We are dealing with an international financial recession, a health epidemic, which we must deal with in the most sensitive way, and problems that arise from mortgages, unemployment and businesses. I am ashamed that not one Conservative can even raise a question about these issues.

Q7. [272708] **Kelvin Hopkins** (Luton, North) (Lab): I am sure that my right hon. Friend agrees that it is absolutely vital to retain what we have left of British manufacturing. In recent days, there has been speculation about the future of the General Motors plants in Britain—in Ellesmere Port and in Luton. Will he undertake to do everything possible and necessary to ensure that those plants stay open and that we keep those jobs in Britain?

The Prime Minister: We are in regular touch with every one of the major car companies in Britain. As my hon. Friend knows, proposals arising from Fiat in relation to Chrysler and General Motors are being discussed. There is another Canadian bidder looking at trying to move into Europe. A number of issues have to be discussed in relation to these offers. We are determined to protect our Ellesmere Port and Luton operations of General Motors. We are also determined to help Jaguar Land Rover and all the other companies that exist in our country—Honda, Toyota, Nissan—and we are determined, as he knows, to help LDV, as we have done, to give the company a loan that enables it to complete due diligence on a new bid that is being made for it. Where we have had requests, we have been prepared to consider them and, in many cases, to take the action that is necessary.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): On another serious policy issue, given the Prime Minister's commitment to greater parliamentary scrutiny, will he confirm today that there will be a full parliamentary debate and vote before the next stage of the Trident programme?

The Prime Minister: There are regular parliamentary debates on these issues. There is the defence debate that takes place every year. The House of Commons came to a view on this issue, and people are perfectly free to raise it on the Floor of the House. Defence debates happen regularly and will continue to do so.

Q8. [272709] **Jim Sheridan** (Paisley and Renfrewshire, North) (Lab): My right hon. Friend will be well aware of the difficulties facing employers and employees in the construction industry—problems that have been further compounded by the activities of illegal gangmasters. Will he therefore agree to meet me and other like-minded colleagues to talk through the issues involving illegal gangmasters in the construction industry?

The Prime Minister: I am happy to do so. This issue concerns me and anybody who looks at the performance of the construction industry. We are also, as I said last week, looking at the operation of illegal blacklists in the construction industry, which is an unacceptable practice.

Q9. [272710] **Mr. Edward Garnier** (Harborough) (Con): Can the Prime Minister tell me whether the Communities Secretary's complaints about his Government's failures were dealt with in the usual way?

The Prime Minister: If the hon. and learned Gentleman were asking about how we are regenerating the area that he represents, the housing policy that the Communities Secretary is responsible for or the funding of local government, it would be a serious question. But unfortunately, even before the local council elections, the Conservatives cannot ask anything about local government. Of course, they are prohibited by their policy from asking anything before the European elections about Europe.

Q10. [272711] **Mrs. Joan Humble** (Blackpool, North and Fleetwood) (Lab): When the Government are looking at allocating the very welcome additional £300 million to be made available to further education colleges, will the Prime Minister look especially at those schemes that are directly linked to regeneration projects, such as the one in Blackpool, where a site has already been cleared in the town centre for our excellent college to move into and spearhead the regeneration of the town?

The Prime Minister: I know very well about the issues in Blackpool, about the importance of learning, education and training and about the big plans that exist in Blackpool to extend further education. We have put aside an extra £300 million of capital funding for further education colleges. We are now working with the Learning and Skills Council to deliver a swift resolution to these issues. Since 2001, 700 projects at 300 colleges have been funded. I have to say that in 1997 not a penny was going to investment in further education colleges. Over this spending period, as a result of the announcements in the Budget, we will be spending £2.6 billion, and I hope that my hon. Friend's colleges will benefit.

Mr. Iain Duncan Smith (Chingford and Woodford Green) (Con): We in this House owe a debt of gratitude to the Gurkhas, who have served this country through wars going back a number of hundred years. Did the Prime Minister notice that last week, the whole House united to reject the present Government's position, including 100 of his colleagues? It looks like the Government are beginning to say that they do not feel bound by that vote. Will the Prime Minister tell the House whether his Government will be bound by the terms of that vote last week?

The Prime Minister: We are the first Government who have given justice to the Gurkhas; we are the first Government who have allowed Gurkhas right of settlement in the United Kingdom; we are the first Government who have given Gurkhas equal pensions and equal pay; and we are the first Government to double the pension of Gurkhas who stay in Nepal. We will listen to the voice of the House, as it was expressed last Wednesday. We are speeding up the 1,500 applications and hope to

have them completed by the end of May. We are looking at the five judicial reviews as a matter of urgency and will complete that work very soon, and we will come back to the House with a statement. I have always said that we want to do this stage by stage, and we will come back to the House with a statement.

Q11. [272712] **Mr. David Kidney** (Stafford) (Lab): Does the Prime Minister agree that, based on what I heard again last night at a packed meeting about the serious experiences of failings that people have had at Stafford hospital, which they allege are continuing, there is an urgent need for a change of culture, stronger public and patient involvement and a way of resolving and closing the issues for grieving relatives, including an inquiry that answers all their questions?

The Prime Minister: It pains us all to have to look at the appalling failures that happened at Stafford hospital, but I hope that my hon. Friend agrees that since they were exposed, swift and decisive action has been taken locally. That includes the opportunity for anyone concerned about care that they or a loved one received at Stafford hospital to seek an independent clinical review.

A report was done last week that showed that there have been significant improvements at Stafford. Recommendations in such reports will support the staff at Stafford hospital. Extra nurses have been employed and an experienced assistant director of nursing has been brought in. We are boosting the front-line staff, and we are further improving patient care as part of a package of measures. The Healthcare Commission has already conducted a full investigation and produced a detailed report laying bare the failures, but I can say that anyone concerned about care of any loved one will have an independent clinical review.

Q12. [272713] **Mr. Graham Brady** (Altrincham and Sale, West) (Con): One million people across the north-west of England worked to raise the £6 million that the Christie hospital stands to lose in the Icelandic bank Kaupthing. Why is the Prime Minister now the one person standing in the way of compensation?

The Prime Minister: I met the nurses at the Christie hospital when I was in the north. I have also heard and answered questions in this House about it and written many letters to people, because I am worried about the situation, too. The fact is that we are not the regulatory authority and that many, many more people had finances in institutions regulated by the Icelandic authorities. The first responsibility is for the Icelandic authorities to pay up, which is why we are in negotiations with the International Monetary Fund and other organisations about the rate at which Iceland can repay the losses that they are responsible for. However, we have also agreed that we will look at the particular case of the Christie and see what we can do to understand how we can meet its need.

We and the hon. Gentleman have to accept the fact that many more people who were affected by the Icelandic regulatory authority lost money as a result, which means that certain precedents would be set. We have to look at the matter in the round, and we will do so.

Anne Snelgrove (South Swindon) (Lab): Local people are very concerned about Swindon borough council's cuts in park-and-ride services and about cuts of up to four branch libraries, despite more than £400,000 of extra funding from the Government. Is that not a warning of Tory public service cuts instead of Labour investment?

The Prime Minister: Mr. Speaker, you do not have to look in a crystal ball; you look at every Tory authority round the country. They are cutting back on public services, obeying the orders of the Conservative leadership that cuts in public services come before the investment that they need. That is one of the issues that people will be talking about in the next few weeks, because it affects real lives.

Points of Order

12.31 pm

Mike Penning (Hemel Hempstead) (Con): On a point of order, Mr. Speaker. You kindly granted an Adjournment debate in Westminster Hall for 90 minutes this morning on the important subject of the further education funding crisis. I wonder whether you are aware that no Minister was present for the start of that debate, that there was no Parliamentary Private Secretary either, and that the officials arrived 20 minutes late. Is there any way that this sort of insult to the House, with no Minister present for the start of the debate, can be addressed in future?

Mr. Speaker: I am not very happy about the report that the hon. Gentleman has made, and I must look into it. Ministers should always be courteous to the House and ensure that they turn up for debates. We all have to be good timekeepers in this House, and there is no reason why Ministers should not be good timekeepers.

Mr. Stewart Jackson (Peterborough) (Con): On a point of order, Mr. Speaker. In answer to a parliamentary question in March, the Minister for Housing told me that since 1 January, 180 households were being helped under the mortgage rescue scheme and that

"500 applications have been made, resulting in approximately 180 cases meeting the eligibility criteria."—[*Official Report*, 12 March 2009; Vol. 489, c. 747W.]

Subsequently, we learn this month from departmental figures that between January and March this year just one family across the whole country has been assisted in that way. Do Ministers have a responsibility in this regard, and is it incumbent on them to give truthful and accurate answers to parliamentary questions?

Mr. Speaker: Every hon. Member, including Ministers, will be truthful. It is up to Ministers how they answer parliamentary questions.

Anne Main (St. Albans) (Con): Further to the point of order raised by my hon. Friend the Member for Hemel Hempstead (Mike Penning), Mr. Speaker. In an excellent debate, I was extremely surprised, as were other hon. Members, to hear in response to a probing question from my hon. Friend the Member for South Holland and The Deepings (Mr. Hayes) that officials in the Department for Children, Schools and Families were aware of the Learning and Skills Council funding debacle, but that the Minister for Schools and Learners was unaware of it for a month. Surely we should have a statement and a debate on the Floor of the House.

Mr. Speaker: I managed to give the hon. Member for Hemel Hempstead (Mike Penning) a debate for 90 minutes, so we have been doing well—but don't push your luck.

Daniel Kawczynski (Shrewsbury and Atcham) (Con): On a point of order, Mr. Speaker. The parliamentary ombudsman, Mrs. Abraham, has issued a section 10(3) report in respect of the Government's response to her original report on Equitable Life. As you will know, Mr. Speaker, that is almost an unprecedented step for her, which she has taken because of the anger that she feels over the Government's lamentable response. Is there anything that you could do to ensure that the parliamentary ombudsman's voice is heard in this matter?

Mr. Speaker: There is nothing to stop the hon. Gentleman from trying for an Adjournment debate on this matter.

Developing Country Debt (Restriction of Recovery)

Motion for leave to introduce a Bill (Standing Order No. 23)

12.34 pm

Ms Sally Keeble (Northampton, North) (Lab): I beg to move,

That leave be given to bring in a Bill to regulate the recovery of the defaulted sovereign debt of developing countries; and for connected purposes.

This small Bill touches on some of the big issues of our times: the unbridled profiteering of some financial institutions; the pressing need for regulation of the excesses of those institutions; and the gulf between their massive wealth and the desperate poverty of millions of people in developing countries. The Bill aims to put some simple regulations in place to stem the worst of the abuses by the vulture funds that profiteer from the debts of some of the poorest people in the world.

The economic crisis has already highlighted the flaws in the global financial system, which we all recognise is in need of reform. It has revealed widespread under-regulation of various financial market actors, including hedge funds and other investors. There is agreement across the House that regulation that is too "light touch" has not served us well, and that more controls are needed to ensure the standards of probity that we expect in the UK as a world centre for financial services. That includes the regulation of hedge funds, and just this week there have been proposals from Europe in that regard. This Bill, therefore, is being proposed against the background of the Government's commitment to act to regulate financial services.

Another aspect of the background to the Bill is the Government's outstanding commitment to dealing with developing country debt, which is greatly undermined by the activities of the so-called vulture funds. The Bill is aimed directly at those companies and funds that buy up defaulted sovereign debt at highly discounted prices, then try to recover the full amount, plus costs and fees, through the courts—often, unfortunately, through the UK courts.

The funds are often based in tax havens and are secretive, and it is the secrecy as well as the profiteering that this Bill seeks to address. One of the most notorious cases is that of Donegal International Ltd, which set its sights on Zambia. An excellent investigative report by the BBC's "Newsnight" programme revealed the full extent of the scandal.

Zambia was provided with a loan to buy some tractors, but by the 1990s it was unable to pay the money back. The country was in the process of trying to find a settlement with the creditors for the debts, but the fund purchased the debt for the knockdown price of $3.3 million in 1999. It proceeded to pursue Zambia through the UK courts for the full amount of the debt, plus interest and fees, demanding an astonishing $55 million in total. The courts awarded a total of $15.5 million, more than five times what the fund had paid for the debt—money that could have been used to train doctors, nurses and teachers, or to build hospitals. A big chunk of it, enough to pay for 30,000 primary school places, ended up in the hands of a secretive, unaccountable private fund.

That is not an isolated case. A current example involves the Democratic Republic of the Congo and a company called FG Hemisphere, which has been awarded $100 million against an original claim of $44.1 million. In addition, Argentina is being pursued through the UK courts for $285 million. Such activity undermines UK and international efforts to reduce the unsustainable debts of developing countries.

Our Government have been at the forefront of driving through the cancellation of the debts of some of the poorest countries. We have contributed to the programme of debt reduction for 35 countries, 29 of them in Africa, providing a total of $51 billion in debt relief.

Debt relief and cancellation have allowed the release of funds for spending on social projects in the countries involved. Thousands of new schools and classrooms have been built as a result, and there has been investment in water systems, teachers, health care projects and many other programmes. Many of Zambia's creditors, including the UK, agreed to cancel its debts on the understanding that the funds would be used to reduce poverty among the very poor, and not to provide a huge and completely undeserved payday for the very rich.

Thanks to the Jubilee Debt Campaign and the "Newsnight" exposé, some action was taken by the UK and other countries to reduce the risk of sovereign debts falling into the hands of vulture funds. Agreement was reached with the World Bank to help poor countries buy back their commercial debts at a discount. In addition, the board of the Africa Development Bank agreed to endorse the establishment of an independent legal support facility to advise countries on how best to tackle vulture fund activity. However, the global economic downturn has produced more debt problems in the developing world; hence the need for this Bill.

The Bill has four main provisions. First, it would stop the excessive profiteering by preventing financial institutions and companies from buying up developing countries' debts at cut-rate prices, then suing the country's Government through the UK courts for the full original amount of the debt. The Bill would limit the maximum recovery amount to the sum paid by the financial institution, plus a simple rate of interest and charges specified in the Bill.

Secondly, the Bill would introduce accountability. It makes provision for controls on recovery actions and introduces reporting requirements. The financial institutions—the vultures—would have to get permission from the UK courts before starting recovery proceedings in the UK for any amount of defaulted debt from a developing country. In addition, the vulture would have to ensure that a copy of the application went to the UK Government and to the UK representative of the developing country's Government.

Thirdly, the Bill would ensure greater transparency. It would shine a light on the vultures and require the financial institutions to disclose the beneficiaries of the recovery proceedings. It has been completely impossible to get information about this in the past. We have been unable to find out who has benefited from some of these huge undertakings involving recovery actions pursued through the UK courts.

Fourthly, the Bill would help to combat corruption. It contains anti-corruption measures that would require a vulture fund to declare any payments or gifts given by it or its colleagues to the developing country's Government.

I would like to pay particular tribute to the colleagues in the House who were active in putting their names forward to support the Bill. I would also like to thank the Jubilee Debt Campaign, which first brought this subject to light, and which has worked tirelessly to keep debt at the heart of the international debate on poverty and economic justice. I would also like to thank the Clerks in our Public Bill Office, who did a phenomenal job of drafting the Bill. Similar legislation is being introduced in the US Congress, and I hope that the special relationship that exists between our two countries will extend to dealing with this very unacceptable face of capitalism.

Over the past months, we have all been appalled by some of the extraordinary greed in the financial sector—Fred Goodwin's pension springs to mind, among other things—but the impact of these vulture funds on developing countries is far worse than anything that we see here in the UK. About two thirds of Zambia's 12 million people live on less than $1 a day. They are truly the poor of this world. The amount of money that one single vulture fund tried to get from that country would have been enough to keep all those very poor people going for five days—a full working week. That level of profiteering is well in excess of anything that we have seen in the UK, and it is wrong that this country, which has such a proud record on international aid and debt relief, should be used as a haven for secretive and exploitative funds operating without scrutiny or regulation.

After I have presented the Bill today, we will be discussing in our debate on the Finance Bill the impact of the excesses of the banking system on our own economy. My Bill deals with the consequences of those profits on some of the poorest people in the world, and I hope that the House will give me permission to introduce it.

Question put and agreed to.

Ordered,

That Ms Sally Keeble, Sir Gerald Kaufman, Hilary Armstrong, Mr. Peter Lilley, Andrew Stunell, Mr. Andy Reed, Tom Brake, Mr. David Drew, John Austin, Mr. David S. Borrow, Mark Lazarowicz and John Bercow present the Bill.

Ms Sally Keeble accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 12 June and to be printed (Bill 91).

Finance Bill

[Relevant Document: The Eighth Report from the Treasury Committee, Session 2008-09, on the Budget 2009, HC 438-I]

Second Reading

12.45 pm

The Chief Secretary to the Treasury (Yvette Cooper): I beg to move, That the Bill be now read a Second time.

This year's Finance Bill comes as the world economy is shrinking for the first time in peacetime since 1932. It is the first time ever that five of the biggest banks in the world have had to be rescued by their national Governments. That is the scale of the international challenge we are facing.

This Finance Bill provides for vital measures to support the economy this year and to help British families and businesses through the more difficult times. It also provides for help to support the long-term prosperity of Britain and to ensure that public finances are sustainable for the future. Those two objectives are fundamentally linked, but the main Opposition party, astonishingly, seems to oppose both of them.

If we do not take action now to get our economy moving and growing, it will cost us more in the long run. We need to take action now to support businesses and families to help them through the downturn. If we do not provide real help now, recession will last longer and run deeper, reducing the tax revenues we get from growing businesses. It will increase the amount we have to spend on unemployment and it will push our borrowing and our debt up higher and cost us all more in the long run. That is why the best way to get borrowing down in the future is to support growth in our economy now.

Stewart Hosie (Dundee, East) (SNP): I agree entirely, as I think that cutting budgets in the teeth of recession is very foolish and that fiscal stimulus is essential as monetary policy alone is not enough. Why, then, is the Chief Secretary cutting £500 million from the Scottish budget next year, when everybody knows that the UK and the world economy will still be in recession? Why are her Government taking such a foolish measure, which runs against her own argument?

Yvette Cooper: The hon. Gentleman knows that that is simply not the case. In fact, we are increasing the Scottish Executive's budget by more than £2 billion over the next few years. We expect the Scottish Executive to make efficiency savings in 2010-11. Indeed, if the Scottish Executive set the same efficiency targets that Welsh, Northern Ireland and English Departments have set—of around 3 per cent., instead of the 2 per cent. set by the Scottish Executive—the additional efficiency savings could be used to support the economy in Scotland as well as across the rest of the country.

The Bill provides for a series of measures—many of them temporary, many of them funded by short-term increases in borrowing as part of the fiscal stimulus that the Government have outlined—to help the economy right now. Clause 9 thus legislates for the temporary VAT reduction to 15 per cent. to run until the end of this calendar year.

Mr. Tobias Ellwood (Bournemouth, East) (Con): The right hon. Lady will be aware that VAT is due to go back up to 17.5 per cent. on 31 December. I do not

[Mr. Tobias Ellwood]

know what she will do on that evening, but many retail outlets and establishments will be open, so it is not a great time suddenly to change VAT levels from 15 per cent. to 17.5 per cent. For the benefit of our tourism and services industry, I plead with the Chief Secretary to move the date from 31 December to, say, 3 January, which is a Sunday.

Yvette Cooper: Her Majesty's Revenue and Customs has said that it will continue to discuss with businesses how to ensure that the change happens smoothly. It is right to ensure that this VAT reduction is only temporary, as it is part of our fiscal stimulus. The hon. Gentleman is wrong to oppose the temporary reduction in the VAT rate, which applies across the country, because the cut is equivalent to putting £12 billion into the pockets of consumers and businesses that would otherwise have been taken in tax. It is about putting money into people's pockets and into the economy when it is most needed.

Mr. Ellwood *rose—*

Yvette Cooper: I will give way once more to the hon. Gentleman, but only if he will tell me why he opposes a VAT cut that supports business, and about which the chief executive of Tesco said:

"The VAT reduction last November was worthwhile. It gave £8-10 billion directly to consumers and as a result helped small businesses in particular."

Will the hon. Gentleman explain why he wants to take that £8 million to £10 million away from businesses, including small businesses, right now?

Mr. Ellwood: I am grateful for the Chief Secretary's generosity in giving way again, but she has been here longer than I have, and she is aware of the conventions of the House. If she wants us to answer the questions, let her party call a general election, and we shall be delighted to do so.

Let me return the Chief Secretary to my original question, which has nothing to do with Tesco other than the fact that Tesco is likely to be open on the evening of 31 December, at the end of the year. Please will she consider moving the date on which the VAT rate is returned to 17.5 per cent. to 3 January? That is a simple question. Will she answer it directly, rather than taking us down another alley?

Yvette Cooper: The hon. Gentleman should accept that if he wishes to take part in debates in the House, he needs to be able to defend his own views rather than merely asking questions about other people's. That, in the end, is what parliamentary debate is all about.

Whatever the date on which the VAT rate changes, businesses will naturally want it to be extended by a few more days, because they know that they are benefiting from the cut.

Several hon. Members *rose—*

Yvette Cooper: Of course people will have different views about the right date on which to change the rate. We have specified a date to give businesses certainty, so that they can plan. The most important thing that businesses need—*[Interruption.]*

Mr. Speaker: Order. Hon. Members must let the Chief Secretary speak. That is the nice, polite way of doing things, is it not?

Yvette Cooper: Hon. Members need to recognise that the important thing is to provide certainty for businesses so that they can plan. Whatever the date, they will need to make arrangements to comply with the change, and HMRC will continue to work with them to ensure that the arrangements are made smoothly. I repeat, however, that hon. Members continue to oppose a cut in VAT that is making a huge difference across the country, supporting the economy at what would otherwise be a devastating time given what is happening throughout the world. The independent Centre for Economics and Business Research has examined the impact on retail sales, and has said:

"The figures are clear; the VAT cut is working... There has been a clear and immediate impact on retail sales since its introduction."

The centre estimates that, between December and February, retail sales were £2.1 billion higher than they would otherwise have been.

Liberal Democrat Front Benchers oppose the reduction in VAT because they would have preferred to spend the money differently. I respect that position, although I disagree with it. Of course it is also right to put money into public sector capital projects, and we are doing that as well, but the advantage of the VAT cut was that it was by far the fastest way of putting money into the economy to provide immediate support across the economy. Unfortunately, Conservative Members simply opposed the VAT cut, along with anything else involving additional investment or spending in the middle of a recession—an economic policy that is not just bonkers but dangerous.

Dr. Nick Palmer (Broxtowe) (Lab): Does my right hon. Friend agree that my neighbour, the right hon. and learned Member for Rushcliffe (Mr. Clarke), was right on this point, although he was shut up by his colleagues? More broadly, the stability of high street sales has surprised many people during the current recession, and it is depressing to observe the eagerness with which Conservative Members have tried to talk down the economy throughout the crisis.

Yvette Cooper: My hon. Friend is right. The VAT cut has put substantial additional investment into the economy at a time when it needs that extra help, and our approach has been supported by countries all over the world.

Peter Luff (Mid-Worcestershire) (Con) *rose—*

Yvette Cooper: I will give way to the hon. Gentleman, but then I must move on.

Peter Luff: I am grateful to the Chief Secretary. I hope to explain in detail later—if I am lucky enough to catch the eye of the occupant of the Chair—why I oppose in principle the Government's policy on VAT reductions, but may I first press the Chief Secretary about the date? I understand that the retail industry is very worried about the change being made in the middle of the Christmas sales period. Has the Chief Secretary received representations, and why is she sticking so firmly to 31 December?

Yvette Cooper: We have had discussions with representatives of the retail industry and others about the timing of the change. The main thing they said they needed was certainty about the date so that they could plan, which is why we have set a date. Extending the VAT reduction until, say, the end of January to move it outside the sales period would have cost substantially more. We made a judgment, and the Chancellor made a judgment, about what time would be right, bearing in mind the scale and timing of the fiscal stimulus. I repeat that the change in the VAT rate is part of the fiscal stimulus, which we believe is the right measure to take and which evidence shows is helping the economy through a difficult time, but which Conservative Members have continually opposed.

Mr. Greg Hands (Hammersmith and Fulham) (Con) *rose—*

Yvette Cooper: I will give way to the hon. Gentleman if he will explain why he wants to take billions of pounds out of the economy at a time when that money is making a real difference to consumers and businesses across the country.

Mr. Hands: The right hon. Lady claimed that her VAT cut was supported throughout the world. Can she give at least one example? Can she name any other country that has copied it?

Yvette Cooper: I said that the fiscal stimulus was supported by countries throughout the world. Let us be clear which countries support a fiscal stimulus: America, Japan, France, Germany, Italy, and all the countries in the G20 are supporting their economies with different kinds of investment.

The Conservative party is completely isolated, because it is the only major party not only in Europe but in the entire world that is calling for cuts in spending in the middle of a recession, and cuts in investment, to take money out of the economy. That is absolute, utter madness. It is completely irresponsible in terms of the future, and in terms of people who currently have jobs. The measures that we are taking are supporting half a million jobs: half a million jobs that could be lost as a result of the approach the Conservatives have taken. They do not care about unemployment, and they do not care about protecting and supporting people's jobs, because they want to take billions of pounds out of the economy at a time when it is vulnerable.

Mr. Andrew Love (Edmonton) (Lab/Co-op): Does my right hon. Friend see a contradiction in the fact that Conservative Front Benchers oppose the reduction in VAT yet Conservative Back Benchers are pleading for it to be extended?

Yvette Cooper: My hon. Friend is right. In fact, the contradictions between Conservative Back Benchers and Front Benchers on this issue, and even between its Front Benchers, are legion.

Let me explain how other clauses are providing support as part of the fiscal stimulus. Clause 24 doubles tax breaks for business investment. It increases the rate of capital allowance relief to 40 per cent. for one year from April, allowing all firms investing over £50,000 in the current financial year to benefit from a higher rate of tax relief on investment. It is a boost for business but it is opposed by the Conservatives, although, to be fair to the shadow shadow Chancellor, the right hon. and learned Member for Rushcliffe (Mr. Clarke)—who was mentioned earlier by my hon. Friend the Member for Broxtowe (Dr. Palmer)—he has said:

> "The increase in capital allowances is worth trying. I approve of that."—[*Official Report*, 27 April 2009; Vol. 491, c. 612.]

The problem is that the shadow Chancellor does not approve of the money being provided to pay for it. That investment is needed to support the economy now.

For basic rate taxpayers, clause 3 means an increase in the income tax personal allowance, making them £145 better off than they were in April last year. It provides extra help for ordinary families now, which is opposed by the Conservatives. Clause 23 extends from one to three years tax breaks for business through the loss carry-back rules. It will help up to 75,000 businesses that made a loss last year, and it is part of the fiscal stimulus. It provides real help for businesses now, which is opposed by the Conservatives.

Whether it is the £5 billion of extra help for the unemployed, the £600 million of extra help enabling teenagers to stay at school, or the £3 billion for public sector capital programmes, time and again the Conservatives oppose the vital investment and support that our economy urgently needs so that we can emerge from the recession sooner and stronger.

Lembit Öpik (Montgomeryshire) (LD): I am very sympathetic to the Chief Secretary's efforts to provide tax reliefs for businesses, but she will know that, notwithstanding the support that the Government are trying to give, the banks' reduction in overdraft facilities tends to negate some of the benefits in the Bill. Can she do anything to force the banks to provide facilities that companies desperately need, without which many of her proposals will be compromised to some extent?

Yvette Cooper: The hon. Gentleman makes an extremely important point. He is right that this started with the global credit crunch and the restrictions on credit for companies across the country. As a result of the additional support we have given, particularly to the Royal Bank of Scotland and the Lloyds group, clear lending agreements are now in place, under which lending must be substantially increased compared with last year. We are monitoring those lending agreements very closely. We are also working with other lenders across the country, because lending by foreign banks has dropped by more than £100 billion since the credit crunch began. The issue clearly goes much wider than the major banks that I have just mentioned.

The hon. Gentleman might also be interested to know that the Department for Business, Enterprise and Regulatory Reform is holding regional engagement meetings and events, bringing together senior regional banking executives and regional businesses to discuss how lending operates locally and to try to improve that.

Mr. Philip Hammond (Runnymede and Weybridge) (Con): The right hon. Lady acknowledges that the problem is not only the big banks in the UK, but other banks, particularly foreign banks, withdrawing from the marketplace. Will she put it on the record that the Government recognise the important role that non-bank

[Mr. Philip Hammond]

lenders used to play, particularly in the small and medium-sized enterprises credit market? They are now almost totally absent from the market, yet they seem to have been excluded from all the packages the Government have put in place. Does she recognise the importance of getting non-bank lenders back into the SME market?

Yvette Cooper: The hon. Gentleman is right that credit has been constrained across the market. Some intermediary lenders have found it difficult to get finance and therefore to get involved in lending. We think it is important to support lending across the board within a well-regulated framework, which is why we have set out major lending agreements. We are working across the board. The lending panels approach, chaired by the Chancellor and Business Secretary, is looking at lending not simply by the major banks, but at lending institutions more broadly.

Harry Cohen (Leyton and Wanstead) (Lab): Does my right hon. Friend think that a further inheritance tax cut for multi-millionaires would be a useful financial stimulus in this time of recession?

Yvette Cooper: No, I do not; funnily enough, I do not think that that would be a useful way to spend money in the current circumstances—and nor, frankly, do I think it would be remotely fair.

We have set out a series of measures that help the economy now. The Opposition claim that we cannot afford to implement them, but the truth is we cannot afford not to. The best and fastest way to bring borrowing back down is to support the economy and promote a return to growth. That is why every one of our major competitors is also increasing borrowing to support their economy, even though most of them have significantly higher levels of debt than us. They agree with us that it is right to support the economy in the short run because it will cost us more if we do not.

Rob Marris (Wolverhampton, South-West) (Lab): May I remind my right hon. Friend that Canada recently cut the goods and services tax—its equivalent of VAT—and that it also introduced a Budget in January this year with the equivalent of 3.2 per cent. of GDP in fiscal stimulus? The province of Ontario is lowering sales taxes, and several other provinces across Canada are also considering lowering them—there is a provincial sales tax as well as a federal one. Canada is a G7 country that is engaging in fiscal stimulus, and it has a Conservative Government.

Yvette Cooper: My hon. Friend is right that that is, indeed, an example of a Conservative Government who are pursuing ways of supporting their economy. It is also a sign of the widespread consensus in favour of such measures that exists around the world; there is a recognition that countries need to take action to help people who are losing their jobs and who are afraid of losing their homes, instead of turning their backs on them, as the UK Conservative party did time and again in recessions past.

Once the economy is growing again, we will need to make sure that borrowing comes back down. Economic growth itself will help bring borrowing down, but we need to go further, because, for example, tax revenue from the City has been heavily hit by the credit crunch and we do not expect it to return swiftly.

The Bill also provides further measures to help bring borrowing back down once the economy is growing. Weirdly, for all their talk of fiscal rectitude, the Conservatives seem to oppose these measures as well. Clause 6 implements a new additional rate of income tax from 2010-11 of 50 per cent. for those with incomes above £150,000 per year, and clause 4 legislates for a gradual reduction in the personal allowance for those with incomes above £100,000 until that is completely removed. We think that it is fairest for those on the highest incomes to contribute more because over the past 10 years their incomes have increased by an average of £5,000 a year, compared with £600 a year for the average taxpayer.

Mr. Gregory Campbell (East Londonderry) (DUP): The right hon. Lady is outlining opportunities in respect of the upper end of the income scale. Will she not also outline the opportunity, which the Government appear to have missed, to increase substantially personal allowances at the other end of the income scale so that the incomes of those who earn, for example, £10,000 or £12,000 a year are tax free?

Yvette Cooper: We are, rightly, increasing the tax allowance. That means that individuals will get an extra £145 compared with this time last year. We have also significantly increased tax credits over the years to provide additional support not only for those with children, but for those who are in work but on low incomes. That is the right thing to do. It is right to support those on lower incomes as well, as part of fiscal consolidation, to ensure that there are fair measures, which mean that those on the highest incomes have to pay more.

Mr. Jeremy Browne (Taunton) (LD): With the tapered withdrawal of the personal allowance, and if national insurance is included in the calculations, higher earners will face a marginal income tax rate of 61 per cent. Philosophically, what is the highest level of marginal income tax that the right hon. Lady would contemplate?

Yvette Cooper: We have made a judgment about what the right measures are in this case. As the hon. Gentleman knows, there is an issue to do with introducing changes in personal tax allowances. We have introduced a taper so that they are removed gradually in order to avoid too high a rate of marginal tax. In the end, however, any tax issue has to be decided on the basis of balancing the need to raise appropriate amounts of revenue with the need for a fair tax system that supports employment and other things that we believe are important in the economy. We have made those judgments.

Clause 71 prevents forestalling while we consult on the details of reducing pensions tax relief for those on more than £150,000. We continue to support tax relief.

Ms Sally Keeble (Northampton, North) (Lab): My right hon. Friend has talked about people on high incomes. Will she reconfirm the Government's commitment to halving child poverty by 2010-11, and say how they will achieve that?

Yvette Cooper: My hon. Friend makes an important point. We are continuing to make progress towards the 2010 target, and also towards the 2020 target, which we propose to legislate for and therefore embed in law, to support both the long-term commitment and the short-term

measures. My hon. Friend will know that some measures announced in last year's Budget that have been implemented this year also increase significantly child tax credit and lift children out of poverty. This year, as well as a limited increase in child tax credit, the particularly important issue is to ensure that parents can get back to work as rapidly as possible. We know that the big increase in child poverty in the 1980s was strongly linked to parents losing their jobs, and often to people never getting a job in the first place and then becoming parents having become long-term unemployed. That played a major part in that very substantial increase in child poverty. For those reasons, it is right to invest to help parents get back into work. The impact of the current recession on child poverty is uncertain. As my right hon. Friend the Financial Secretary has made clear, that makes it more difficult to make progress towards the 2010 target, but we are determined to continue to keep making progress and to work towards it even through these more difficult times.

Mr. Graham Stuart (Beverley and Holderness) (Con): Merely making progress towards a target for next year is simply not good enough. It is time that the right hon. Lady came clean with the British people. The promise was made to halve child poverty by 2010. She should tell the House and the people of this country now: is that target going to be met?

Yvette Cooper: What a ridiculous question; the hon. Gentleman does not believe in the target in the first place. How dare he come here to start making pompous remarks about whether the target is going to be met and whether we are making commitments towards it. We are determined to keep making progress towards it, because we think it is right to keep tackling child poverty, whereas his party doubled and trebled the rate of child poverty in this country because it was not prepared to take the action needed to support those who needed help to stay in work and help with their incomes. His party is still committed to making cuts in, and undermining, the tax credits system, which has been so important in helping children out of poverty.

Mr. Hands *rose—*

Yvette Cooper: I shall give way to the hon. Gentleman if he will tell me whether he is prepared to commit to a target of halving child poverty by 2010 and of ending it altogether by 2020—let him tell us whether he supports that target.

Mr. Hands: The Chief Secretary may want us to meet a target by 2010, but she can do that only by calling a general election, in order to allow us to have a change of Government. How does she square what she is saying about child poverty with what the Treasury Committee has said in the report that it published today? It said:

> "We are concerned by the lack of any substantial measure to combat child poverty in both the Pre-Budget Report 2008 and Budget 2009. On current indicators the Government will fail to meet its 2010–11 target by a significant margin."

Yvette Cooper: Once again, I note that the hon. Gentleman is not prepared to make any commitment, even to any targets. He is not prepared to make a commitment to support cutting child poverty at all. We have continued to make progress in cutting child poverty and will continue to do so. I say to him again that the most important measures that we are taking that will tackle child poverty are those to help parents to get back into work. Some £5 billion is being invested in helping those who lose their jobs to get back into work—that is £5 billion that Conservative Members refuse to support. They refuse to support £5 billion that can make a difference to parents across the country who might otherwise slip into poverty with their families if they are not able to get the help that we are determined to provide to get them back into work. Time and again, the Conservatives oppose not only the investment that Britain needs, but the measures to help bring borrowing down afterwards.

I return to clause 71 and the pensions tax relief measure that I mentioned. We continue to support tax relief for pensions and savings—indeed, we spent nearly £30 billion on pensions tax relief last year. However, more than £6 billion of that went to the top 1.5 per cent. of earners, and that cannot be fair. On average, someone on more than £150,000 will get about £27,000 a year in tax relief, whereas a basic rate taxpayer gets only about £1,000. I see from the Opposition's amendment that they have decided to oppose this measure and to defend unfair tax breaks for the very highest-paid people in the country.

Clauses 15 and 16 implement fuel duty increases, but even by 2013-14 the duty will still be lower in real terms than it was in 1999. The measure will also reduce CO_2 emissions by 2 million tonnes per year by 2013-14.

Mr. Alan Reid (Argyll and Bute) (LD): The cost of motoring might be lower in real terms, but I can tell the Chief Secretary that on the islands in my constituency the price of fuel tends to be between 15p and 30p a litre higher than on the mainland. Will this Government not do what Governments in other European countries do and apply for a derogation that allows them to charge a lower rate of fuel duty on islands? There would be no possibility of fraud because islands are clearly separated from the mainland.

Yvette Cooper: The hon. Gentleman will know that the Chancellor has raised concern previously about differential rates of petrol pricing in different parts of the country and has pressed for further work to be done on ensuring that unfair competition does not lead to some areas paying a higher penalty. The hon. Gentleman will also know that the points that he raises are raised by those in other parts of the country, including those in more rural areas. The important thing is to ensure fair competition in the sector and to continue to monitor fuel prices, as we did when the Chancellor delayed the increase in fuel duty as a result of the high oil prices last year.

Clause 93 is part of a further crackdown on tax evasion and avoidance and proposes naming those deliberate tax defaulters who are charged with civil penalties, in addition to those on criminal charges who are already named by the courts. Along with the other measures on avoidance and evasion, that will help to secure £3 billion of tax income.

Mr. Philip Hammond: The Chief Secretary mentions clause 93—the naming and shaming clause. Will the Revenue have the power to do deals with taxpayers who

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are prepared to accept penalties rather than to be named and shamed? Will HMRC be able to use that plea bargaining arrangement?

Yvette Cooper: The purpose of this measure is to encourage taxpayers to come clean, to pay up front and to recognise things that they might have been doing in the past that are wrong. Hon. Members will obviously have the opportunity to discuss the detail throughout the detailed clause debates on the Bill, so I will be happy to hear representations from the hon. Gentleman. The measure's purpose is to encourage people to come forward and, on that basis, people such as those whom he mentions will not be named and shamed, and the provision will apply only to the most persistent defaulters, providing a strong signal that people should pay their taxes. Ordinary people pay their taxes, and those who are on the highest incomes and can afford the most expensive accountants should not be able to avoid making their legitimate contributions to this country's tax base.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): The Chief Secretary has been talking about maximising the income for the Government. One of the major sources of corporation tax is the oil and gas in the North sea, but tax is paid on it and it provides jobs to my constituents only if it comes out of the ground. The Government have moved a little way with the field allowance in trying to encourage investment in very marginal fields. Why have they not gone further in recognising the banking crisis, the credit crunch problems and the cash-flow problems by examining the industry's request to bring forward tax relief early for new entrants who do not have income at the moment, in order to encourage them to invest? They are the lifeblood in respect of bringing that new oil and gas out of the ground. Without that, there will not be the future revenues.

Yvette Cooper: The hon. Gentleman conceded that we have taken action to try to support the North sea oil industry, including promoting the opening of new fields. Obviously, in the light of the credit crunch, every sector makes representations to us about the additional support they require, and we have to judge how best to support the economy as a whole. That is what we have done, by providing the kind of tax breaks that support industry as a whole.

The measures I have set out will help to bring borrowing back down, once the economy is growing, but curiously most of them seem to be opposed by the Conservatives. Last week, their leader said he wanted to bring borrowing down faster, yet on Tuesday of last week they voted against billions of pounds of future tax revenue that will do exactly that. They have also said they would reverse the new top rate and the national insurance changes, they are opposed to the pension changes and they would introduce tax cuts for millionaires' estates. All in all, their tax gap in future years is about £10 billion—the vast majority of it tax cuts for the very richest in the country.

Mr. Philip Hammond *rose—*

Yvette Cooper: I will give way to the hon. Gentleman if he can tell me where on earth he would get that money from.

Mr. Hammond: I was inviting the Chief Secretary to give way so that I did not have to raise a point of order. I just wish to place on the record the fact that, as she very well knows, we have not made a commitment to reversing the new top rate.

Yvette Cooper: Perhaps the hon. Gentleman ought to mention that to the right hon. Member for Witney (Mr. Cameron), who said very clearly that this would join the queue of measures that the Conservatives were determined to reverse. In other words, the right hon. Gentleman is determined to reverse not only the top rate of tax, but a series of additional measures, and today we have found out what some of them are. The list includes the changes to tax relief on pensions for those on the very highest incomes and the national insurance changes. In addition, they want to put in place the tax cuts for millionaires' estates. The vast majority of the measures that Conservative Members want to propose are tax cuts for the very richest in the country, in order not to bring down borrowing but, in fact, to increase it.

Mr. Hammond: The Chief Secretary has talked a great deal about tax increases for people on high incomes. One might get the impression from what she has said so far that there were no tax increases for people on ordinary incomes, whereas more than half the tax increases announced in this Budget for this year will fall on ordinary people, not on those on higher incomes. As she is so interested in the Opposition's policies, let me tell her, for her information, that our priority will be cutting Labour's taxes on jobs—the increase in national insurance contributions that will affect everybody who is earning more than £20,000 a year.

Yvette Cooper: If that is the case, why is the Conservative party's only manifesto commitment to cut tax on inheritance for millionaires' estates, so that the 3,000 richest estates in the country will each get £200,000? How can that be a defence of ordinary people? It is defending the richest estates and shows the wrong and distorted priorities of the Conservative party in the middle of a recession—so much for fiscal conservatism.

There is a pattern here. In the 2005 election, the Institute for Fiscal Studies said that the Conservatives' plans for tax and benefits alone would have cost an extra £5 billion—unfunded except by higher borrowing. Before the credit crunch hit, they were calling for £10 billion of unfunded tax cuts. The idea that these guys want to bring borrowing down is a joke. They do not want to cut borrowing. They just want to cut spending. That is what this is really all about.

Ms Keeble: Does my right hon. Friend agree that the Conservatives are keen to knock back taxes because they want to cut the public services on which all our constituents depend? I point her to the excellent report by PricewaterhouseCoopers that spells out the severity of the cuts package that the Conservatives' proposals would produce and the devastating impact that it would have on our constituents.

Yvette Cooper: My hon. Friend is right. The fact is that the Conservatives want to cut spending right now in the middle of recession—hitting apprenticeships, transport and education. This is the Conservative party finally ditching compassion and returning to its ideological

roots. This week, the Conservative leader has admitted Margaret Thatcher is his great inspiration in rolling back the state.

The Conservatives have been watching too much "Ashes to Ashes". This is '80s revivalism gone rampant. Spandau Ballet are back together, Depeche Mode are back in the charts and they are pinning their hopes on Boy George. All we need now is for the hon. Member for Runnymede and Weybridge (Mr. Hammond) to don the stripy legwarmers. If they honestly think that a return to Thatcherism is best for Britain's future, they are living in cuckoo land.

We remember Thatcherism. We remember the devastation it caused to our communities, the generations of young people abandoned to long-term unemployment, the soaring child poverty, the public services neglected and the families scarred. We will not return to the politics and policies of the '80s.

We have presented a Finance Bill that supports the economy and brings borrowing back down when the economy is growing. The Opposition want tax cuts for the very richest, spending cuts on the very poorest, cuts in the middle of recession, the rolling back of the state and businesses and families left to sink or swim. The measures that we are taking will support 500,000 jobs across Britain. The measures that they support would betray jobs across Britain. The measures in this Finance Bill will help to support our economy and Britain's future, and I commend it to the House.

1.23 pm

Mr. Philip Hammond (Runnymede and Weybridge) (Con): Well, that was quite a rant. The Chief Secretary has obviously decided that if she cannot defend her own policies and record, the best thing to do is to come out of the bunker spraying fire in all directions and hoping to get away with it. We will take no lectures from her or anyone on the Treasury Bench about the economy and the challenges ahead of us.

The overwhelming sense that I got from that speech, and indeed from the interventions from Labour Members, was that they simply do not get the scale of the crisis that they have created and the challenges that it may fall to others to pick up in an attempt to put this country back on its feet. Hon. Members might be forgiven for experiencing a sense of déjà vu today. It is only last week that we were debating—and unravelling—the Budget. Now we must debate a Finance Bill that was published only last Thursday. Outside experts have scarcely had a chance to digest it, but it will be forced through the House at a pace dictated by the political decision to delay the Budget until after the G20 meeting, rather than by the needs of good government and proper scrutiny. It was a political decision to delay the Budget until after the G20, because the Prime Minister had intended to announce a major fiscal stimulus, which he could present as part of a wider plan delivered by him on his saving the world agenda. That plan was dashed by the Governor of the Bank of England on 24 March when he gave evidence to the Treasury Committee and told the Prime Minister what we had been telling him for months—*[Interruption.]* The hon. Member for Taunton (Mr. Browne) is right—Britain's credit card is maxed out and the Prime Minister cannot borrow his way out of trouble.

We have déjà vu in another sense. Last year's Finance Bill Second Reading was dominated by the Government's attempted sleight of hand on the 10p tax rate and the growing rebellion on the Labour Benches as the impact of that broken manifesto pledge became apparent to them. This year, the split in the Labour party is caused not by any sympathy for the targets of the distraction taxes in the Budget, but by a tug of war for the heart and soul of the Labour party between the adherents of new Labour's embrace of aspiration and the exponents of the politics of envy as the most expedient tactic for a Prime Minister who is already up to his armpits in the political mire and sinking fast.

Mr. Frank Field (Birkenhead) (Lab): I thought that the hon. Gentleman would spend a little more time on the 10p issue. When Labour Members attempt to amend the Budget to do justice for the group that still has not been fully compensated for the 10p change, will we be able to depend on the support of the Opposition?

Mr. Hammond: I am grateful to the right hon. Gentleman for his intervention and interested to hear that he is still pursuing the issue. It occurred to me as I prepared my speech that I had not heard from him on that subject. We will, of course, consider carefully whatever he presents, but he will have to recognise the difficult fiscal circumstances.

Mr. Field: I am sorry that the hon. Gentleman does not know what is happening. We have made it plain on the Order Paper; an early-day motion has been signed by those Labour Members who wish to see full justice for the group of low-paid workers who lost out with the abolition of the 10p tax rate.

Mr. Hammond: I promise the right hon. Gentleman that I shall look carefully at his proposals. In disappointing contrast to last year, we have not had the opportunity of a discussion ahead of the debate on the Floor of the House to consider what we can do together to press the Government on these matters.

A quick glance at the record of last year's Second Reading debate will suggest that we do not need to take the words that we have just heard from the Chief Secretary too seriously. Last year, she told us that it was impossible to change the personal tax system and personal tax rates in-year, but when it became politically beneficial to do so, she found a way. She told us that the British economy was well placed to weather the global storms, that claimant count unemployment was at its lowest for 30 years and that the UK would be the fastest growing economy in the G7. It seems that hubris is capable of human-to-human transmission, at least in the closed confines of a political bunker.

The Chief Secretary also told the House last year that the Government were using the flexibility of the fiscal rules to borrow more in a sensible and sustainable way. What she did not say was that shortly after the Finance Bill became law, the Government would use the flexibility of the fiscal rules to abandon them altogether before they were comprehensively shattered by the growing crisis in the public finances that will be this Administration's legacy.

If we fast forward to this year, we may be making modest progress, because I do not think that I heard the Chief Secretary describing the £175 billion that the Government will borrow this year and the £173 billion

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that they will borrow next year as sensible and sustainable. Last year it was the denial Budget—no one would be worse off as a result of the abolition of the 10p tax rate—and this year it is the distraction Budget, with a subliminal message that taxing the rich can resolve the gaping hole in the public finances as the Government desperately try to divert attention from the reality of the Chancellor's package. It is a reality of tax rises for the many not the few and of spending increases before an election to mask a programme of massive cuts afterwards. The Budget has a £45 billion hidden tax bombshell aimed at the many and timed to go off after the general election that even this serially unelected Prime Minister will be forced to concede to the British people by this time next year. That is £1,430 per family of extra annual taxes, and I confidently predict that he will not remind the public of that in the run-up to that election.

Mr. Brooks Newmark (Braintree) (Con): Does my hon. Friend not share my concern that the vast majority of tax increases brought in by this Budget will fall not on millionaires or even those earning more than £150,000, but on individuals and families earning £19,000 or more?

Mr. Hammond: My hon. Friend is right, and as I made clear earlier in my intervention on the Chief Secretary, when it is possible to repeal any Labour taxes our priority will be to repeal Labour's tax on jobs, which will hit people on £20,000 a year or more just as the economy is coming out of recession—if we believe the Chancellor's forecasts.

Dr. Palmer: Is the shadow Chief Secretary saying that if a Conservative Government were elected next year, they would immediately abolish that?

Mr. Hammond: Sadly, I can make no such commitment. We do not know what the state of the public finances will be next year. The track record of forecasting by the Treasury over the past 12 months suggests that recovery might be very far distant from what is predicted in the Red Book, published just a couple of weeks ago. However, our priority for reducing taxes will be the tax that most affects the many, which is the tax on jobs.

Mr. James Plaskitt (Warwick and Leamington) (Lab): The hon. Gentleman has referred several times to what he describes as the difficult fiscal circumstances. Given that that is how he sees them, why do the first votes cast by his party and by him in Divisions on the Budget add £6 billion to the projected Budget deficit?

Mr. Hammond: They do not. In the course of the debate on this Bill—in the Committee of the whole House and in the Public Bill Committee—the hon. Gentleman will discover the alternative solutions that we propose on fuel duty, corporate taxes and so on, which will explain how we would fill that gap. We are certainly not making irresponsible pledges, as I have made clear to the hon. Member for Broxtowe (Dr. Palmer).

This goes beyond the extra taxes that will hit ordinary families. The public capital investment programme will also be halved over the next five years. I ask the House to listen to what the Chief Secretary said in last year's Second Reading debate:

"Previous Governments often slashed capital investment when economic pressures grew. We are protecting it".—[*Official Report*, 21 April 2008; Vol. 474, c. 1064.]

We truly have moved through the looking glass if halving a budget can now be described as protecting it. This is a dishonest Budget that is all about protecting the jobs of the few on the Treasury Bench rather than the many in the British economy—a crowd-pleasing, economy-damaging tax on the rich this side of an election, with a hidden tax bombshell targeted at the many timed to go off after an election.

Yvette Cooper: The hon. Gentleman refers to public sector investment. As he will be aware, the level set out in the Budget is still twice that of public sector investment as a proportion of GDP in 1997, when we inherited it from his party. Will he also take this opportunity to say whether his party supports Crossrail?

Mr. Hammond: Let me deal first with the public sector investment. The right hon. Lady did not take the opportunity to confirm in her intervention that public sector investment as a percentage of GDP will halve. It will halve over the coming years—I do not think that the Government have been shouting that from the rooftops. We believe that Crossrail is a good project. It fits very well with our agenda of improving rail infrastructure —*[Interruption.]* She sits there, chuntering about guaranteeing to support this project or that project. Do the Government have no conception of the scale of the hole that they have dug? Every single programme and project will have to be reassessed and re-evaluated. Each project will have to demonstrate its value for money and its effectiveness in an extraordinarily tight fiscal climate created by the disaster that the Government have visited on this country.

This year sees the continuation of the recent trend for the Budget to be increasingly disjoined from the Finance Bill that follows it. Annual taxes are announced years in advance, not for the purpose of providing greater forewarning and more stability and transparency in the system, but for pure political advantage. An early announcement by this Government does not mean greater certainty. Last November, the tax rate was to be 45p from 2011. By this April, it had become 50p from 2010.

This country's tax system is losing credibility and the process by which tax changes are made not in response to long-term economic challenges but in pursuit of short-term tactical political gain is causing immense damage to our international competitiveness. It all started with the pre-announcement of the abolition of the 10p rate and the reduction of the basic rate in the Prime Minister's last Budget as Chancellor in 2007. It accelerated with the disastrous pre-Budget report of October 2007, as we saw the first example of the now familiar phenomenon of the Prime Minister trying to head off a catastrophic loss of confidence in him on his own Benches. It continued with the 2008 Budget, with last year's pre-Budget report and now with this 2009 Budget.

Before I move on, perhaps the Chief Secretary could clarify one issue. She talked about the new 50p tax rate. Will she clarify whether it is intended to be a permanent feature of the tax system or a temporary arrangement? The Chancellor said in his interview with the *Daily Mail* on 23 April—it was a perfectly fair point—that he would have to ask people on higher earnings

"to contribute a bit more while we resolve this situation",

signalling a temporary increase to contribute to resolving the mess in the public finances. That is hugely significant, because the behavioural response to

a temporary surcharge on higher earners could be quite different from the response to a clear break with the established consensus on top marginal rates.

Will the Chief Secretary tell us whether the signal sent out by the Chancellor is the Prime Minister's policy? If so, would it also be the policy of a Labour party led by the right hon. and learned Member for Camberwell and Peckham (Ms Harman) or by the right hon. Member for Kingston upon Hull, West and Hessle (Alan Johnson)? If the Chief Secretary cannot speak for them, would it be the policy of a Labour party led by her or by someone very close to her? If she cannot clarify that point now, perhaps the Financial Secretary can do so in the winding-up speech this evening. It is a very important point, which needs clarification.

Mr. Robert Syms (Poole) (Con): Is not the logical conclusion that the range of measures to increase the top rate of tax means that the Government will eventually have to come back to the House early next year to reform capital gains tax, which is now very much out of kilter with the income tax rates? That is one reason why they will not collect the sort of money that they expect. People will avoid it and they will try to capitalise their incomes.

Mr. Hammond: My hon. Friend makes a good point. The Government have clearly already sought to close one of the most obvious loopholes to people who are subject to the higher rate of tax by restricting pension relief. Capital gains tax remains a potential loophole, however, and he might well be right that the Government, for all their silence on the issue now, will simply abandon any pretence of a low-tax competitive regime and will resort to higher tax rates in capital gains, too.

The Budget brought home to the British public the scale of the challenges facing our public finances, even if the impact of addressing them has been pushed out to the other side of a general election. The recession that is afflicting the economy will mercifully be behind us at some point, for the simple reason that the Prime Minister did not abolish boom and bust. The economic cycle, I am glad to say, survives and will eventually turn upwards, but the hole in our public finances will remain even if the economy bounces back in line with the most optimistic projections that we have heard. It is a structural deficit, which is the result of a Government recklessly living beyond their means since they started their 2001 general election campaign, repeatedly making promises to the electorate that the country could not afford. That is not even bribing people with their own money; it is bribing them with their children's and grandchildren's money.

Mr. Newmark: On the subject of ending boom and bust and cycles, does my hon. Friend believe there is any credibility whatever to the Red Book's projection, in table 2.1, that growth will decline 3½ per cent.; suddenly and miraculously increase next year by 1¼ per cent.; and then, in 2011, go up to 3½ per cent.? Does anyone my hon. Friend knows, beyond the Chancellor and his Chief Secretary, believe there is any credibility in these forecasts?

Mr. Hammond: I shall come to that point in a moment, but the simple answer to my hon. Friend's question is no. I do not know anyone else who believes these forecasts. While he is on the subject of cycles, as I have said before, I think the only cycle that the Prime Minister understands or is interested in is the political cycle, and our economy is being run with regard to the political cycle, not the economic cycle.

The Chancellor, in his Budget, was therefore torn between a desire to hide from the electorate the scale of the adjustment that would be required until after one more election, and a desire to send a signal to the bond markets that would induce them to continue funding the Government's unprecedented borrowing requirement. So what we got was the usual fudge: optimistic growth projections that unravelled within minutes of the Budget and have been further undermined by the Office for National Statistics data published since, and tax increases for ordinary families now, but with much, much more to come after the election, starting with the tax on jobs that will hit everybody on £20,000 a year or more in 2011, all under cover of the smoke generated by the 50p distraction tax "on the rich", designed to fool the gullible.

We also got a slashing of planned public expenditure growth. After allowing for the increased cost of servicing the huge pile of debt that this Government are building up, and of benefits for those joining the dole queue, there will be real-terms cuts equivalent to 2.3 per cent. in departmental expenditure totals. That is on top of the halving of capital expenditure budgets. It is an unprecedented scale of cuts in departmental expenditure. All this from a man who told us in 2005 that further efficiency savings were not possible, and that any reductions would necessarily involve cuts in front-line services. He was wrong then, and I suspect he would wish to argue now that he was wrong then. The fact is that a Government who said no further efficiency savings were possible subsequently claimed to have made £26 billion-worth of efficiency savings, and to have identified a further £15 billion-worth of efficiency savings. They have no credibility left on spending: no one believes a word they say any more.

Mr. Graham Stuart: My constituents, particularly those who live in rural areas of Holderness, many of them perhaps historically Labour voters, feel betrayed because they know that their national insurance is going to go up and that they are paying more to fuel their cars, which they need to try to find work, and they are expecting to see higher rates on drink when they go to their local pub—at a time when pubs are closing at the rate of 40 a week. As a final insult from this Budget, if they go for a game of bingo at the end of the week to try to cheer themselves up, they see that £105 million is being taken from bingo players. This Government and this Budget are hitting ordinary people; they are not hitting the rich, and they are trying to disguise it.

Mr. Hammond: My hon. Friend is exactly right: it is a distraction Budget. What his constituents do not know, however, because understandably they have not sat and read the detail of the Budget Red Book, is that this is only the start. They will be hit by a further £45 billion a year of taxes as the Chancellor struggles to close the gap that his disastrous policies and those of his predecessor have opened up. Even if we accept the highly optimistic assumptions about the pattern of tax receipts in the recovery, the Chancellor still acknowledges that it will be 2017 before the current Budget is back in balance, and 2032 before our debt is back under control.

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One clear victim of this Budget is the credibility of Treasury forecasting. The whole process is undermined if nobody, but nobody—except the Chancellor—believes the forecasts for growth and for tax revenues. The case for an independent office of budget responsibility was made by the Chancellor's Budget speech more effectively than any of its proponents could have hoped. No Chancellor in future should be able to build his Budget on foundations of sand—to treat the Budget process as a political manoeuvre rather than as an exercise in fiscal responsibility. We will attempt to insert into this Finance Bill provisions to ensure that before next year's Budget, a rigorous and independent approach to forecasting is established, ending the farce that we witnessed on Budget day, as the Budget growth projections unravelled before our very eyes, rendering the entire Budget Red Book almost immediately redundant.

I have some specific issues to raise on several clauses, but first I should like to set out three key themes linking our main criticism of the Bill: first, its failure to rise to the challenge of building the competitiveness of the UK as a place to do business in the recovery; secondly, its failure to support savers at a time when rebuilding the savings culture will be critical to Britain's future; and thirdly, its abject failure to balance the rights and responsibilities of taxpayers and the Revenue as it extends and expands Revenue powers. I shall elaborate on each.

Britain is in the depths of the worst recession since the second world war. Unemployment is rising at the fastest rate since records began and the public finances are set next year for a bigger deficit than that of any other G20 country. But even in these circumstances, this should have been a Finance Bill for the recovery. We do not know when it will come, but we need to be sending powerful signals to business about the tax landscape in the UK in the future, to ensure the investment and the jobs that Britain will need when Labour's recession is over.

Rebuilding Britain's competitiveness should be the key focus of this Bill—and, of course, competitiveness requires a regime that ensures fiscal discipline in the future as the bedrock on which a strong economy can be built. It also means addressing the long-standing challenges that Britain faces in productivity, infrastructure and skills. It means modernising Britain's public services and its welfare system, but it also means ensuring a competitive tax system. That is not just about the quantity of tax, important as that is. Business understands that the disastrous fiscal position that the country faces means that there is no immediate prospect of moderating the overall tax burden, but powerful, revenue-neutral signals can still be sent, even at a time of intense fiscal pressure. The nature of the tax code, the certainty of its impact, the manner of its making and the clarity of its future direction all contribute to tax competitiveness.

In a global marketplace, Britain will never be able to compete on tax burden with emerging economies with a limited social infrastructure, but we can and must compensate for our higher taxes by offering a more stable and predictable regime with greater transparency and more certainty—in short, the benefits a business might expect from locating in a higher-tax, mature jurisdiction. What we cannot do—it is simply not an option—is expect to be able to levy developed-country tax levels with the uncertainty, arbitrariness and unpredictability more usually associated with the tax regimes in developing economies.

Ten years ago, the Prime Minister set out his three principles for the UK's tax system: simplicity, fairness and competitiveness—a long-term, strategic approach to business taxation. However, what we have had in the last few Budgets is the very opposite: a shambles of initiatives, often half-baked, often unworkable and often reversed during the legislative process or thereafter, some of them—the 2007 pre-Budget report springs to mind—literally put together on the back of a fag packet in response to immediate political pressures. We have seen the abolition of the 10p tax rate, the fiasco of the non-dom tax charge and the disaster of the capital gains tax taper relief abolition—and the pattern continues.

If we cannot reduce the tax burden on business, we have to redouble our efforts to reduce the compliance burden to maintain Britain's global competitiveness. Sadly, the Bill is a missed opportunity, at a crucial moment in our economic history, to send those powerful positive signals. It will further erode Britain's standing as a stable, predictable and business-friendly jurisdiction in which to operate.

I now turn to the second theme: pensions and savings. The economy that will rise from the ashes of this recession will differ in shape and structure from the pre-August 2007 economy. It will be built on equity, not debt. It will depend on our savings ratio, not our borrowing capacity. The Prime Minister appeared to understand that important shift. As recently as last month, he was hinting in radio interviews that he would do something for savers in the Budget. What we got was a limited, complex change to the individual savings account regime that the industry has condemned as burdensome and confusing, and some very ambiguous signals on pensions that will further undermine long-term saving; I will return to those in a moment, when I address some specific provisions of the Bill.

There was nothing in the Budget to match the Leader of the Opposition's bold proposal for this year's Budget. He proposed the abolition of income tax on savings income for basic-rate taxpayers, and an immediate increase in the pensioner tax-free allowance of £2,000 a year—all funded by advancing to the current year the introduction of the efficiency savings that, in the pre-Budget report, the Chief Secretary announced that she had identified, although apparently she could not bring herself to deliver them until after a general election. Let me be clear: it is not a fiscal tightening to take taxpayers' money back out of the pocket of Government, and redistribute it to hard-pressed taxpayers with a high propensity to spend—people, in particular pensioners, whose savings income has been very much squeezed, in some cases leaving them almost at the point of destitution. On that second count, the Bill fails miserably to rise to the challenge of shaping and building the new economy based on savings and equity, not mountains of excessive debt and easy credit.

Thirdly, the Finance Bill advances still further the Government's agenda of enhanced powers and increased discretion for Her Majesty's Revenue and Customs. With additional powers should come additional responsibilities, and if Britain's business tax regime is to remain competitive and internationally attractive, the extra powers have to come with proper safeguards, and

have to be matched by obligations on HMRC. The concept of a taxpayers' charter, setting out the rights and obligations of taxpayers and the Revenue, appears to be dead. In clause 91, it becomes an HMRC charter—nothing much more than a mission statement prepared and delivered by HMRC, setting out its aspirations. That is a far cry from the statement of rights and responsibilities for both taxpayers and Revenue authorities to which many thought that the Government were committed.

Let me make it clear to the Chief Secretary that we will support the creation of powers that HMRC genuinely needs to prevent unlawful tax evasion and to counter complex tax avoidance, but the burden on ordinary, law-abiding taxpayers has increased exponentially over the past decade, as Britain's tax code has doubled in length to overtake India's as the longest in the world. We need a focus on the simplification that the Prime Minister promised, and pressure on the Revenue to deal fairly with taxpayers. For example, we could match the new restrictions on time for reclaiming overpaid tax with an obligation on HMRC to make prompt repayments.

I would like to address a number of clauses in the Bill, making specific observations and putting questions to the Financial Secretary to the Treasury. Clauses 4 and 6, to which the Chief Secretary has referred, introduce the withdrawal of personal allowances on incomes above £100,000, and the multiple additional tax rates that will be required to give effect to the 50p tax proposal, which is to be introduced next year. We on the Conservative Benches—and, in fact, some on the Labour Benches—know the Prime Minister's motive in seeking to create another of his beloved dividing lines. It is a political gesture; he is throwing some red meat to the heartland vote as he abandons any pretence of reaching out to aspirational Britain ahead of the next general election. The right hon. Member for North Tyneside (Mr. Byers) was correct to say that the measure

"has more to do with political positioning and tactical manoeuvring than a principled, strategic approach to taxation and the raising of revenue."—[*Official Report*, 27 April 2009; Vol. 491, c. 615.]

Mr. Newmark: Does my hon. Friend not share the concern that I felt when I read in an Institute for Fiscal Studies report that the measure is indeed just a political gesture? The IFS says that the measure will raise almost nothing.

Mr. Hammond: My hon. Friend raises an important point. The view of some independent experts is that the new top rate of tax may raise significantly less than the Chancellor predicted, having used the static model that is used to produce the Red Book's projections. There was no taking account of behavioural impacts; it was assumed that the very high-rate taxpayers, who are probably very mobile in many cases, would simply leave their affairs as they were, and would not consider relocating away from the United Kingdom, so I share some of my hon. Friend's concerns.

The Government must be aware that there is a price to pay for playing such political games—a yet more complex system of taxation. We will now have 16 different personal tax rates in the UK, including the rates levied on trusts and dividend income, and a top marginal tax rate of more than 60 per cent. Specifically, may I ask the Financial Secretary to tell the House this evening what the Government's response is to the concerns raised about the trust tax rate? In aligning the trust tax rate with the new, higher 50p rate, HMRC made the assumption that all beneficiaries of trusts are people who are likely to be subject to the top rate of income tax. That is simply not the case. Although it may have been a broadly reasonable assumption when the top rate of tax was 40 per cent., it is an unreasonable assumption when the top rate of tax affects only those people with an income of more than £150,000.

There will be many beneficiaries of trusts with incomes far below the £150,000 threshold whose income will now be subject to tax at the 50 per cent. rate. That undermines still further the legitimate use of trusts, and should be carefully considered. May I suggest to the Financial Secretary that, as was the case with the initial stab at changing the non-doms regime, announced in the 2007 pre-Budget report, Ministers may have been the victim of long-standing HMRC agendas that are hostile to trusts per se?

Mr. Philip Dunne (Ludlow) (Con): My hon. Friend is making an extremely powerful point. Does he acknowledge that the types of people whose assets are held in trust and who might be caught would include victims of injuries who have been the beneficiaries of compensation arrangements? Many of them may be miners, and may suffer from appalling disabilities. Their assets are held in trust to protect their financial position. Most of them would not be higher-rate taxpayers.

Mr. Hammond: My hon. Friend makes an important point. I am scratching to the bottom of my memory; I seem to recall that we addressed the issue of trusts for disabled people in a previous Finance Bill, but I am sure that the Financial Secretary will want to clear up the issue when he addresses the broader point in his winding-up speech.

Rob Marris: I wonder whether the hon. Gentleman could clarify a matter for me. I understand that he decries the complications that the proposals will introduce. He makes the Laffer-curve argument that the 50 per cent. tax rate may be counter-productive in terms of tax revenues. I have to say to him that I support it for reasons of social equality, and because of what it says about our society. May I ask him to answer a question on behalf of his party? If he is concerned that the proposals will lead to a drop in tax revenues, and will over-complicate the tax system, is his party committed to dropping the 50 per cent. tax if it gets into government? If not, why not?

Mr. Hammond: As the hon. Gentleman well knows, we are not making any commitment to repeal any of the tax increases proposed by the Government, because of the extraordinary fiscal circumstances in which we find ourselves, with which any incoming Government or, indeed, any re-elected Government would inherit and would have to deal. Clearly, it would be absurd to say that any Government of the day would not look at the yield produced from a tax measure or a series of tax measures.

My hon. Friend the Member for Braintree (Mr. Newmark), quoting from the Institute for Fiscal Studies, suggested that the top rate of tax might produce a sum approximating to zero. In fairness, that comment was made before the suggestion that changes would be

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made to the pension tax relief that was available. It is probably fair to say that the yield will be less eroded as a consequence of the closing of that obvious loophole, which will be readily available to all those on high incomes who are subject to the PAYE system.

Clause 7 sets the main rate of corporation tax at 28 per cent. and clause 8 holds the smaller companies rate at 21 per cent., postponing the Government's planned increase to 22 per cent. We on the Conservative Benches believe that British business needs a shot in the arm to stimulate investment in the recovery—a psychological as much as a fiscal boost—so we will put forward our revenue-neutral package of proposals to reduce the main rate to 25 per cent. and the smaller companies rate to 20 per cent., paid for by reducing complex allowances and reliefs.

In 1997 Britain had the fourth lowest rate of corporation tax in the European Union. Our rate has gone down since then, but we have been asleep on the job while all around us are busily sharpening their competitiveness, and we now have the 19th lowest rate in the EU. Part of the plan for Britain's economic recovery must be restoring that tax competitiveness and sending a clear signal that the UK is determined to remain at the front of the pack of competing business locations, not bringing up the rear. That message should have been at the heart of the Bill, yet it is spectacularly missing.

I turn to clause 9, which extends the failed VAT reduction—the fiscal stimulus which, despite what the Chief Secretary said, has stimulated no one—for a further month, to 1 January 2010. The right hon. Lady quoted Tesco stating that the VAT reduction had been beneficial, especially to small businesses. My hon. Friends will know how much small businesses appreciate the concern that Tesco normally lavishes on their welfare.

My hon. Friend the Member for Bournemouth, East (Mr. Ellwood) tried in vain, as did other Members, to get this question across to the Chief Secretary. It has nothing whatsoever to do with fiscal stimulus; it has to do with the practicalities of changes in the tax regime. We genuinely cannot understand why the Government have not listened to the universal view of retailers that, regardless of the merits or otherwise of the VAT reduction, changing it back at midnight on 31 December, in the middle of a public holiday and in the middle of the busiest sales period of the year, would be a disastrous mistake.

The change could be made on 1 December or 31 January. Of course there will be fiscal implications arising from either of those dates, but have the Government not taken on board the simple practical point that retailers cannot manage the change in the middle of a public holiday, in the middle of the busiest sales period of the year?

Mr. Jeremy Browne: The hon. Gentleman makes a fair point, to which I hope the Treasury Minister will respond, but there are fiscal implications, even if the delay is a few days. Currently, the cost of the VAT reduction to 15 per cent. is about £1 billion a month, so were we to defer by only three days, as suggested by the hon. Member for Bournemouth, East (Mr. Ellwood), the approximate additional cost would be £100 million. Of course, with new year sales, it might be even higher.

Mr. Hammond: The hon. Gentleman makes half the point. The date could have been left as 1 December, as the original legislation provided, without the intervention of clause 9. This is a practical point. There is no party politics involved and it is not an issue of great principle. It is the kind of point that the House of Commons ought to be able to sort out in a Committee's considerations of such a Bill. It means listening to what practitioners in the outside world are saying, and finding a practical solution.

There is a more substantive question that I would like to put to the Chief Secretary. If, despite the horrendous fiscal position that the country is facing, the Government are determined to borrow and spend the extra £7 billion or so that the scheme will cost between now and 31 December, does she, in her heart, believe that at a time of impending price deflation, a VAT cut is the best way of transmitting that sum into the economy? The hon. Member for Chorley (Mr. Hoyle), the right hon. Member for Birkenhead (Mr. Field), the hon. Member for Taunton (Mr. Browne) and the right hon. Member for North Tyneside do not believe it. I am fascinated to know whether the right hon. Lady genuinely believes that that is the best way of using a given sum of money.

Clause 11 brings in the increased duties on alcohol, but in the form of an across-the-board hike. Since the last Budget, tax is up on beer by 8p a pint, on wine by 28p a bottle—and as almost all wine consumed in this country is imported, Labour's devaluation has added a 30 per cent. premium on top of that—and on a bottle of spirits by 47p. During the Bill's Committee stage, we shall attempt to force the Government again at least to consider and evaluate a smart alcohol taxation regime, focusing on the greatest burden associated with problem drinking, such as alcopops, high-strength beers and ciders, and using the proceeds to reduce duties—*[Interruption]*. I appreciate that the hon. Member for Taunton represents a constituency where any attack on cider may be unwelcome, but perhaps he should look at what has happened in Australia and Germany, where that approach has been used to good effect. The Government should seriously consider introducing such a system here, instead of using health concerns as a cover for a blanket tax rise on responsible drinkers.

Clauses 15 and 16, which the Chief Secretary did not mention, set the fuel duty rates for this year, with a two-stage increase—*[Interruption.]* I am sorry; the right hon. Lady did mention them, but she did not give them the kind of prominence that she afforded to the increased taxes on higher earners. Perhaps that is not surprising because, according to the polls, the fuel duty increase was the single most unpopular measure in a generally pretty unpopular Budget.

Oil prices are significantly lower now than they were at their peak, and we believe that the Government have missed an opportunity not just to impose an extra tax on motorists, but to consider a fair fuel stabiliser, as proposed by my hon. Friend the shadow Chancellor. The Government are proposing to increase taxes now, when oil prices are somewhat lower. They have presented no mechanism for protecting the motorist against the effects of pump price increases if oil prices rise again. *[Interruption.]* I do not know why the hon. Member for Wolverhampton, South-West (Rob Marris) finds this so amusing.

Instead of a flat increase, as the Government propose, it is a perfectly sensible proposal to introduce an increase now that is linked to a set baseline price of oil, so that as the price of oil increases the Government moderate the level of tax and mitigate the increase in price at the pump that the motorist and the business user pay—changed perhaps every six months. *[Interruption.]* I do not think that the Chief Secretary is in a position to start talking about regular increases in fuel duty, when she has two pencilled in for the next six months in her Budget.

On the other side of the coin, the Government would receive higher revenues from North sea oil taxation as the price of oil rose. That is a mechanism for stability—less volatility in the price of petrol at the pump, less volatility in Government revenues as oil prices fluctuate.

Rob Marris: I am grateful to the hon. Gentleman for his usual generosity. What I find amusing is this kind of groundhog day; we sat through the Conservative party making the same proposal, or what sounded very much like it, 12 months ago with the fuel duty stabiliser. There was a kind of shock-horror among Conservatives a few months later when they realised that as a result of their fuel duty stabiliser proposals, certainly as put forward last year, a marked drop in the price of oil on world markets would have left motorists in a far worse position. If the hon. Gentleman is outlining a different fuel duty stabiliser—mark II—this year, perhaps he could put a little more flesh on the bones, because it sounds awfully like last year's disastrous proposal.

Mr. Hammond: It was not a disastrous proposal last year and it is not a disastrous proposal this year. It is a long-term proposal and, yes, the hon. Gentleman is absolutely right: as oil prices fall, the duty at the pump will increase; as oil prices rise, the duty at the pump will decrease, protecting families from fluctuations in the price of oil at the pump and the Exchequer from fluctuations in revenues. It is a perfectly sensible proposal, and we shall go on making the case for it until the Government finally give up, go to the polls, move over and let someone else sort out these problems. We are consulting on the details of its implementation, and a great deal will depend on the level at which one fixes the baseline oil price. I absolutely concede that point to the hon. Gentleman, but I urge the Government at the very least to consider the proposal. I am certain that the Treasury has in fact considered something similar. If the hon. Gentleman wants to make a submission to our consultation, I guarantee that it will be given VIP treatment when it is received by the shadow Chancellor's office.

Clause 20 deals with bingo duty, to which my hon. Friend the Member for Beverley and Holderness (Mr. Stuart) has already referred. It increases the duty by almost 50 per cent., which is a blow to an already beleaguered industry, although the Government say that the increase is offset by the impending removal of VAT as a result of a VAT tribunal decision that is in the final stages of resolution in the High Court. The industry has long campaigned for the removal of VAT, which is not levied on other forms of gambling, but Ministers, facing defeat in the courts, appear to have pre-empted the legal process and neutered its likely result. The industry is horrified, and they were even more horrified to hear the Financial Secretary on 23 April describe the package as "welcome to the industry". I assure him that it is anything but. If that is indicative of the level of communication between the Treasury and the industry that it regulates, we have a bigger problem than I thought. I hope that in his winding-up speech he will confirm that he is now under no illusion whatever about how wrong he is on that count, and that he will set the record straight. I know that Members from all parts of the House will want to say more on the issue during the course of the debate.

Mr. Ellwood: Will my hon. Friend give way?

Mr. Hammond: Here is one of them.

I hope that the Exchequer Secretary, since she is present, might also take this opportunity to intervene and explain what has changed since a Westminster Hall debate on 25 February in which she told the House that

"altering the"—

bingo—

"tax regime would not be appropriate." —[*Official Report*, 25 February 2009; Vol. 488, c. 130WH.]

Mr. Ellwood: I am very grateful to my hon. Friend for allowing me to intervene on this important subject. Some 8.5 million people play bingo every year, one third of bingo operators or companies are under threat due to the 46 per cent. tax increase, and I urge the Minister, through my hon. Friend, to reconsider what is happening. This is not just about dear old ladies who go out, although it is their one evening out all week. If such places shut, the social fabric of many communities will change, and the Government ought to reconsider the matter.

Mr. Hammond: My hon. Friend articulates the case passionately, and many Members from all parts of the House look at the challenges to the bingo industry and pubs in the same way: a vital piece of the community's infrastructure is in jeopardy, and that will change for ever the nature of the towns, villages and communities in which we live.

Clauses 23 and 24, I am pleased to say, introduce a welcome if limited carry-back of losses for an extra year—restricted to £50,000—and the accelerated first-year capital allowances for one year only. Those measures are welcome, but because of the lack of available credit, many small and medium-sized enterprises will be unable to take advantage of the incentive to invest, even if they see market conditions improving—something that yesterday's CBI figures suggest is still a way off. I say to the Chief Secretary that fiscal incentives are fine, but the plight of many, if not most, of those companies is rooted in the credit squeeze, and until they and their customers can secure access to normal lines of credit on normal terms, we will not see a recovery. It is true that quantitative easing is forcing money into the system, but a massive public debt issuance and the continued solvency crisis in the financial sector ensure that very little of that easing is getting past the Government and the banks and out there to the SMEs in the real economy that so desperately need it.

Clause 27 makes some minor changes in respect of venture capital trusts. The Government will be aware of calls for a more radical approach, expanding the scope

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of such trusts to allow them to invest in a wider range of companies and in the secondary market, and helping to provide the liquidity that is currently absent. Despite the rhetoric, the Government have not resolved the crisis in credit markets, and they have failed to get normal bank lending to SMEs flowing again, as banks unsurprisingly focus on rebuilding their balance sheets over supporting their customers.

However, here is a suggestion from industry to improve access to a source of equity capital for SMEs, especially those listed on the alternative investment market, and to deepen the market in such equity capital by including secondary market activity in the scope of VCTs. I raise the issue because the European Union recently—I think it was only last Wednesday—approved venture capital trusts for state aid purposes, and the Government's position to date on VCTs may have been partly driven by an uncertainty about whether any different approach would be permitted under state aid rules. I therefore hope that the Financial Secretary can this evening clarify whether the Government are able to consider going further to support SMEs in that way.

I welcome, too, clauses 34 and 35 and the schedules that they introduce, finally delivering the foreign profits exemption regime and the associated cap on interest deductibility that has been promised or threatened—depending on which way one looks at it—for some time. We believe that the measure will broadly help British-based international businesses in the recovery; it is just a shame that the context for that positive mood on corporate tax is a Bill that contains a raft of measures on other areas of the tax regime that is bound to make Britain less attractive and thus dilute that positive impact.

Business is generally satisfied with the proposals in clauses 34 and 35. The CBI has, none the less, laid down a marker whereby it thinks that further details could usefully be discussed before the interest cap regime comes into force, but the delay to its enforcement allows for that possibility. There is a lesson that we should learn from the package, because the initial proposal was vigorously opposed by business, which considered it to be damaging to Britain's international competitiveness, but the end result has been broadly welcomed. That is an example of how proper consultation and debate between business and Government can deliver what this country needs both to make its tax regime competitive and effective and to allow us to maintain our prosperity in a globalising market economy.

The Financial Secretary should take an important lesson from that example. In future, Government should tell business well in advance—at least at the pre-Budget report preceding a Finance Bill—the outcome that they require of a measure. However, the Government should not be prescriptive about how the measure is delivered; they should sit down with business to establish the best, least damaging and most competitiveness-enhancing—if I can say that—way of achieving their objective.

Clause 71 introduces schedule 35, which provides for a new tax on the pension contributions of higher earners. It effectively removes the principle of pension contributions being made from pre-tax income. The A-day regime for pensions, which has been referred to in the context of the Opposition amendment, was introduced only in 2006. What was meant to be a long-term regime for long-term saving is being significantly tinkered with, and the signal is being sent out that the settlement is not the enduring fixed landscape that it was billed to be back in 2004, when it was first mooted.

The measure introduces more complexity and uncertainty; long-term commitments are being overturned for short-term gain. I have already acknowledged the Government's concern that the 50 per cent. rate of tax makes pension tax relief an obvious route for legal avoidance; that is why they have sought to limit the availability of tax relief to the highest earners. But why on earth did they not do that in the simple and obvious way—albeit one that would also have breached the A-day commitments—of changing the maximum contribution limits under the A-day regime?

How can it be fair or reasonable that, under the regime proposed by the Chief Secretary, someone earning £150,000 can get 40 per cent. relief on a £100,000 pension contribution—that is, £40,000 of relief from the Exchequer—but someone earning £200,000, and contributing only £20,000 to a pension fund, is limited to 20 per cent. relief? That perverse outcome risks sending a signal of instability and unreliability throughout the pension regime. It risks a disengagement of top earners from company pension schemes that also benefit tens or hundreds of thousands of lower-paid workers. I am not convinced that disengaging top executives from pension schemes that benefit the many is the best way to protect those schemes.

Many savers will see the measure as the thin end of a wedge, reinforcing Labour's attack on pensions which began in 1997 with the £5 billion-a-year tax raid on pension funds. That has undermined what the right hon. Member for Birkenhead has described as a pensions system that was once the envy of Europe, but is now arguably one of the least good on the continent.

Yvette Cooper: Does the hon. Gentleman think it fair for the top 1.5 per cent. of earners to get 24 per cent. of the tax relief on pensions?

Mr. Hammond: I have recognised that the Government had a legitimate motive for moving to limit tax relief on top earners in the context of a 50 per cent. tax rate. However, the right hon. Lady has not answered the question that I put to her: does she think it fair that someone earning £150,000 can put £100,000 into their pension fund and get full relief at 40 per cent., but someone earning £200,000 and putting £20,000 into their pension fund cannot get relief above 20 per cent.? That does not seem fair either.

Will the Financial Secretary confirm one issue in his winding-up speech? There is a great deal of concern in this country about the growing apartheid between private and public sector pensions. I want him to confirm whether in unfunded final salary pension schemes the value of the notional contribution that is subject to the tax clawback will be based on an actuarial calculation. Will the value of that contribution be added to gross salary for the purpose of calculating the £150,000 threshold? Take as an example a senior civil servant on £120,000—actually, they might be a middle-ranking civil servant on that salary these days. The real value of their pension rights imply an annual contribution of, say, £35,000.

How will that be treated to ensure a level playing field between unfunded public sector pension schemes and private funded schemes?

On the anti-forestalling regime, which has understandably been put in place to prevent people taking advantage of the delay in the implementation of the arrangements by making very large contributions to pension funds, does the Financial Secretary recognise that what is proposed penalises those who are not making regular payments, at least quarterly? Does that not betray a certain mentality in Her Majesty's Revenue and Customs—that the people to be looked after are those in the pay-as-you-earn system in 9 to 5 jobs? Does it not betray a woeful failure to understand the lives and lifestyles of the self-employed, those who have irregular incomes and people whose incomes depend on the success of the small businesses that they run? Such people are typically advised to make annual or semi-annual contributions to their pension funds, but they will be excluded from making their usual contributions under the arrangements that the Financial Secretary has set out. This may be another case of HMRC having pulled the wool over Ministers' eyes. Will the Financial Secretary consider the matter urgently and give an assurance tonight that he will ensure that those who have made regular contributions in the past—even if they have not been as frequent as quarterly contributions—will not be inadvertently caught by the anti-forestalling measures?

The Bill risks being a missed opportunity to prepare Britain for economic recovery in a climate of continued fiscal restraint—a world where equity and saving will replace excessive debt and easy credit, and where green industries, local, close-to-market manufacturing and new services will rise to balance out Britain's over-dependence on the financial and property sectors and on public spending growth. It is not too late; substantial—one might even say fundamental—changes have been made in previous Finance Bills as a result of parliamentary pressure and belated attention to outside experts. I hope that that will happen this time.

A strong and powerful signal needs to be sent that Britain is open to the world for business and that in the recovery we have resolved, despite our problems, not to look inwards and withdraw from the challenges of global competition, but to embrace those challenges. We need to signal that we are determined to create the competitive, world-class business environment that will attract the jobs, trade and investment to secure Britain's prosperity well into the 21st century. To do that, we need continuity, simplicity, fairness, transparency and certainty in our tax regime. The Bill does not achieve that, and this Labour lot cannot achieve it. Change is needed so that Britain can begin the process of rebuilding an economy shattered by Labour's recession.

2.27 pm

Mr. Frank Field (Birkenhead) (Lab): I want to address an assumption about the Budget which is shared not only by all those on the Treasury Bench but by those on the official Opposition Front Bench. I hope that they are correct. The assumption to which I refer is that somehow the country will get safely through to a general election, which most of us expect to be called in May next year. I want to question whether the Budget's assumptions on borrowing will be borne out, and whether the market will continue to buy those assumptions, particularly given the Government's difficulty, in rapidly changing circumstances, in presenting the House and the country with figures that have some semblance of stability.

Think of the past six months, during which we have been through three very different worlds. There was the world prior to the pre-Budget report. Another world was then described to us in the pre-Budget report, whose assumptions and figures began to give way very quickly to a clearer reality. Finally, the pre-Budget report was replaced by the Budget itself. As Members have already made plain, some of the assumptions that underpinned the Budget did not even last for 24 hours. I question whether it is safe for the country, and therefore proper for this House, to continue a debate on the Budget that does not have a plan B ready to implement should the Government's trust in the debt market not be fulfilled.

Mr. Love: This morning, along with some Opposition Members, I went to the Debt Management Office, where we saw a market being made for a £3.5 billion, 4.5 per cent. interest rate gilt over 10 years. That was more than two and a half times covered; indeed, we were told that the market was very satisfactory. When asked, members of the Debt Management Office staff confirmed that there is continuing confidence in and appetite for gilts in this country.

Mr. Field: Of course the office would say yes to that question, because if they said no, then whatever we call it would hit the fan. I am grateful for my hon. Friend's intervention, because I want to emphasise that one hopes that the scenario that he describes continues, as it is in the immediate interests of the country. I raised the issue because on three occasions the Debt Management Office has had difficulties in placing a week's debt. Given that, as a country, we are attempting to float debt of an unprecedented size, it would be extraordinary if that did not affect long-term interest rates and therefore the long-term recovery that we so desperately want in our economy. In the terrible scenario whereby the Debt Management Office reports to the Treasury that that day's debt has not been sold, we are in another world, which has not yet been described.

Mr. Graham Stuart *rose—*

Mr. Field: I will give way, but I do not want to take too long.

Mr. Stuart: The right hon. Gentleman will be aware that over many years our banks moved from depending on depositors to depending on the international money markets, which seemed to be functioning well. When those markets froze, the trigger came that caused the collapse of so many financial institutions—or might have done were it not for Governments intervening. He is right to bring to the House the issue of what would happen if the gilts markets too lost people's confidence and ceased to work.

Mr. Field: My point is to draw attention to the scenario—not to wish that it would occur, but to suggest that it would be sensible if we thought that it might, and planned for it, given the horrors that would confront the country if there were nothing in the cupboard at that time.

[Mr. Frank Field]

We are in a different position from when we were raising similar sums of money to fight the second world war. Then, some of our allies, particularly Canada, gave us huge sums of money, and others lent us huge sums; they all had surpluses and were keen to lend to us. But now, all of the Group of Eight countries are hoovering the markets to raise money to cover their debts. We are not the only country doing this, and lending to us may not be seen as the most favourable option by people who have money to lend. It is wrong to assume that because we have done this before in wartime, we will somehow be able to do it now. We have to take the view that several major economies are now in the same boat, and it seems reasonable to assume that over time it will get more difficult, not less difficult, to cover that debt.

Let us suppose that it all goes wrong—pray God that it does not, but let us suppose that it does—and the Debt Management Office reports to the Prime Minister that money is not forthcoming. What would happen to sterling on the markets the next day? It would collapse, and then what would happen to the well-being and the living standards of our constituents? That is too terrible to contemplate. That is why I tabled an amendment, supported by the Liberal Democrats—I assume, Mr. Deputy Speaker, that we will not get a chance to vote for it—proposing that, given the paralysis on the part of those on the Treasury Bench and on the official Opposition Front Bench, this House should play some part in seriously discussing how we can bring our tax revenue and our expenditure into balance.

Let us assume for a moment that the figures that the Government gave us in the tables in the Red Book are right. They assume that by 2012-13 we will all be singing and dancing, and the economy will be back in growth again. Even in those circumstances—again, let us hope that the assumptions are correct—we expect to raise, as a proportion of GDP, a little less than 38 per cent. in tax, but we will still be spending 41 per cent. Today the National Institute of Economic and Social Research has suggested that those figures will not hold—they will crumble—and that in 2012 expenditure will be 48 per cent. of GDP. That means that in each week of that year we will try to offload on to the debt market shed-loads of debt the like of which we have never tried to get buyers for before. We can put our heads in the sand and pretend that we might get through with a bit of luck, or we could, as a House, decide that given the failure of those on the Treasury Bench and of the official Opposition, we should take some hand in planning how we are to try to achieve a greater balance between tax revenue and expenditure.

I shall conclude by referring to a matter that I have raised in the House before—the size of the lost revenue for pension savings. In introducing the debate, the Chief Secretary said, I think, that that figure would be £30 billion. If we started to discuss options rationally, not in a crisis where we have to slash and burn the night before the markets open the next day, we could seriously consider what this country does in supporting pensions. We could have a reform that says that we will put ourselves on track to abolish pensioner poverty. In the past, I have made proposals describing how we could achieve that through a funded scheme that would wrap around the state pay-as-you-go scheme. If we did that we would know that, over a 15-year period, the cost of the failure to have serious pension reform, which is currently £15 billion and rising, would be on a downward course. We could say to savers, "Because we are putting in place a guarantee which will take every decent citizen out of poverty in old age, over time—15 or 20 years, maybe longer—we are going to phase out the subsidies that we give through the tax system to try to get you to save in a particular way to get a pension at the end of the day. That won't be our concern, as a Government."

That would also provide a civilised way of saying to the public sector, which includes us, "We are closing all public sector schemes to new members." If things do not change, we will, on today's terms, be paying out £90 billon a year to public sector pensioners like me—more than most of the Government's major departmental budgets. Does anybody think that even if we did not have this sort of crisis, we would have the revenue to pay that?

Mr. Philip Hammond: The right hon. Gentleman mentioned the public sector, "including us". Will he acknowledge that we have to start somewhere, and that the Leader of the Opposition has made the commitment that a Conservative Government would close the parliamentary pension scheme to new members?

Mr. Field: Closing schemes to us will be the easiest bit. The difficult bit will be closing them to other people—but it is a start.

Mr. Hammond: The right hon. Gentleman himself suggested that schemes needed to be closed to new members.

Mr. Field: Absolutely, and of course that will be a start, but important though our budget is to taxpayers at the moment, it is small compared with the budget that we will be paying out mid-century—£90 billion, unless we make changes. We could just say in a rough and ready way that we are closing schemes, or we could have serious pension reform and consider that the only task of Government is to get a scheme that takes everybody out of poverty in old age providing that they have been decent citizens. We could then say to people, "It is being closed, but nobody will be pushed into poverty as a result. What you add on top is your concern, not ours. We are not even going to lecture you about it, and we are certainly not going to bribe you to do it."

With those moves alone, the means-test budget of £15 billion and rising would be set on a downward course. The Chief Secretary told us today that there would be a £30 billion subsidy budget in the tax system for pension savings, and that that budget, too, would go down and then be eliminated. We would prevent future liabilities from accruing in the public sector, although of course we would have to accept the bill for paying off the liabilities that have been earned.

Surely this House ought to gird its loins and say that this is the sort of debate that we want to have, and that we are going to reshape the nature of government in the next Parliament. This debate could play a key part in that, but it could also act as the longstop and the plan B. If the day came—I hope that it never does—when the Debt Management Office said that confidence had

drained away and that we could no longer shove shed-loads of debt on to the market and get it bought, we would already have in place a civilised way of bringing public expenditure and tax revenue back into balance. That would reassure the markets, so that the terrible day would not come upon us when the Government simply could not raise the money to pay the wages that week.

2.42 pm

Mr. Jeremy Browne (Taunton) (LD): Thank you, Mr. Deputy Speaker, for giving me an opportunity to contribute to our deliberations this afternoon.

The Budget that gave rise to this Finance Bill was a total humiliation for the Prime Minister himself and for the Labour party generally. The reputation of the former has been destroyed for ever, and the reputation of the latter for at least a generation, and possibly irredeemably. Their self-imposed destruction does not concern me, as they are the architects of their own misfortune and eventual downfall, but what does concern me is the catastrophic impact that this Budget and this Bill will have on our country both financially and socially for many decades to come.

The context of all our deliberations is debt. That point was made by the right hon. Member for Birkenhead (Mr. Field), and is made in the amendment that he, my hon. Friend the Member for Twickenham (Dr. Cable) and I tabled. I shall turn to it repeatedly throughout my contribution. I wish to examine what the Government are going to do, and the suggestions being put forward by the other parties to try to tackle that huge burden. The scrappage scheme, the increased alcohol duty and the manifesto-shredding, aspiration-capping 50p income tax rate are all brought about by the need to address our huge public debt.

The Government of this country are now borrowing £480 million every day. We are borrowing £20 million an hour. Our national debt increased by £12 million during the time that the Chief Secretary took to make her speech opening this debate. I am afraid that it went up by another £21 million while the Conservative spokesman was talking, which makes the rate charged by the Conservative shadow Foreign Secretary seem positively mean-spirited. I shall try to boil those numbers down to understandable levels, because people trade tens of billions as though it were small change. Our debt is clocking up another £1 million every three minutes, and it is a serious and frightening problem. It will rise by £175 billion this year, £173 billion next year and £140 billion the year after that. When the Prime Minister delivered his first Budget as Chancellor in 1997, almost exactly 12 years ago, total Government spending was £322 billion. Now the debt increase alone for the next two years will be £348 billion.

The Prime Minister used to boast about the golden rule of keeping total debt below 40 per cent. of GDP. Now, according to the Institute for Fiscal Studies, we will not get down to that proportion until I am 62-years-old, and I am 38 at the moment. I was going to say that that would be the rest of my working life—but by the time I get to that age we will had to respond by increasing the retirement age significantly. All those assumptions are desperately bleak, but they are, simultaneously, heroic in their optimism.

Mr. Graham Stuart: The hon. Gentleman has just moved on to the point that I wished to make, which is that the assumptions are based on optimistic forecasts about future growth, which no one believes. Following on from what the right hon. Member for Birkenhead (Mr. Field) said, when someone running a small business is in difficulty and goes to the bank, the single most important thing that they have to do to ensure that the bank will continue to lend to them is to give realistic forecasts. The bank will lend even with quite bleak forecasts, but it will not continue to lend to someone who has given forecasts that turn out to be completely and utterly wrong, because that undermines the confidence of those doing the lending.

Mr. Browne: I agree with the hon. Gentleman's point, because the predictions are both bleak and optimistic at the same time. The Chancellor tells us that the economy will grow by 3.5 per cent. in 2011 and the same in all subsequent years. He had better be right—but I am afraid that the Government's track record of predicting economic growth is hardly encouraging.

In his final Budget, in 2007, the present Prime Minister tried his hand at predicting future debt. We can see the predictions year on year by going back and looking at Red Books. His predictions in 2007 were the least accurate forecast that this country has seen since the day before southern England was flattened by a terrible storm, when Michael Fish said:

> "A woman rang the BBC and said she heard there was a hurricane on the way, well, if you're watching, don't worry, there isn't."

There was a hurricane then, and there is an economic hurricane now. The Prime Minister completely failed to foresee it. In his final Budget speech, in 2007, he said that borrowing in 2009 would be £30 billion. Instead, as we know, it is £175 billion. That is how accurate his last two-year forecast was.

My fear is that the Chancellor has retro-fitted his entire Budget assumptions. He has decided what level of debt he would like in 2011 and then calculated the growth rate necessary to achieve it. Does that growth rate include quantitative easing, to try to inflate it further? We have to hope the figures are more reliable than that. Whether or not that is included, we must hope that those predictions come true, but the omens are not auspicious. The Budget forecasts look like the sort of predictions that politicians make when they do not expect to be in office when the day for which they are forecasting arrives.

If Labour does not deserve to be in Government, which I think is manifestly the case—

Mr. Philip Hammond: Will the hon. Gentleman give way?

Mr. Browne: I give way to somebody who has aspirations in that regard.

Mr. Hammond: I suspect that I know where the hon. Gentleman is heading, but has he not made the case for some form of independent statutory provision of such forecasts as a backdrop to the Budget? Any Chancellor should make forecasts in response to the real situation that the country faces rather than the fantasy situation that he wishes to paint.

Mr. Browne: I am all in favour of reliable official data, which are the backdrop against which we have to make all our calculations. My fear about the Conservative policy, as I understand it, is that a Government are elected to deliver their policies. Advisers advise, Ministers decide, as a former Conservative Minister once said. I would not want to see an elected Chancellor hamstrung by officials. The hon. Gentleman may say that that is not a potential consequence of his policy, and I hope that it would not be, but if an elected politician were not able to do what he or she saw fit, even with the assent of the House, because of obstacles put in their way by a quango, that would cause me concern.

Mr. Hammond: Let me reassure the hon. Gentleman that the only obstacle in the way of the Chancellor of the day would be that he would have to make his Budget against the backdrop of an objective set of fiscal projections, not a fantasy set of fiscal projections. If the hon. Gentleman regards that as being hamstrung, I do not share his view.

Mr. Browne: I have no doubt that the people in the Treasury feel that they are carrying out their work with a degree of objectivity. Perhaps one person's objectivity is not another person's, but the hon. Gentleman has made his point. The proposal sounds to me like the sort of policy that it is more typical of Opposition parties than of governing parties to devise, but it is not necessarily the worse for that.

Mr. Graham Stuart: I am grateful to the hon. Gentleman, who is being most generous in giving way. I would point to the Congressional Budget Office in the United States, which reports to Congress and provides objective information. In no way does it get in the way of elected politicians, but it does mean that they have to deal with real figures and not be tempted into manipulating them when they find themselves in the type of predicament that the Prime Minister is in now.

Mr. Browne: Absolutely. Let us not get too hung up on this issue, but I take the hon. Gentleman's point. There are potential benefits and lessons that we could learn, although all political systems are different. The Treasury Secretary is not an elected politician in the United States—indeed, nobody in the United States Cabinet is, apart from the President and the Vice-President—but I understand the hon. Gentleman's point.

The point that I was making before those interventions was that the Government have presided over extraordinary levels of debt, which we will be paying back until 2032, by the most reliable estimates. Many people—the mood in the country appears to suggest this—think that the Government have run out of steam and served their time in office. The question then arises whether any other political parties have solutions and policies superior to those being put forward by the Government. I know that the Conservatives revel in our national misery and are running around celebrating their election win already, without anyone having yet cast a vote, but let us see whether their record justifies their confidence.

Boris Johnson, who reportedly shares my concerns about the limitations of the Conservative party leader, wrote in *The Daily Telegraph* on 27 April about the Labour Government:

"It believed its own demented propaganda about ending boom and bust".

He is exactly right: Labour did believe that demented propaganda. However, the Conservatives believe the same demented propaganda. Talking about the Iraq war vote, it is only now that they turn round and say, "We were so convinced by the sincerity of Tony Blair. We feel very upset that he's let us down." After all, why else would the right hon. Member for Witney (Mr. Cameron), the hon. Member for Tatton (Mr. Osborne) and others have as their central policy—until it collapsed in the past few months—that the Conservative party would "share the proceeds of growth"?

The only way we could share the proceeds of growth indefinitely is by believing that there would be a continual boom and no prospect of bust. If the Conservatives thought that there would be an economic cycle of boom and bust, they would have to say that they would share the proceeds of negative growth, and I have never heard a Conservative spokesman once mention that. What the Conservatives said was predicated on the assumption that growth would be permanent. In the debate on the Finance Bill exactly a year ago, I warned the Conservatives of the folly of matching Labour's spending commitments. I said that simply, clearly and in black and white. I was ignored on that occasion, and told that it was an article of faith for the Conservatives to stick to the Labour party's spending commitments, but then, a few months ago, they came up with exactly the opposite policy, having heeded my warning.

Mr. John Redwood (Wokingham) (Con): I agree that the Budget is too big, but which major items of spending would the hon. Gentleman like to remove from it?

Mr. Browne: I will come to that point and give the House the benefit of some of the thinking that we have put before the people, because my party, uniquely, has addressed the issue.

Stewart Hosie: Keep it short.

Mr. Browne: The Scottish Nationalist Member tells me to keep it short when coming up with ways to try to balance the Budget. I am afraid that that will not do. It is all very saying that, but one day the taps will have to be turned down a little bit in Scotland. We cannot go on spending so far above our means. When the hon. Gentleman says, "Keep it short," he is showing a complete lack—*[Interruption.]* Perhaps I need to go through this again: we are borrowing £480 million every day, so just a few little—*[Interruption.]* A Conservative-SNP coalition thinks that everything can be done by saving a bit of money on spin doctors, but I am afraid that the problem is much more serious and grown up than that.

Stewart Hosie: When I said, "Keep it short," I meant the hon. Gentleman's speech. I look forward to hearing the explanation, and, yes, I know how much the debt is, but is he now committing his colleagues in the Scottish Parliament to voting for Labour's spending cuts or is he prepared to continue to support his Front Benchers here, who believe that we need a fiscal stimulus and that we should not make cuts in the teeth of a recession?

Mr. Browne: I am not telling my colleagues in the Scottish Parliament anything. We have a system of devolution, which I thought the hon. Gentleman was in favour of, as far as it went, and they have to make their own decisions. The facts of the matter are that, on the

Government's optimistic assumptions, we are borrowing almost £500 million every single day. It is not good enough for either the SNP or the Conservative party to come up with a few little, piecemeal measures—the scale of the problem is far more substantial. The reason the Labour party was able to sail the ship of state towards the rocks with its Budget was the pathetic "me too-ism" of the Conservative party, which has given Labour an alibi throughout the past year and a half.

Mr. Philip Hammond: The hon. Gentleman has just accused the Opposition of talking the economy down, but he keeps going on about this £175 billion. I am the last person to want to talk down the scale of the Government's debt problem, but when we come to address it in future fiscal policy will he acknowledge that a significant part of it—in fact, the majority—is a cyclical deficit? If we are going to have a serious debate, we need to address the £50-odd billion of structural deficit that will survive the recovery.

Mr. Browne: There is both the cyclical deficit and the structural deficit. In time, the automatic stabilisers that people talk about so often will, I hope—this is what the Government say in their borrowing figures—address the cyclical element, but there is a need to address the structural shortfall as well, which is the whole purpose of the wisely worded motion that the right hon. Member for Birkenhead, my hon. Friend the Member for Twickenham and I have tabled.

Mr. Frank Field: May I remind the House of the figures that I gave earlier? The Government think that we will be back in growth. The National Institute of Economic and Social Research thinks that we will have tax revenues of 38 per cent. and expenditure of 48 per cent. The structural imbalance in our national accounts is so much greater than the cyclical.

Mr. Browne: I completely agree. That is the point I was trying to make.

I am pleased that there are members of the Conservative party who have woken up to the dangerous situation. I am not surprised that it took the Conservatives a while. After all—this is the point I was trying to make when I said they had given the Government the covering fire they needed—it was the Conservative party leader who boasted that he was the "heir to Blair", but it was the previous Prime Minister, Tony Blair, who presided over the situation in which we now find ourselves. My message to the Conservatives is extremely simple: we need a change of Government, not an imitation of this Government. If the Conservative party regards itself as the "heir to Blair", our party will have to do better.

As we were sailing towards the ruinous position that we were in, did the Conservative party warn of the steps that needed to be taken? What was the Conservative leader saying? He was making speeches about sunshine winning the day and claiming that GDP was no longer important, because we ought to be concerned about GWB, which stood for general well-being. GDP was passé; the new Conservative party was not worried about growth. The leader of the Conservative party identified his main priority for retailers, whom we hear so much about, as being where they should locate chocolate oranges in their stores so as not to encourage obesity in their customers.

As unemployment rises towards 3 million, perhaps the leader of the Conservative party would like to revisit his view that GDP is all in the past. Perhaps he could talk to some of those unemployed people and tell them how old fashioned it is to want the economy to grow. Perhaps he should talk to some retailers, or the former staff of the boarded-up Woolworths stores around the country, about the Conservative party's big priority for retailers, which is not about giving them the opportunity to be competitive, but about politicians micro-managing the exact location of confectionery in stores.

Rob Marris: The orange book.

Mr. Browne: The orange book for the party of the chocolate orange—an extraordinary political mismatch.

Mr. Graham Stuart: I did not think it possible, but the hon. Gentleman is giving the Chief Secretary a run for her money in distorting and caricaturing the Conservative position. At no point did the Leader of the Opposition say that GDP was not important. He has always known the central importance of the economy, but he quite rightly wanted to show that Conservative Members have always been interested in wider social issues too, and in the country's general well-being. I hope that the hon. Gentleman will not again caricature the Leader of the Opposition or the Conservative party in such an unfounded and unfair way.

Mr. Browne: On that precise point, I have been reading the Conservatives' "Quality of Life" report, commissioned by the Leader of the Opposition and written by a Conservative candidate. It was designed to tell us what the Conservative party would do in government, and its message on the macro-economy was—*[Interruption.]* Some Conservative Members may not have read the report. It attacked the Government's growth assumptions, but its author said—

Mr. Ellwood: On a point of order, Mr. Deputy Speaker. I seek your guidance, but we have moved on to the Conservative party's "Quality of Life" report and we are supposed to be debating the Second Reading of the Finance Bill. Have we wandered off track?

Mr. Deputy Speaker (Sir Michael Lord): We are debating the Second Reading of the Finance Bill. I am sure that the hon. Member for Taunton (Mr. Browne) will direct his remarks to that, will he not?

Mr. Browne: I will, Mr. Deputy Speaker, but I was half way through a quote that is directly relevant to the debate. The report said that

"ever increasing material gain can become not a gift but a burden".

It must be such a drag, darling, to have so much burdensome money. It is all very well the Conservatives brushing the author off as a joke, but he is a Conservative candidate who speaks for the party.

Mr. Philip Hammond: Will the hon. Gentleman give way?

Mr. Browne: I will give way to someone who is less close to the leader of the Conservative party but who has been doing better more recently and who also, I hear, speaks for the Conservative party in this sphere.

Hon. Members: Oh, dear!

Mr. Hammond: I am not sure what that was all about, but the hon. Gentleman knows that the document to which he has referred is not a Conservative party policy document but a discussion paper prepared by a group of people asked to submit ideas and proposals to the party leader. That is a how a serious opposition party goes about its business.

Mr. Browne: I observe only that the Conservative party says one thing to one group and another thing to another group, depending on who is listening. What about the Conservative party's report on economic competitiveness? It suggested—

Mr. Deputy Speaker: Order. Perhaps the hon. Gentleman did not hear my earlier remarks. If he did, I ask him to bear them in mind and adjust his speech accordingly.

Mr. Browne: I am grateful for your guidance, Mr. Deputy Speaker. I will not dwell on the report, and I will drop the section of my speech in which I was going to talk about the Conservative proposals to abolish mortgage market regulation because I recognise that Conservative Members find that difficult. I will also drop the section devoted to the extra spending on the NHS of £28 billion every year that the Conservatives are promising, and on the subject of debt—

Mr. Deputy Speaker: Order. The hon. Gentleman is in danger of making the Chair rather exasperated. He is trying to make his remarks tangential, but that is not really what we expect. Perhaps he will now address the Second Reading of the Finance Bill.

Mr. Browne: I will, Mr. Deputy Speaker, and thank you. We will get back to the grown-up suggestions made by my party for dealing with the grave crisis facing us.

Mr. Redwood: Will the hon. Gentleman give way?

Mr. Browne: No, because I have been asked not to speak about the report that the right hon. Gentleman authored. No doubt he will have opportunities to speak about it later, but I want to speak about debt. I have said throughout that it is the theme of my speech, and it is a great concern for everyone in the country. My party is the only one to have spoken—consistently, perceptively, sensibly and in a measured way—about the huge debt that we face, and our predictions have been accurate. In a debate in this very Chamber on the economy and the housing market initiated by the Liberal Democrats on 2 April 2008, we warned of the dangers ahead. In reply, the Exchequer Secretary to the Treasury said:

"Our expectation, as set out in the Budget, is for sluggish or flat housing price growth this year. The Liberal Democrats do no one favours by scaremongering about 25 per cent. falls."—[*Official Report*, 2 April 2008; Vol. 474, c. 827.]

Earlier, she had said:

"According to the motion, we are facing 'an extreme bubble in the housing market' and the 'risk of recession', and we must 'act to prevent mass house repossessions'... Fortunately for all of us, however, that colourful and lurid fiction has no real bearing on the macro-economic reality."—[*Official Report*, 2 April 2008; Vol. 474, c. 825.]

In other words, the Liberal Democrats called it right, and the Labour party called it emphatically wrong. On that occasion, I think that the Conservatives were not sure. Of course, if he did not share them himself, the Prime Minister could easily sack the Exchequer Secretary for making those assumptions. However, it is up to her to decide whether she is able to carry on in her post.

As Scottish National party Members and others noted, Britain needs some serious measures to weather the storm. The Conservative party is so hamstrung that it is unable to make the necessary suggestions. Indeed, if Conservative Members had had their way, the deficit would have been even bigger than it is—*[Interruption.]* Does the hon. Member for Runnymede and Weybridge (Mr. Hammond) want me to give way?

Mr. Philip Hammond: I do not know what the hon. Gentleman is going to say.

Mr. Browne: Very well, but I remind the House what the Conservative shadow Chancellor was saying in 2001. The essential question is whether we saved enough money when the economy was growing to afford a recession of the current magnitude. The hon. Gentleman always talks about fixing the roof when the sun shines, and it is a crucial point. The economy was growing very strongly in 2001, and one would have thought that the Conservative shadow Chancellor of the day urged the Government to save more money. Instead, he said:

"Analysts believe the Chancellor has about £5 billion more than he thought. It is perfectly possible to cut the fuel tax this year without any impact on Government spending or public services. Everyone knows that Gordon Brown has a war chest."

That was the Conservatives' position in 2001. Essentially, they were telling the Government to do the precise opposite of fixing the roof while the sun was shining.

Madam Deputy Speaker (Sylvia Heal): Order. I think that the hon. Gentleman has been reminded on one or two occasions already this afternoon of the importance of concentrating his remarks on the Bill.

Mr. Browne: Thank you, Madam Deputy Speaker. My point is that we cannot afford to live beyond our means indefinitely. There is a fundamental structural deficit as well as a cyclical deficit. Neither the Labour nor the Conservative party has addressed it, but we must do so because, if we do not, the consequences for public sector spending will be very grave, as will be the impact on people's quality of life and on what they have become accustomed to.

That is why, with the right hon. Member for Birkenhead, my party has tabled our amendment today, and why we have started a national debate on our national priorities. We want to talk about what can be scrapped and what we can no longer afford in the medium term. There has to be greater discipline, because we cannot afford to live way beyond our means. I shall go through some of the cuts that we will have to make—

Mr. Philip Hammond: Will the hon. Gentleman give way?

Mr. Browne: No, because I keep being told that I am meant to be talking about the Bill.

I do not think that we should go ahead with identity cards. The Labour party is committed to them, and the Conservatives were committed to them although they now say that they are not. I do not believe that we should be committed to them. I think that they are unaffordable. That was the first item.

We should also scrap the baby bond. There are people who will not like that message. They will say—

Mr. Hammond: On a point of order, Madam Deputy Speaker. One of the weaknesses of our scrutiny of taxation and expenditure is that we do not have any effective say on Government spending. This Bill is about taxation and tax raising. It has nothing to do with the distribution of Government spending.

Madam Deputy Speaker: I hope that it will be helpful if I say to the hon. Member for Taunton (Mr. Browne) that this debate is clearly not a general debate on public expenditure, and that it is about taxation. Perhaps his remarks will therefore follow in that vein.

Rob Marris: On a point of order, Madam Deputy Speaker. Will you clarify whether the official Opposition's amendment on the Order Paper has to be selected in order for us to debate it?

Madam Deputy Speaker: Mr. Speaker did not select the Opposition's amendment for debate.

Mr. Browne: I am grateful to you, Madam Deputy Speaker. As I understand it, the Government have introduced the new tax measures—the 50p top rate of income tax, the abolition of pension relief for high earners and a whole raft of other measures—because of the catastrophic borrowing figures. I have been asked by MPs of all parties what we can do to make those figures less catastrophic. I do not wish to challenge anyone's authority, but that seems to me to be entirely central to the Bill. The right hon. Member for Birkenhead made a speech all about debt, rather than about the specific tax proposals, but these matters are obviously interrelated.

From memory, I think that the baby bond costs about £500 million a year, and we need to ask some hard questions about that. Can we afford such measures? I sat on the recent Statutory Instrument Committee in which Labour and Conservative Members supported it, but I do not think that it is affordable. Can we afford to continue paying tax credits to people earning far higher than average wages? The Government obviously think that we can, otherwise that policy would change. My understanding is that the Conservative party does not dissent from that view. I say to the other two parties that we cannot carry on spending that amount.

We also need to review our military commitments. Some people in the Conservative party think that we should scrap Trident; some think that the fleet should be scaled down from four to three. That is the debate that we should be having. Can 50 per cent. of young people in this country go to university? There are many more questions, but I will move on.

The Labour Government wanted the state to do more with more, but that is in the past. We are not even in a position now to try to do more with less. We are now in an era in which this and subsequent Governments will have to try to do less with less. At the same time, our tax system needs to incorporate greater fairness and greater incentives to work. Labour's recession cannot be used as an excuse to avoid helping low and middle-income earners to make work pay. One of the worst features of the Budget and the Finance Bill is the impact they will have on people on relatively modest incomes. That is why the starting threshold of about £6,000 for income tax is too low—it should be £10,000 a year. We need to come up with ways of rebalancing the tax system that are more ambitious than those in the Budget, in order to give people on low and middle incomes greater opportunities to keep a higher proportion of their household income, and greater incentives to work.

Stewart Hosie: If the starting point for the basic rate of tax went up to £10,000, what would the net cost and revenue be? Can we look forward to an amendment on this next week, or in Committee?

Mr. Browne: Of course there would be costs attached to that measure, but my party has identified how it would pay for it—*[Interruption.]* Members are being critical, and I hear the Conservative spokesman saying that he does not approve of this suggestion. It has broad support, however. I have here a letter addressed to "The Rt Hon N Clegg MP". It says:

> "I was interested to hear what you were saying on Radio 4 today...concerning proposals that should be in the Chancellor's Budget on Wednesday. I was delighted that you proposed a doubling of the annual tax threshold to £10,000. I have been advocating a similar proposal...Until now I have felt a very lonely voice...I am glad that at least one Party is now in agreement!"

That letter was from Norman Tebbit. The point that I am trying to make is that the idea—*[Interruption.]* No, he is not a spokesman for his own party; of course he is not. The idea that this is some sort of fanciful left-wing idea being suggested by the Liberal Democrats and that the Conservatives could not conceivably countenance it simply is not true. They just lack the boldness and ambition—

Mr. Philip Hammond *rose*—

Mr. Browne: I will not give way, because the hon. Gentleman spoke for over an hour. He keeps leaping up to try to stop me making all kinds of constructive points, and I am tired of what he has to say. If he cannot get what he has to say into over an hour, perhaps he needs to rewrite his speech.

The Finance Bill—

Mr. Graham Stuart *rose*—

Mr. Browne: No, I have already given way to the hon. Gentleman several times as well. Shall we all move on? [Hon. Members: "Yes!"] Okay.

The Finance Bill is the postscript to Labour's 12 years of missed opportunity. For me, the conclusion is that there will be a legacy long after Labour has left office. People expect the general election to be next year, but they will be paying back this debt for years afterwards. The Labour party will be greatly damaged as a result. The proposals in the Bill do not address the scale of the debt, the scale of the income disparities in our society or the disincentives for people on low and middle incomes to work and be rewarded for their work.

[Mr. Jeremy Browne]

The Labour Government have presided over a disastrous unbalancing of the budget, and the legacy will be deep cuts for those whom they purport to represent. At the moment, people say to me, "It's very difficult in the private sector, but the public sector is insulated from the full consequences of this recession." I am afraid that, given another 18 months to two years, the private sector might well be seeing the benefits of the economy returning to growth—albeit at lower figures than the Government estimate—but there will have to be deep cuts in the public sector to make the books balance. That will be the Labour Government's legacy for many years after they have left office. The consequence will be that progressive politics in this country will come to an end unless my party can seize the mantle and resurrect the voice of progressive politics that was brought into disrepute by a Labour Government who ultimately ran out of money.

3.18 pm

Rob Marris (Wolverhampton, South-West) (Lab): I am not sure that we would get progressive politics from a Liberal Democrat party that seems intent on massively shrinking the state. Nevertheless, it is important to debate the size of the state, as we did in the Budget debate and as we are doing on the Second Reading of the Finance Bill, and the kind of things that it provides using taxpayers' money, and that it does not provide, and how it pays for those things.

Let me draw on my own past by way of illustration. In my early 20s, I spent several years as a truck driver and a bus driver. Thanks to a strong trade union, the Amalgamated Transit Union, in which I was actively involved when I lived in Canada—I continue to be a member of the Transport and General Workers Union and now Unite—we were the second highest-paid bus drivers in the world. In the early 1980s, I was taking home £10,000 a year. I saved a lot of that money, and I went to the Birmingham polytechnic, as it was then called, to study law. I had two years' study at the polytechnic, followed by two years as what was then called an articled clerk. After I qualified, I was a moderately low-paid solicitor before working my way up into partnership. So it probably took me over 10 years to get back to the economic position that I would have been in had I continued as a bus driver throughout that time. But I did get ahead, so that is an anecdote about investing for the future. I think that that is what we and this Government are faced with. Frankly, if the Conservatives were to win the next general election, they would also be faced with the issue of what the state does for the people who live within its borders: first to invest for their futures, and secondly to assist individual residents in investing for their own futures.

When the Prime Minister was Chancellor of the Exchequer, he talked about abolishing boom and bust. I think we have to be careful about the way in which we use and interpret that phrase. I have to say that I never understood or interpreted the Prime Minister, as he now is, to be saying that through the economic policies of a Labour Government in one country among hundreds, we could abolish the cyclical nature of capitalism. Whether or not one accepts Kondratiev's theory long waves of about 40 years or alternative models, it is clear that capitalism for the last 250 years, in its fairly modern incarnation, we might say, has always been cyclical.

My interpretation of the abolition of boom and bust was that it was more about lessening the troughs and lowering the peaks, if I may put it in that rather graphic—I use the word in its true sense—way. I think that this Government did a pretty good job of that. We did not have a boom and we avoided the two recessions in the early part of the previous century that were evident, for example, in the USA. We were not booming in the way China or India have been, with 10 per cent. growth. Superficially attractive as that sounds, if we had had 10 per cent. growth, it would have created big strains on our economy and society.

In this financial year, we are looking at economic contraction of up to 5 per cent. That is absolutely devastating for people who are losing their jobs, for businesses that are closing and for some people's standards of living, but it does mean that 95 per cent. of those in the work force are carrying on working. In terms of where we are as an advanced western industrial capitalist country, we need to bear in mind how deep the trough of this bust is. *[Interruption.]*

I hear a sedentary, almost sotto voce, comment from the hon. Member for Taunton (Mr. Browne) about what all this has to do with the Second Reading debate of the Finance Bill. Well, we are facing difficult times and there are very worrying figures in the Budget about the massive amount of borrowing that is going on, as the hon. Gentleman himself graphically put it when he mentioned £480 million a day and £175 billion of borrowing for this year and almost the same figure next year.

In examining a proposition, way forward or proposed course of action, however, I was brought up to examine alternative courses of action to test whether the proposed course—whether it was suggested by a parent, a teacher or whoever—was suitable. It is always a question of looking at the alternatives as well as at the proposed course of action.

When it comes to alternatives, what do we find advocated by the hon. Member for Runnymede and Weybridge (Mr. Hammond), the shadow Chief Secretary to the Treasury? I have to tell him that he put forward a platitudinous position—transparency and certainty in taxation, simplification, a competitive tax regime, efficiency savings, the shibboleth of "tax neutrality" and so forth. They all sound wonderful, but one needs some flesh on the bones. I did not see much flesh being given straightforwardly, but I did see a "drip, drip, drip" in the hon. Gentleman's speech in respect of tax cuts. That is an understandable proposition to advance when faced with our economic situation. I do not think that it is a very good way forward, however; it may be coherent, but I think it is wrong.

I do not want to be accused of being superficial or platitudinous, so let me mention fuel duty, bingo, corporation tax, inheritance tax for the very wealthy, state aid for venture capital trusts—okay, that is not a tax cut, but a spending commitment—cutting taxes on savers, cutting alcohol duty, not accepting pensions tax relief proposals at the higher rate and not accepting the 50 per cent. top rate of tax, which I agree is not a tax cut; it is a rejection of a tax rise.

Mr. Jeremy Browne: The hon. Gentleman is making an entirely legitimate point. Public borrowing is £175 billion this year, so what would it be if the Conservative party got its way and all those measures were rejected in the Bill?

Rob Marris: I am a Labour Member of Parliament. I am not in a position to estimate the size of what I believe are broadly tax cuts proposed by the Conservative party today. I cannot say what the figures are. We were not told the figures, notwithstanding what the hon. Gentleman implied. I can say, however, that if the proposals were implemented they would reduce Government revenues further. Unless Government spending were cut massively, a deficit that I think we all agree is huge and worrying would be even greater.

There are contradictions in what the Conservatives say we should be doing about taxation and spending. There are the tax cuts to which I have adverted, and there is also the clear implication that the Conservatives would maintain public services. They cannot do that by means of efficiency savings, which is another of the terms that we like to bandy around. I was astounded when the hon. Member for Runnymede and Weybridge belaboured my right hon. Friend the Chief Secretary with the question "Why do you not bring the efficiency savings forward to this year?" That is like saying "Instead of buying a new car next year, why do you not buy one this year?"

Efficiency savings are not like that, particularly in large organisations. I should have thought that the Conservatives would understand that, given that they are constantly trying to impress on the House how much they know about running organisations. They overlook the fact that some Labour Members have also had significant experience in the private sector and in large organisations. Efficiency savings almost always mean changing the ways in which in which individual human beings work, whether it involves different equipment, different work-flow patterns or anything else. Those things take time. It is not possible to say "We will do them tomorrow, because it is convenient and we will save money." Life is not like that.

I have described one of the contradictions in the views of those on the Conservative Front Bench: the tax cuts and rejection of certain revenue-raising measures in the Finance Bill along with the implication that services will be maintained. Another contradiction—of course, we also see it in the other parties; I learned years ago that all of us, as human beings, have a great capacity to live with huge contradictions in our personal lives and political beliefs—is that Conservative Back Benchers are standing up and asking for measures that would cost a Government money. Dealing with child poverty and increasing spending on international development are laudable activities, but they cost money.

While Tory Back Benchers are, in a sense, asking the House and their own Front Benchers for further spending commitments, the Front Benchers, in contradistinction, are at best going for stasis and at worst going for cuts. I think that that is a huge contradiction, which needs to be resolved in the Conservative party before it is fit to run the country.

Mr. Browne: The situation is even worse than that. Where the Conservatives are in opposition at council level, they also come up with all kinds of uncosted items requiring additional spending. Conservative spokesmen from the House support their local campaigns for extra public spending that is completely unmatched by any extra revenue.

Rob Marris: I agree. I am somewhat surprised to agree with a Liberal Democrat about council spending. I can tell the hon. Gentleman that in May 2008, sadly, a Liberal Democrat-Conservative coalition took control of the council in my natal city, Wolverhampton—the city in which I live, and which I represent—and what is it doing? It is cutting all kinds of things all over the place. It is making millions of pounds of cuts. When either the Liberal Democrats or the Conservatives were in opposition, however, they decried Labour for not spending more.

That is what happens when a Tory-Liberal Democrat coalition takes control: big cuts are made. I am talking about what happens at the micro-level, of course. You will know about it, Madam Deputy Speaker, because you represent an area close to Wolverhampton. That is what happens, and it is what I think would happen if we had a Conservative majority Government after the next general election. What I am saying is not simply conjecture. It is to do with what has been said about the Budget, what has been said about the taxation measures in the Finance Bill, and what is being done in my home town.

I do, however, agree with a critique of this Finance Bill which has applied to many other Finance Bills. I say that as one who, as some Members know, has had the great pleasure of being a member of six Finance Bill Standing Committees over the years. It is true that we have experienced too many tax changes—not just under the present Government, although they have probably accelerated the process—and our tax regime is too complicated. Part of the reason for its being too complicated is the fact that the rich keep paying accountants to come up with loopholes that they can then exploit, quite legitimately—if, to my mind, often immorally. Those loopholes have to be closed, and the more that are closed, the more complicated are the avoidance schemes that the well-paid accountants come up with. More complicated measures are then needed to close the additional loopholes. The cycle goes on, and the tax books and the tax legislation become thicker and thicker.

I think that there is more than a grain of truth in the critique that there is too much chopping and changing and the regime is too complicated. I am saying that to my own Government. However, this year's Finance Bill confronts me with a measure that attempts to implement a difficult Budget which was introduced in extremely difficult times. The background to that is the fact that, as I understand it, the accumulated national debt of the United Kingdom doubled between 1992 and 1997, under the last Conservative Government, and under the present Government—my Government—the accumulated national debt will double over the next five years. We have paid off some of it, and the economic expansion took care of some of it, but we are now proposing to double it so that, in round terms, the accumulated national debt will reach an amount equivalent to 80 per cent. of gross domestic product.

There is no doubt that that is a huge increase. No Labour Member has any illusions on that score. We all know that it will be very difficult for our society and very difficult for our economy. However, I think that we also need some figures with which to compare it—the figures for the accumulated national debts of our main competitor economies. I refer not simply to economic

[Rob Marris]

competition, but to building the kind of societies in which I think many of us throughout the House would wish to live.

When it entered the current world recession, Italy's accumulated national debt—I must confess that I have been to Italy only once, for a long weekend in Milan, which was very enjoyable; I am not a Chiantishire type—was more than 80 per cent. of GDP, while ours, in round terms, was in the low 40s. I put it in that way because, first, I do not know the exact figure, and secondly it is very difficult to obtain the exact figure. As Members will know, I believe that PFI contracts should be included in the national debt, and I think that there is consensus on the fact that our accumulated national debt was in the low 40s as a percentage of GDP if the Government's PFI liabilities were included. If we double a percentage in the low 40s, we reach 80 per cent.

Again, in round terms—I speak from memory, and I stand to be corrected—the accumulated national debts of both France and Germany were around 60 per cent. of GDP. It is more difficult for me to get a handle on the accumulated national debt of the United States, because it has 51 jurisdictions with tax-raising powers—50 states and one federal Government in the district of Columbia—but I estimate it at 60 per cent.-plus. There are many different ways of calculating the amount: it will depend on whether local government borrowing is included, for instance.

The percentage in my beloved Canada was far lower, although that, too, is slightly difficult to get a handle on, because Canada has about 13 tax jurisdictions. The low figure is due to a Liberal Government, not a Conservative Government. They are engaging in deficit financing and fiscal expansion, albeit from a much better position in terms of accumulated national debt. The percentage in Japan was far higher. Someone may know the exact figure, but I believe it to have been about 90 per cent., if not more. It may even have been more than 100 per cent.

So where is our country going to be in five years' time if the Chancellor's figures pan out? I appreciate that that is a big "if"; people have said that, and I agree with them. We are trying to look five years down the road and no one has a crystal ball, because if they did they would make a fortune at the race track—and I do not think the Chancellor of the Exchequer has done that. We expect to have about 80 per cent. of GDP in accumulated national debt. That is a big burden, but its order of magnitude is lower than the likely figures for all our G7 competitors except Canada. In comparative terms, therefore, I am somewhat less concerned than I might otherwise be about the accumulated national debt.

Stewart Hosie: As always, what the hon. Gentleman is saying is very thoughtful. He is focusing on the national debt and comparisons with competitor countries, but does he not recognise that it is not simply the debt level that is important? The US dollar is a reserve currency, and that changes the dynamics, as does the fact that other countries have balance of trade surpluses. Is it not the case that there was a combination of circumstances in the UK that made going into this recession particularly difficult for us, such as our very high debt levels and massive balance of trade deficit, and the fact that sterling is not a reserve currency?

Rob Marris: I am not as expert on the trade deficit as the hon. Gentleman; he takes a greater interest in finance matters than I do—although, as he knows, I do take quite a bit of interest in them. The UK balance of trade deficit has been worrying under Governments of different political colours ever since I studied for an economics A-level in the early 1970s. The balance of payments has been less worrying, partly because of the—arguably overblown, particularly in recent years—finance sector in the UK, and also because of other invisibles such as those to do with my profession of law. He is right that the balance of payments was a factor to take into account going into this recession, but—through choice, not fortune—the UK is not part of Europe in respect of its currency, and there has been a fairly significant devaluation of sterling in the last nine months. That is, of course, partly a reflection on our economy, but partly not; it is also partly a result of whim and speculation, and sterling has recovered a little recently. There is a small safety valve in this, however, although it was vastly overdone by Governments in the '70s and '80s.

Stewart Hosie: The balance of trade deficit for the last two years was £46 billion and £44 billion, so it was basically unchanged even without the devaluation. It is forecast to be £49 billion next year, and the balance of trade deficit in goods is forecast to be in excess of £90 billion, so although there is a safety valve, it might not be all that the hon. Gentleman is imagining it to be.

Rob Marris: I will not go down this track much further, because if I did we would stray far from the Second Reading of the Finance Bill. I simply say, as an MP representing a west midlands constituency, that if our Government and society were able to do more for manufacturing, that would address some of the trade issues to which the hon. Gentleman refers.

I support Keynesian counter-cyclical spending—and we are getting that big-time in this Budget and Finance Bill, with their tax measures—because at the end of the day this issue is all about people's lives. I am not talking about the general well-being index; this is about jobs, homes, families and people's feelings of security. I have talked about different courses of action. Do I think that 24 years from now—or when the hon. Member for Taunton is 62 years of age, as he said—our society and our people's well-being will be better than they would have been if we had slashed Government spending, delayed the economic recovery and left people, particularly those who are most vulnerable, without the services they need? I referred to crystal balls earlier. I do not have a crystal ball, but we need to have a sense of history. With the notable exception of Germany, most western Governments did not pursue counter-cyclical spending in the dirty '30s, and we know where that approach led. This is a gamble, but, particularly in terms of vulnerable people's lives, I think the Government are absolutely right to engage in counter-cyclical spending in order to maintain services, invest for the future and build for tomorrow. This Budget and this Finance Bill are good steps in that direction.

3.40 pm

Mr. Andrew Tyrie (Chichester) (Con): The hon. Member for Wolverhampton, South-West (Rob Marris) made a very thoughtful speech, even if I did not agree with all, or indeed, much of it. The answer to the central point

that he makes is that very high levels of deficit and, indeed, very high levels of public spending, are probably unsustainable in the long run. There is no way of getting around that, and those things have had to be addressed. That is the central issue that we are debating today.

Everyone is agreed that the country is in a huge financial and fiscal mess. The question is whether Labour should be entrusted to clean it up after the next election or whether the Conservatives will be. That is really what the Budget and the Finance Bill are all about, and they will be judged on that basis. The Chief Secretary to the Treasury, who is no longer in her place, suggested that no policy but the Government's could be followed. Her speech sounded more like that of an Opposition spokesman than that of a senior Minister; it was, as one Member put it, something of a rant. However, I shall briefly respond, in general terms, to some of the sense of her points about how the Conservatives should, as I hope they would, address the key issue: public expenditure control.

My view, which I am confident is that of my party, is that we have to bring public expenditure back under control if Britain is to avoid relegation to second or third division status as a country. The reasons for that are obvious: we cannot hope to be a leading economy while we are saddled with such huge public debt and the cost of servicing it. While our deficit is so large we are vulnerable to the markets, which may demand a premium to service that debt. The relationship between the debt and the very large deficit is crucial. We cannot remain globally competitive with such high taxes and spending as a proportion of gross domestic product in the long run.

Restraining public expenditure will be tough—some are already suggesting that it is too difficult—but it has to be done, and it can and has been done. In the 1980s, I worked for more than four years on public expenditure control and saw how it was done. It will mean the same things this time as we had last time: a very tight envelope set by the Cabinet at the beginning of a spending round; a return to Star Chambers and, probably, to annual rounds; and a change in the mindset of Whitehall, which has been encouraged to abandon a valuable and difficult-to-construct culture of thrift—sadly, that went with the attempt just a few years ago to get Departments to spend money and to castigate Departments that ended up failing to get rid of their annual quota.

Getting public expenditure under control will also require an enormous amount of determination and will from both the Prime Minister and the Chancellor—whoever wins the next election. Are the Conservative leadership up to it? I believe that they are, and there is some evidence to support my view. First, last November, when the fashionable mantra, followed by the Government, was for a further large fiscal boost on top of the automatic stabilisers, the Leader of the Opposition stood out against it. He said what we all know in our hearts: that we cannot carry on racking up debts indefinitely. It was a courageous economic and political judgment that he made, and it looks now as if he will be proved right. I do not rule out in all circumstances the need for a fiscal stimulus, in addition to the stabilisers that are already working, but the right circumstances are not in place at the moment and the G20 was right to thwart the Prime Minister's attempt to obtain one at this time.

A second sign of courage from the Leader of the Opposition has been his decision to tell the electorate what public expenditure control really means—that is something that the Government have failed to do. He has described it as nothing less than a period of austerity. We did not hear any of that from the Treasury today. When the forces demanding more spending appear so remorseless, that takes considerable guts. We will do that—indeed, we are already doing so—because it is the right thing to do. It is the start of a crucial period in which the electorate will adapt to a more trustworthy and direct style of politics, and to the reality that public expenditure control will not be easy.

Mr. Love: Does the hon. Gentleman believe that publishing the salaries of senior quango officials is an adequate response to the public expenditure needs of this country?

Mr. Tyrie: I do not intend to linger on the Conservatives' plans, not least because of earlier exchanges with the occupant of the Chair, but we have committed ourselves to all that we can reasonably do at this stage—a year out from the election—in explaining what we will do. We have said that we will get rid of ID cards and abandon big IT projects such as the NHS IT scheme. As the hon. Gentleman has just pointed out, we will also look at quango salaries, the Government advertising budget, the consultancy budgets and many other things. I could go on, but I shall not do so.

The test that the electorate will apply in gauging the relative merits of the two policies on offer is who they can have confidence in when it comes to getting the deficit under control and getting the debt down. I have argued that the Conservatives have been much more straightforward about that, even in opposition, than the Government. I have said that the Conservative leadership is up to the challenge and has been frank about it. Are the Labour Government up to it?

I have listened to the Prime Minister speak about the economy for many years. He considers himself to be an economist, and he is certainly an intelligent man, but I have worried for a long time that some of his remarks on the economy suggest that he is a little detached from reality. That detachment began early and was well entrenched before he came out with his famous recent slip that he was saving the world.

When the Prime Minister was Chancellor, and shortly after Labour's second landslide victory of 2001, he wrote a foreword to a book published by the Treasury and edited by his then loyal lieutenant—I am not sure whether he is still loyal—the right hon. Member for Normanton (Ed Balls). In that foreword, the then Chancellor wrote:

> "In 1997, as in 1944, a new paradigm was required."

The House will recall that 1944 was the year of perhaps the grandest of all grand economic projects with the creation of what became known as the Bretton Woods project for the complete reconstruction of international economic activity. The Prime Minister, then Chancellor, was saying in effect that he was the man for the hour—he was John Maynard Keynes, Harry Dexter White, FDR and Churchill rolled into one. In the same way as the allied powers set out to prepare the Bretton Woods system, so he had set out in 1997 to reconstruct the global economic architecture. There is no little hubris

[Mr. Tyrie]

involved in such a remark. It was not even a flip remark, but one carefully crafted for the foreword to a book published by his Department.

The book gets much more interesting and becomes very pertinent to this debate and to the boom and bust that has led to this crisis. In the same foreword, the Prime Minister went on to say that we needed

"far more effective mechanisms for crisis prevention"

and that we needed to pay

"far greater attention to financial stability".

If only he had done so. The introduction to the book—

Madam Deputy Speaker: Order. I wonder whether the hon. Gentleman would perhaps make his remarks more germane to the Finance Bill.

Mr. Tyrie: If I can have your indulgence for a moment, Madam Deputy Speaker, I think you will see the close connection between this book, which sets us on the path to all the problems that we are now having to deal with in this Finance Bill—

Madam Deputy Speaker: Order. The hon. Gentleman has quoted quite a bit from the book, but I wonder whether he might bring the quotes from the book to a close and concentrate on the Bill.

Mr. Tyrie: I would be grateful for the opportunity to give one more quotation, Madam Deputy Speaker. I hope that you will find it of some interest and pertinence. It says that

"in the years to come as the UK experiences various shocks it will be possible to assess in more detail the strengths and weaknesses of the new system".

That is the new system that we are now considering, which is in ruins. We are now trying to find a way of reconstructing it, of which the Finance Bill is playing a part. Let me go on—

Madam Deputy Speaker: Order. I have already allowed the hon. Gentleman some leeway, and I hope now that he will not quote any more from the paragraphs but will concentrate his remarks on the Finance Bill.

Mr. Tyrie: The then Chancellor invited people to assess how well he was going to do in years to come—I am paraphrasing what I might have read out. We can now make such an assessment and this Finance Bill gives us part of the answer. That was an economic policy built not on firm foundations but on rhetoric and self-delusion, and it has been completely destroyed by the first recession that tested it.

Mr. Newmark: My hon. Friend might also add that it was also built on a mountain of debt, both off and on-balance sheet. Therein lies the weakness of the Prime Minister's strategy as Prime Minister and Chancellor for about 10 years.

Mr. Tyrie: My hon. Friend has been absolutely right to investigate in depth something that also interested me some years ago—an interest I share with the hon. Member for Wolverhampton, South-West (Rob Marris)—which is the importance of considering off-balance sheet finance in assessing the overall strains on the economy from the terrible mistakes that have been made. I completely agree with what my hon. Friend has just said.

I have just read out hubristic and delusional stuff from the then Chancellor, who is now Prime Minister and who seems unable to grasp the scale and depth of the crisis with which we are faced. The origins of the calamitous fiscal crisis that we are dealing with—this year's Finance Bill will be only the first step in a decade's worth of Finance Bills that will have to address that crisis—do not lié in the collapse of Lehman Brothers, the sub-prime crisis or even the spending spree in which Labour has engaged in the past few years. The origins lie at the heart of new Labour and its rhetoric and at the translation of this rhetoric into a policy that, in a succession of big spending Budgets starting in 2000, has left the public finances in a parlous state.

It should be recalled that new Labour won the public's confidence in 1997 by promising the country that it would honour Conservative spending plans. That was the origin of "prudence with a purpose". Of course, it was in 2000 that Labour felt finally able to be released from those shackles. The then Chancellor initiated what I think—although I might be contradicted by the Financial Secretary—was the biggest sustained spending binge in peacetime. Public expenditure has risen by a little under 50 per cent. over that period.

In a debate on the 2000 Budget, I said:

"Everybody welcomes increases in public spending, but they are only worth having provided...they are affordable over the cycle and that the higher spending in the long run does not end up lowering the long-run growth rate...Control of public spending is very difficult to manage and easy to lose. It takes only a small flicker over the business cycle...and public spending becomes extremely difficult to control.

The problem is that Labour is in a state of complete denial about the existence of cycles. The Government say that they have put an end to boom and bust and that somehow they are not in a business cycle."—[*Official Report*, 27 March 2000; Vol. 347, c. 96.]

What I find so interesting about those remarks is not that I said them, but that I could have read them out for any Labour Budget, more or less over the past decade, and they are as applicable now as they were when I made them in 2000.

Of course, we have not just had a small flicker over the cycle; we have had a massive boom in spending, and we are now faced with an unprecedented squeeze. The question we have to address is whether this Finance Bill goes remotely far enough towards providing it. The Government are still, if the truth be told, in a state of denial about the scale of that needed squeeze and its origins. When, only a few days ago in the Treasury Committee, I asked the Chancellor whether he could confirm that the Red Book announces Labour plans to cut public expenditure in real terms, he seemed in a state of denial about it. He would not answer the question. But the Red Book does indeed confirm real-terms cuts in public expenditure over the planning period if Labour is elected. Still, the Red Book fails to provide the information directly; it requires quite a bit of addition to obtain the total managed expenditure line for the forward years, but it is in the Red Book. The Government have announced cuts in real terms in public spending.

Just to be clear, this Budget and the Finance Bill are not making cuts in previously announced Labour increases; the Red Book is announcing real-terms cuts after taking

account of inflation. This is a profound shift in Government economic policy. In fact, I now think it is the biggest U-turn in fiscal policy since the IMF imposed cuts in 1976.

Mr. Newmark: Does my hon. Friend share my concern that these real cuts, about which in many ways the Government seem to be in denial, will not focus on areas where we could save billions of pounds of taxpayers' money, such as ID cards, which the Government seem keen on pursuing, but may well eat into the front-line services that the Government continue to accuse us of cutting into?

Mr. Tyrie: That is a very interesting point. I had no idea that my hon. Friend was going to raise it, but if he turns to page 35 of the Red Book, if he has one to hand, he will see bar chart 2.2, in which he will find a row of four white bars—empty. Those empty bars represent a series of spending measures—possibly—or tax rises that are required to balance the cyclically adjusted current Budget, which the Government are not prepared to talk about or provide any flesh for. Indeed, those are the very numbers with which a number of Labour Members have been challenging the Conservatives to come forward as part of this debate.

Mr. Newmark: My hon. Friend is probably reflecting the point I was going to make. I appreciate that we are not allowed to use visual aids, Madam Deputy Speaker, but the empty bars, which anyone can see in the Red Book, perhaps reflect the empty detail with which the Government are pursuing the future cuts that they keep accusing us of—should they ever be re-elected, which I doubt.

Mr. Tyrie: The truth is that all the tough stuff is not in this Finance Bill; it has all been put by until after the election, on the grounds that if by some miracle a Labour Government are handling it, they will worry about it when it comes; otherwise they will leave it for some other poor party to sort out, which will be us, I fear. It is very much a repetition of what we had in the period 1974 to 1979.

The cuts in public expenditure implied by what I have just described, the rises in taxation, and the rise in the debt service burden, and the pain that all three will cause, are not wholly Labour's fault, but they are largely Labour's fault. That is quite simply because Labour ran a huge deficit through the boom phase of the cycle. That makes the bust far more painful than it need have been. That is the grim reality behind another statistic, hidden in the Red Book, about which there has already been quite a bit of debate this afternoon: nearly 80 per cent. of the deficit is structural, according to the Government's own figures. That is to say, on the Government's own estimate, as the economy recovers, only 20 per cent. of the deficit will be filled as spare capacity in the economy is taken up. The remainder will have to be accounted for by measures that the Government put in place, and which have turned out, over the cycle, to be unaffordable.

What the country desperately needed from the Budget and its measures was honesty about the scale of the crisis. If the Chancellor had been prepared to admit that the Government underestimated the dangers of coming out with the "end to boom and bust" rhetoric; if he had been straightforward about the size of the structural deficit to which I alluded; and if he had been straightforward about the real-terms cuts in public expenditure that he believes are necessary but was not prepared to talk about after the Budget, he would have begun to rebuild public trust in economic policy. We badly need a dose of the truth if we are to restore public confidence. Without that, there will be no lasting recovery.

The truth is that there never was any substance to the so-called fiscal rules. They collapsed at the first sound of fiscal gunfire. There never was much substance behind "prudence with a purpose"—remember that phrase? The plan in 1997 was probably always for a spending binge at the first opportunity. There never was much substance behind "spending to invest"—remember that phrase? The cuts in capital spending announced in the Budget, and the implications for the Finance Bill, tell their own story on that.

There is no substance to the fig leaf of the so-called temporary operating rule. I hope that you will permit me to quote from the Treasury Committee report produced this morning, Madam Deputy Speaker, since it is flagged as a relevant document to the debate. It is a Committee on which I sit, and the report is unanimous. It is worth the House's hearing what the Committee said about the temporary operating rule in paragraph 56:

> "We do not see how the Temporary Operating Rule acts as any kind of constraint at all on the current fiscal decisions made by the Chancellor, and we struggle to imagine any course of action he might have taken in this year's Budget that would have been inconsistent with it…It is clear to us that the only real financial discipline that is currently imposed on the Chancellor is the opinion of the gilt market on the sustainability of the public finances."

That says it all. We are back to the bad old days, in which we are up against the buffers of what we can get away with in the markets, all the time. That is no way to run long-term economic policy.

Fiscal rules, prudence and spending to invest were all largely rhetoric, and they were largely from the realm of gesture politics. We can see that now. Unfortunately, the spending binge was all too real, as is the bust now following it. As the dust settles, we will see that Labour Members may have learned the language of capitalism when they were was last in opposition, but they never understood—that includes the Prime Minister—what it really means to regulate and run a successful market economy.

4.4 pm

Stewart Hosie (Dundee, East) (SNP): It is instructive to go back to the debate on the Finance Bill last year. At that point we had the forecasts from the 2008 Budget, which even at that stage demonstrated how little room for manoeuvre the Government had. They forecast a £43 billion deficit last year. The Chancellor actually had to borrow £90 billion. They forecast a national debt approaching £600 billion. The forecast now is for £1.6 trillion. They reported public finance initiative liabilities to 2030-32 of £189 billion. That figure is now £200 billion. They reported a colossal £87 billion deficit in the trade in goods. That is now rising to a £93 billion deficit in the trade in goods. Even with sterling weakened—15 per cent. down against the euro and 25 per cent. down against the dollar since last summer—the overall balance of trade deficit remains at £44 billion, unchanged from the year before, and is forecast to rise by 10 per cent. to £49.5 billion in 2009.

[Stewart Hosie]

Those forecasts did not inform the Finance Bill. Since the pre-Budget report last winter, we have found out that the Government were out by £12 billion on last year's borrowing, out by £140 billion on the three-year borrowing forecast, and out by £400 billion on the medium-term national debt forecast in five months. That is an extraordinary set of figures. It is clear that there is likely to be a glaring black hole in the public accounts, not least because the revenue yield, which is intended to fund, at least in part, some of the spending commitments in the Finance Bill, is based on growth forecasts believed by no one, except, perhaps, members of the Treasury ministerial team—and I am not sure whether even the more sensible Ministers in the Treasury team take the prediction of 3.5 per cent. seriously.

There is little in the Bill or in the Chief Secretary's opening speech that would convince me that the Government understand, first, that cutting public expenditure in the teeth of a recession risks prolonging it and making it worse, and secondly, that a longer and deeper recession will make the job of balancing the books even more difficult in the medium and long term.

Mr. Newmark: Does the hon. Gentleman share my concern, which I raised with my hon. Friend the Member for Runnymede and Weybridge (Mr. Hammond), that the Government, as the hon. Gentleman correctly said, have come up with some fantastical growth projections, saying that growth will be negative only this year—at, say, 3.5 per cent.—up 1.25 per cent. next year and perhaps 3.5 per cent. the next year? If the growth is not that great, a sensitivity analysis would show that tax revenues will drop. If tax revenues drop because the Government do not achieve their growth forecasts, they will have an even bigger black hole to deal with.

Stewart Hosie: That is absolutely right, but even on a more vulgar analysis, a 1 per cent. shortfall in growth probably equates to close to £15 billion in GDP, about 40 per cent. of which would be tax. The revenue yield could be massively down, on even a vulgar analysis of those figures.

The Government are suggesting that the recession will end this year. Notwithstanding the fact that only a few weeks ago, at the time of the Budget, the OECD and Ernst & Young said that there would still be negative growth in 2010, the Government, all of whose major forecasts have been smashed over the past 12 months, are still labouring under the pretence that growth will be 1.25 per cent. next year and 3.5 per cent. the year after that, which I find extraordinary.

Since the OECD and the Ernst & Young forecasts, we have had the European Commission publication this week. It has downgraded its UK forecasts again to minus 3.8 per cent. this year, and a return to growth late in 2010, not by the 1.25 per cent. forecast by the Government, but by 0.1 per cent., if I have read the reports correctly. That would indicate a very long recovery—a shaky recovery. It will not be smooth or steep. It will be long and difficult, yet none of the plans in the Bill seem to take cognisance of any expert opinion at all.

We know that the backdrop to the Bill is the massive rise in unemployment, which is important for our constituents. In February, a record month, 138,000 people were added to the register, and 177,000 in a quarter. That is, in effect, 2,000 people a day added to the unemployment register under Labour in this recession, in the past three months for which figures have been published.

Although there were measures in the Budget speech that may help to create jobs in the future, not least the Chancellor's support for carbon capture and storage, there is not one word in the Finance Bill about carbon capture and storage or carbon sequestration, because, as with so many things, decillions will be taken in the future and implementation will take place years into the future.

The Bill does contain almost 20 retrospective measures, however. I do not intend to go through them today, because there will be time enough for that later, but all of them will have to be probed thoroughly. Some efforts to tackle tax evasion and avoidance may be necessary and welcome, but I am always sceptical on a point of principle about retrospective measures, and they will have to be examined very carefully, indeed.

The Bill also contains confirmation of the further rise in fuel duty, and it is interesting that the national policy chairman of the Federation of Small Businesses describes it in this way:

"Small businesses are the engine room of the economy, but they have been choked by the Budget with increases in fuel and alcohol duty incurring extra costs and little to help small firms struggling with cashflow."

It is instructive that the FSB describes the Budget increases as choking. It is quite extraordinary that the fuel duty increases are viewed that way, even at this time.

Mr. Newmark: To flesh out that point with real numbers, is the hon. Gentleman aware that the previous two fuel duty increases alone cost businesses £533 million—£533 million that small businesses today can little afford?

Stewart Hosie: That is absolutely right. Returning to last year's Budget and the Finance Bill that followed, I think that the measures introduced only last year took £2.5 billion out of business. I suspect that the £500 million to which the hon. Gentleman referred made a large contribution to that £2.5 billion from business—at a time when it needed the money to invest as we went into the recession a year or so ago.

The Chancellor also said in this year's Budget statement:

"I will continue to monitor oil prices, but I expect that fuel duty will increase by 2p per litre in September, and then by 1p a litre above indexation each April for the next four years."—[*Official Report*, 22 April 2009; Vol. 491, c. 244.]

I was pleased that the Road Haulage Association contacted me today. It said:

"At this challenging time, the last thing the haulage industry in Scotland needs is an increase in costs."

It went on to say, and this, I am sure, will please the hon. Member for Runnymede and Weybridge (Mr. Hammond), who spoke about the issue earlier:

"The case for a regulator is as strong now as it ever was—there may have been a short lull in fuel price turbulence but this won't last. There are already signs that prices are on their way up again. At this desperate time for Scottish road hauliers—with numerous firms going bust—what is needed is a mechanism to ensure a

measure of financial stability in these trying economic times. It must be remembered that fuel accounts for over 30 per cent. of a haulier's operating costs."

That is absolutely right.

The price of oil is relatively stable at $50 a barrel and the price at the pump is relatively stable at 95p a litre, but it is likely that those prices will rise as the world comes out of recession or, indeed, if there are supply-side shocks. The oil price could rise dramatically, so the time is right now, when there is relative stability, to introduce the mechanism and smooth out the price spikes when they occur. I was delighted when the Conservative Front-Bench team U-turned last year and adopted the fair fuel stabiliser proposal. I remind them of what I said then: I do not care whether it is called a fair fuel stabiliser, a fuel duty regulator or what a previous Labour Transport Minister called it; I want to build a coalition around a sensible mechanism to deliver fairness and stability. We have the opportunity to push it forward again this year.

The Budget also contained the predictable rise in alcohol duty, but, again, surely now would have been the time for a more sophisticated approach, taxing all drinks fairly rather than looking to the Scotch whisky industry as a cash cow and building on last year's two damaging rises that amounted to more than 13 per cent. I shall put that point into context, and explain why we need the fair taxation of alcohol, by referring to three drinks with exactly the same alcohol content: a half pint of beer at 4.93 per cent. volume incurs 23.06p in duty; a 125ml glass of wine at 11.2 per cent. volume incurs 26.75 in duty; and a modest 35ml measure of Scotch at 40 per cent. volume incurs 31.7p in duty. I have the speeches from previous debates, and I know that there are European issues in respect of the duty on alcohol. But it strikes me that we need a fairer approach to alcohol duty to prevent the Scotch industry from being seen as a cash cow. Gavin Hewitt, chief executive of the Scotch Whisky Association, said:

"A duty increase during a recession is a real blow and follows last year's duty rises...the largest since the 1970s. The Government should be supporting all UK businesses, including Scotch whisky distillers, who have the potential to help drive the economy out of recession. Instead, our industry is being weakened by the alcohol duty escalator."

Rob Marris: Does the hon. Gentleman share my disappointment at the fact that the duty on beer also went up in the Budget, a move that has been incorporated into the Finance Bill? Some 39 pubs in the United Kingdom are closing every week and breweries, such as Marston's in my constituency, are also affected. Does he support an approach that involves a minimum price for alcohol, given that in large parts of the country a man can have his weekly alcohol intake of 21 units for about £2.30 if he buys chemical cider? If he went into a public house, however, he would get only a pint of beer for about that price.

Stewart Hosie: My example is "Frosty Jack's" cider, which costs £3.39 and has 7.5 per cent. alcohol. A bottle holds 22.5 units. For pocket money prices, a man could drink his entire recommended weekly intake from one three-litre bottle of "Frosty Jack's". Minimum pricing in shops and supermarkets is an important and sensible policy. I am not sure whether the duty regime is the mechanism through which to tackle the issue, but the hon. Gentleman has raised a genuine point, which I support. I am sure that he will encourage his colleagues to support the Scottish Government in their drive to address the issue.

In addition, we saw changes to bingo taxation. Bingo is a massively significant sector for many communities. Well run, licensed bingo clubs and halls provide a safe social environment, particularly for women in working class communities. It is deeply unfair that when other forms of gaming—perhaps I should call it "gambling" now—are effectively taxed at 15 per cent., licensed bingo clubs should be singled out for a 22 per cent. rate. I am sure that we will address that issue as the Bill progresses.

What is missing from this Finance Bill is the sting in the Budget's tail—the £15 billion of cuts, and not least the £500 million of cuts confirmed by the Treasury to the Scottish Government for next year. That is the wrong thing to do in the teeth of a recession. The cut to Scotland will lead directly to the loss of 9,000 jobs and it risks the Scottish Government's efforts to protect and preserve jobs.

John Robertson (Glasgow, North-West) (Lab) *indicated dissent.*

Stewart Hosie: The hon. Gentleman, a Parliamentary Private Secretary from the Labour Benches, is chuntering. Perhaps he does not care enough about the direct loss of 9,000 jobs because of cuts made by a UK Labour Government to the Scottish Government. *[Interruption.]*

Madam Deputy Speaker: Order. The hon. Member for Glasgow, North-West (John Robertson) knows how to conduct himself in a debate.

Stewart Hosie: This is a really important point. We cannot have the Chief Secretary to the Treasury in her opening remarks blaming others for cuts, when this Labour Government are embarking on exactly the same failed measure.

Rob Marris: I am grateful to the hon. Gentleman for his generosity. To try to preserve at least some of those 9,000 jobs, will his party propose using its tax-raising powers? I am thinking of the 3p on income tax.

Stewart Hosie: I am not sure that taking more money out of people's pockets would be particularly sensible at this point.

The point about the cuts is that the Government rightly backed the fiscal stimulus. Our view is that the recession was so deep that monetary policy was not enough.

We back the fiscal stimulus, in principle, although there are issues about the VAT cut. We have seen the Prime Minister strut the world stage talking about fiscal stimulus, not least with President Obama at the ExCel centre. However, the state of Maryland, population 5 million, will have £2 billion extra in fiscal stimulus to spend in 2010, while in Australia the state of Victoria will have 8 billion Australian dollars over the same period. It seems extraordinary that even following their own rhetoric, this Government are prepared to cut public expenditure, in the teeth of a recession, when all the serious commentators say that we will still be in negative growth next year.

Mr. Tyrie: Is the hon. Gentleman aware that the examples that he cited are from federal countries, which have an injunction on their relevant states to balance the budget over any calendar year, and therefore a very high proportion of the fiscal stimulus has to come from the centre? It is perfectly sensible and reasonable for America, for example, to run a larger fiscal stimulus, whereas in a country such as ours, where that injunction does not exist because we are centralised, the automatic stabilisers can do all the work.

Stewart Hosie: Automatic stabilisers have an important role to play. Obviously the UK Government are not required to balance their books annually, whereas the Scottish Government have to because they operate within a fixed budget. The real answer is to grant the Scottish Government borrowing powers, while working within a framework that says that over the cycle—and I mean properly over the cycle—the books are balanced so that we do not end up going into a recession with half a trillion pounds-worth of debt.

The Finance Bill contains several important issues to do with fuel and alcohol and some small matters do with bingo that are important to local communities. All the retrospective measures will have to be probed. I hope that the Minister will pick up on some of these points, not least the Government's attitude to alcohol duty. Will he give us an indication that they are prepared to look again at whether alcohol can be taxed fairly rather than by unfairly attacking the Scotch whisky industry?

4.22 pm

Mr. Robert Syms (Poole) (Con): I declare my interest in the Register of Members' Interests as a director of a family business.

We are having a very interesting debate that is tending to wander a little bit off tax measures and on to debt, which is the big item on the agenda today. Over a long period, under Labour and Conservative Governments, our debt has tended to be about 40 per cent. of GDP, although we go through brief periods of growth and higher tax revenues. In the mid-1980s, Mrs. Thatcher's Government paid off some debt, and that happened again in the early years of the Labour Government of 1997, with Conservative spending plans plus the sale of the spectrum. Commentators briefly get excited about that and say that if we carry on we will eventually get rid of our debt completely, but that never quite happens—in this case, the Government were determined to have more public spending. We now have a very large, ballooning public sector deficit, but that always happens in a recession. There are two very large figures, and when one goes up because people lose their jobs and businesses start to get into difficulty, the other goes down because tax revenue is less buoyant and the deficit opens up like a vast chasm. That tends to make people a little pessimistic.

Many commentators have talked about a brave new world and a change in our economy. Much of today's debate could be determined by whether the debt is cyclical or structural. One's view on that depends on whether one thinks that in a few years we will see a resurgent City of London with banks making big profits and the housing market booming, or that the world is going to change and we will not rely on the City of London but suddenly find new ways to make a living in the world. It would not surprise me if in six years' time bankers were making big bonuses, profits were going up, and tax revenue was being generated. The problem is that because we are running a large deficit and do not know at what rate we will recover, we are more vulnerable to turbulence in the world economy. As the right hon. Member for Birkenhead (Mr. Field) asked, what is plan B? If the recession is deeper and the recovery slower than expected and unemployment goes over 3 million, we could have a real problem in financing our deficit. We might have to pay a premium, there might have to be more quantitative easing and sterling might come under pressure.

I am old enough to remember 1976, when the noble Lord Healey had to turn around at the airport because the IMF came in, and we are running rather larger figures than we did in '76. The other interesting thing about 1976 is that the projected figures turned out to be rather benevolent and not as bad as had been thought. Governments can sometimes get projections wrong and predicate policy on them.

Britain seems to survive and prosper because, at root, we have good people who work hard and a pretty good economy. I am sure that we will get through our current problems, but that requires leadership. One thing that has come out in the debate is that we as politicians have to be honest with people about the fact that there are going to be some very tough decisions to be taken, irrespective of who wins the general election next year or, God help us, if we have a hung Parliament. We will have to take tough decisions on the scale of the state and public spending, and indeed on tax.

If we are honest, the only way to raise an awful lot of tax revenue is to raise tax on ordinary working people, not on a particular section of people. High tax rates might make a debating point, but the reality of the Government's policy of raising the higher tax rates, restricting allowances and restricting what people can do with pensions is that people will look for others ways to recompense themselves. They might forgo salary in the short term or look for other ways, such as capitalising their salary. That is why I said in my intervention on the shadow Chief Secretary that if the Government continue down this path, the next item to come up will be capital gains tax.

Mr. Colin Breed (South-East Cornwall) (LD): Is the hon. Gentleman aware that Treasury officials gave evidence to the Treasury Committee indicating that their figures estimate that they will receive only 31 per cent. of the potential total tax take from the raising of the top band from 40 to 50 per cent.? In other words, 69 per cent. will go elsewhere or be avoided.

Mr. Syms: It is a very sad thing; 20 or 30 years ago our tax rates were so high that people spent an awful lot of time trying to avoid paying tax rather than running their businesses. If we are not careful, we will return to people finding sophisticated ways of avoiding tax. That will mean a more draconian tax system and people will not focus on getting a fair reward and on running businesses efficiently. As we have heard, including national insurance the highest tax rate is 61 per cent., which is very high. What is the point of that if the revenue will not be collected, other than to make a debating point?

Given that we are probably not talking about a vast section of the electorate, it has surprised me how many ordinary people who have no hope of paying that level of tax have taken exception to the fact that the Government have broken a key promise. It says something about us as a nation if we start to mess about with high tax rates and change the overwhelming philosophy that has been in place for the past 20-odd years.

I am not as pessimistic as some, but there will be some tough decisions to make. I know that my party is not saying very much at the moment about higher rates of tax, but I think that we would like to reduce them, subject to the books. A clear indication from an incoming Government of where they are going on this issue may well determine how much tax is raised, because otherwise we will lose people. The Sir Michael Caine point is relevant, because people who are mobile can use various ways of leaving the country, which will reduce the overall amount raised.

As my hon. Friend the Member for Runnymede and Weybridge (Mr. Hammond) said, half of all the tax-raising measures in this Budget affect people earning more than £19,000 a year. As a nation, we collect quite a lot of tax at the lower end of the various bands. We tax at too low a rate and then try to make up for it by giving tax credits. It would be better if we got out of the tax credits system and upped the basic rate so that people's personal finances were in a much better shape.

Harry Cohen: I am interested in the hon. Gentleman's position. Is he saying that if there were to be tax reductions in future, which is hard to believe in the current economic situation, he would favour making them at the higher end of tax, rather than in ordinary people's tax rates?

Mr. Syms: We have to have a fair system that affects everybody. The priority in our current economic difficulties is those at the bottom end, particularly in respect of tax allowances and those areas where we want to increase incentives to work. We are going to have the problem of higher unemployment. We want to move people from unemployment into employment, and we can use the tax and benefit systems to encourage that. That must be the priority. I know that the hon. Gentleman is something of an old socialist—dare I mention that in the Chamber these days?—but the reality is that if higher tax rates are not collected, there is no point in having them. In the longer term, the key point must be to get revenue in to pay the debts and to pay for public services.

My hon. Friend the Member for Runnymede and Weybridge made an important point. We have had a massive temporary reduction in VAT, to which I and many other hon. Members are opposed and which I do not think will make much difference, yet the Government are raising national insurance contributions, which is a tax on jobs. That is not a good thing to do. We are going to have a problem maintaining employment. Many workers have said to me that they would like temporary measures, whereby people go on to short-time working. Indeed, there is a big debate about that in manufacturing. However, at a time when we hear trade unionists on the radio demanding more action from the Government, which is understandable, it seems daft that the Government should be putting up the cost of employment for those still in work and for the companies that employ them. That is a particularly bad thing.

I welcome what the Government are doing on capital allowances. I welcome the fact that companies that have made losses are able to offset them against past profits, but the Government have not managed to stop what has happened since the credit crunch. Essentially, credit is still not flowing to companies. Things have eased since the worst of the current situation, six or seven months ago, but we still hear a lot of anecdotal evidence about banks not lending to businesses, while a lot of other finance companies, particularly those that would loan to companies for hire-purchase, are finding it difficult to get credit. That is causing problems for companies up and down the land.

The Bill will impose a serious tax burden, which will cause a problem for many people who are struggling to make ends meet. The VAT reduction is clearly a means of getting money into people's pockets, but there is not much point in introducing it if we have negative inflation, if there are already massive price discounts as a result of what retailers are doing and if it will be reversed after a certain period. The Government have announced some goodies, but they have also announced some increases on the radar. People are not stupid: if they think that they will be hit, that may reduce their incentive to go out and spend.

I represent an urban constituency, albeit one in a rural county. We all have to be aware that, for many of our fellow citizens, public transport is not an option. It might be an option in London, but it is not one in Cornwall, in many parts of Scotland or in many other rural counties. If we keep increasing fuel duty, it will have an impact on prices. There is no such thing as a painless tax increase: somebody, somewhere, has to pay. The road haulage industry has been struggling for a number of years, but high increases inevitably make it difficult for many people to stay in business, let alone make a profit.

We have already heard a voluble campaign from pub landlords and from the brewing industry, which is suffering from the increases, with a number of pubs going out of business. The hon. Member for Dundee, East (Stewart Hosie) made a valuable point about the Scotch industry, which has generated hundreds of millions of pounds for our nation in exports over the years. If we keep hitting a particular industry hard, it is bound to have a long-term impact on it. I think it is beholden on us to point out that keeping on raising money in that way can cause difficulties.

Environmental taxes are very much part of the Budget papers before us, and I welcome the fact that the Government are retaining air passenger duty. I think that their other proposal was misjudged, but it must be noted that the proceeds from the duty will go straight back to the Treasury and will not be devoted to environmental concerns. Landfill tax is paid mainly by local authorities—and essentially by council tax payers—and it too goes back to the Treasury and is not spent on environmental matters. If we are serious about green Budgets and the green agenda, green taxes should be related to green outcomes; they should not simply sink into the black holes of the Treasury.

My hon. Friend the Member for Runnymede and Weybridge spoke about naming and shaming tax avoiders or people evading tax under clause 93. The Bill proposes amnesties for people who avoid tax, but I believe that it is more important to try to get people to pay their tax

[Mr. Syms]

than it is to name and shame them. We need revenue, and any sensible tax authority will enter into a negotiation to get money back. In a world where capital can be moved through various accounts and offshore, the sensible thing is to have a very businesslike approach to dealing with people from whom one wants to get tax.

We have a difficult time ahead of us. As always, the Finance Bill will take many hours to consider. As politicians, we have to be honest with people, and it will be an interesting time, but I am still optimistic about our nation.

4.36 pm

Peter Luff (Mid-Worcestershire) (Con): May I begin with an apology, Madam Deputy Speaker? I missed some of the speeches that followed the opening of the debate, but I am afraid that I was receiving the award of an Industry and Parliament Trust fellowship—*[Interruption.]* I am grateful for the approbation of the House, and I commend the organisation heartily. I should add that my fellowship was largely with the Royal Bank of Scotland, although I am not sure whether that amounts to a declaration of interest.

I am a veteran of many Finance Bills, both as Back-Bench Lobby fodder during the previous Conservative Government and as a Whip in opposition. I have been trying to work out what it is that I do not like about this Bill, and I suppose it is that it is nakedly and lamentably political rather than economic in its objectives. That causes me considerable concern, but there may be some poetic justice about it. An old saying in politics has it that a Budget that is well received on the day it is announced will prove to be badly received thereafter, and one that is badly received on the day will be well received thereafter. This Budget breaks that rule spectacularly—it was pretty badly received on the day it was announced, and it has unwound with spectacular speed every day since. It has got steadily more unpopular and discredited with every day that passes, so in that way at least the Chancellor of the Exchequer has rewritten the history books, and that is something.

What will this year's Budget, and the Finance Bill that flows from it, be remembered for? I have decided that it will be remembered for its four Ds—distraction, deceit, delay and deficit.

I associate "distraction" with the Bill because I am afraid that that is all that I consider the 50 per cent. tax rise and the other changes for higher income earners to be. The proposal is a bit of naked red meat thrown to Labour Members on the Back Benches behind the Chancellor but, even on their own figures, it will make a pathetically small contribution to the scale of the debt and the other problems facing the Government. Other commentators outside the Conservative party, such as the Institute for Fiscal Studies, suggest that the net revenue might be pretty close to zero. I shall return to that later.

The second word of the four—deceit—flows from the distraction I have described. The Budget of a couple of weeks ago suggested that the bill for the problems facing the country would be paid for largely by the rich, but it will be paid for by every man, woman and child in the country, through increased taxation—miraculously, higher national insurance contributions are to be delayed until well into the next Parliament—and through the burden of debt that will be repaid by our children for heaven knows how many decades to come. That was profoundly deceitful, and a matter of considerable regret, but I do not think that the British people have fallen for it; they know better than that. This is what happens when people play politics with important matters.

The third D stands for delay. The difficult choices will be delayed until 2011: a funny old year, safely after the next general election. The real pain will not be felt this side of the ballot box, but, again, I think that people know that is going on. If we look at the net figures, including the measures in Budget 2009 and the other measures announced in Budget 2008, we see a net outflow from the Exchequer of £21.26 billion in the financial year that has just begun, a net inflow of plus £4.6 billion in 2010 and, miraculously, a net inflow of plus £12 billion in 2011. The real pain is being delayed for reasons of political expediency. The deficit should be addressed now, not in two years' time.

That deficit is the underlying concern. It remains unaddressed, and it is out of control. I am struck by yesterday's report from the National Institute for Economic and Social Research. I shall quote from the report on it in *The Daily Telegraph*, as I have not seen the NIESR report. It states that the NIESR believes

"it would be all but impossible for the Government to return Britain's total public debt to 40 per cent. of gross domestic product, currently equivalent to £600 billion, until 2023".

Terrifyingly, the NIESR also provides the shape of what future Budgets and Finance Bills might have to be, and offers three basic options to solve the problem:

"The first was to raise the state pension age, from 60 for women and 65 for men, to 70 between 2013 and 2023."

I have been doing the calculations, and I reckon that that would catch me nicely. I shall be 60 in 2015, and 68 in 2023, so it looks like retirement at 70 for me—and for many of us in the House. That illustrates the scale of the problem.

The second option was to raise the basic rate of income tax by 15p in the pound. I accept that these proposals offer a single-club solution, but they give an idea of the scale of the problem.

The final option was to cut Government spending by a tenth, which would be a very serious step indeed.

I am a Select Committee Chairman, which I enjoy, and I know that Select Committees choose their words with great caution. I was struck by the Treasury Committee's summary for this debate. It was prepared in a great hurry, and we owe the Committee a debt of gratitude for the speed with which it came to its conclusions. Its summary states:

"Whilst it is possible that the Government will meet its growth forecasts, on the available evidence this is an optimistic assumption."

Those are calm, measured words, but they frighten me. I think that the growth forecasts are optimistic, and that they are there to make the debt burden look less frightening. I think that they will prove to be optimistic, and that the debt burden will be much higher than the Government are saying.

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP): I hear what the hon. Gentleman is saying about the debt burden. To put that into perspective, in three or four

years' time, every household in the UK will owe about £65,000. Two years ago, before the Scottish elections, the scariest figure that Tony Blair could come up with for debt under an SNP Government was £5,000 per household. In essence, therefore, it seems that Scotland is 13 times worse off being ruled from London than we would be if we were independent.

Peter Luff: I will not be led into debating the merits or otherwise of devolution; I am not going to do the SNP's dirty work for it. I will let what the hon. Gentleman has said speak for itself.

The Treasury Committee's summary also contained these calm, measured words:

"We note that the Chancellor's forecasts for public borrowing and national debt represent the worst fiscal outlook since the Second World War".

That represents a very long period. Crucially, it goes on to discuss a point raised by a number of my hon. Friends, stating:

"The credibility of any attempt to restore the public finances will depend on an acceptance that the structural deficit must be addressed as well as the consequences of the current extraordinary circumstances."

It is the very large underlying structural deficit that gives me such cause for concern for future Finance Bills and Budgets.

In his last Budget statement as Chancellor, the Prime Minister predicted public sector net borrowing of about 2 per cent. of GDP for the year we have just entered. This year's Budget revises that figure to about 12 per cent. What a dramatic change! The Chancellor forecast that the UK economy would shrink by 3.5 per cent. this year—I have already alluded to that figure—and that it would grow by 1.25 per cent. next year. The International Monetary Fund says that the figures will be 4.1 per cent. this year and a shrinkage of 0.4 per cent. next year. Even the Government's own figures undermine their Budget forecasts. Within two days, the Office for National Statistics had revealed a still larger reduction in economic activity for the first quarter of 2009.

On the most optimistic assumption, public debt is going to rise to 80 per cent. of GDP within four years. That terrifying figure is twice as high as what we thought was a sustainable level of public borrowing and public debt. In this year's Budget, public net debt was expected to be 39 per cent. of GDP this year but it is now put at 59 per cent., increasing to 79 per cent. by 2013-14. I know that that outcome puts Britain only in the middle of the advanced economies in terms of the percentage debt to GDP ratio—an argument often used by the Government. *[Interruption.]* I will happily repeat it, as I have an unfortunate habit of speaking too fast. As I have already said, I know that this outcome would put Britain only in the middle of the advanced economies in terms of the percentage debt to GDP ratio, but the tragedy is that if we had not had the spending splurge of the last six, seven or eight years, we could have been in a much stronger position.

To employ the phrase of my hon. Friend the shadow Chancellor, if we had indeed fixed the roof when the sun was shining, we could now be in a uniquely strong position to take the world by storm, yet the spending splurge of the last five, six or seven years enfeebled our position. We could and should have been so strong; this Finance Bill should not have had to face the challenges it seeks to address. We have crippled a golden opportunity. This Government like to take credit for paying off a bit of the national debt: they paid it off when they stuck to Conservative spending plans and it all went wrong when they started following their own.

Mr. Love: As we heard earlier this afternoon, when we were not putting enough away during those times when the sun shone, the Opposition did not suggest doing such a thing either, but we received no response from the Conservative Front-Bench team, so perhaps the hon. Gentleman would like to comment on it.

Peter Luff: I have to say that my recollection is somewhat different. I cannot remember in which Budget the now Prime Minister announced massive increases in expenditure on schools and hospitals, but I can remember thinking that it was a make-or-break moment for the Government. I thought that if it worked—I did not think it would—the history of the following 10 or 15 years might be very different, but that if it all ended in tears, as I thought it would, we Conservatives would be vindicated. I am afraid to say that I now know that we were vindicated; the decisions the Prime Minister announced at that time proved to be the beginning of the obituary of this new Labour Government. I sincerely wish that when the Prime Minister was Chancellor he had not been so imprudent with the money at his disposal—or the money he was borrowing—in funding that splurge.

Let me repeat the phrase "risible optimism", which was used by *The Economist* to describe the fundamental premise on which this Finance Bill is based. I have not read the words of Edward Hadas before, and I am not sure whether they appeared in *The Daily Telegraph* blog or in the main newspaper, but I like his parallel:

"Suppose a triple-A rated company suddenly found that expenses were running at 123 per cent. of revenues. Such a huge loss would cause a financial red alert. Cut back spending, push up revenues, figure out what's going wrong and prepare for even worse times."

That is exactly the situation we face as a nation. I know that there are differences in finances, companies and Governments, but the scale of what we face is truly terrifying. As the article makes clear,

"even governments face limits—and the UK authorities seem to be approaching them. They have engaged in pretty much every imaginable risky policy. Huge fiscal deficits are joined by the central bank's effective zero interest rate and a big experiment in money-printing."

The article goes on to conclude about the risk of default on sovereign debts that

"the government might decide to spare taxpayers some pain by letting inflation erode the real value of the official debts. The rating agencies do not count such depreciation as a default. If they did, the UK's triple-A would probably be history already."

That is a terrifying conclusion.

The most recent estimate that undermines the credibility of the Budget and the Finance Bill came from the European Commission only this week, as it issued its *Economic Forecast*. It said that

"the UK economy is now clearly experiencing one of its worst recessions in recent history, in the context of the global financial and economic crisis."

It also stated:

"The unemployment rate is likely to rise progressively to around 10 per cent. ... in late 2010".

The consensus out there is now pretty clear: the Government are being too optimistic.

[Peter Luff]

To be fair to the Prime Minister—I always like to be fair; it is in my nature—he probably believed his own propaganda and he might actually have believed that he could end boom and bust. It is an extraordinary thought. I read economics at university many years ago and I have forgotten most of it; I was not even particularly good at it at the time.

Mr. Syms: Did my hon. Friend want to be Chancellor?

Peter Luff: I am grateful for my hon. Friend's suggestion, but I do not aspire to that office—certainly not in the next four or five years, anyway!

I do know, however, that it is impossible to end boom and bust. It is part of the capitalist psyche. It is what happens. It is the price that we pay for a free market. It is what delivers the good times. The bad times are essential to blow off the froth and ensure that the good things are delivered.

I do not know how the Prime Minister was able to believe that he could end boom and bust. There have been spectacular busts in the past, such as the South Sea bubble and the Wall street crash, although I accept that the current bust is probably more extreme than we could possibly have expected. The business of the sub-prime mortgages, the poor regulation of banks by both the British and the Americans, and the British over-indebtedness, which has played its own part in contributing to the world economic catastrophe, have combined to make what was always going to be a bust a much sharper bust than it might otherwise have been.

Opening the debate, the Chief Secretary spoke in what I felt were uncharacteristically shrill tones of all the dreadful things that would happen if a Conservative Government came to power, and extolled the virtues of spending money for its own sake. It is the easiest thing in the world to spend money that one does not have. It is easy to say "I would like a better car; I would like a bigger house; I would like nicer clothes; I would like more holidays," but if I do not have the money to buy those things, I do not have them. The tragedy is that for the last eight years or so, we have been spending money that we do not have on things that we cannot afford. That is why we are in such a difficult position now.

The Government's response in the Finance Bill is to make changes that, in my view, threaten Britain's international competitiveness, and that worries me. I am currently engaged in an interesting discussion with the editor of *The Mail On Sunday*, who criticised my decision to take my Select Committee for what he believed to have been four agreeable days in Dubai. Actually, it was not four agreeable days in Dubai; it was 23 hours in Dubai, a day and a half in Abu Dhabi, and a day and a half in Riyadh and Saudi Arabia.

To see the scale of what is happening even in Dubai, where the froth has blown off the bubble, the even bigger scale of what is happening in Abu Dhabi and the amazing transformation of the Saudi Arabian economy is to understand the scale of the challenge that we face. This is not just happening in India, China and among our other economic competitors such as the United States and countries in mainland Europe; it is happening in Saudi Arabia as well. Five years ago, Saudi Arabia ranked 65th in the World Bank's list of the best places in which to do business. Now, as a result of conscious policy making, it ranks 16th. We still rank sixth—we are doing quite well—but Saudi Arabia's target is to overtake us. It wants to be 10th next year.

The world is changing out there. We cannot arbitrarily increase taxes on entrepreneurs and wealth creators and expect that to be a cost-free option. It will cost us in the battle to maintain our global position. I fear that that is not properly understood. The people to whom I have spoken in banks, businesses and trade associations since the Budget have all said one thing: that approach constitutes a devastating attack on the entrepreneurs and wealth creators, and thus on the country's long-term prosperity. We need to recognise that. We need to move away from a culture of borrowing and debt which has been encouraged not just by the Government but in the corporate sector and, crucially, in the household sector, and return to a culture built on savings and ownership.

A few days ago, I received a thank-you letter from my godson, to whom I had given £20 as a birthday present.

Mr. Ellwood: In a brown envelope?

Peter Luff: In a rather nice yellow envelope, as I recall, for the birthday card. My godson wrote to me saying "Thank you so much. I am saving up for an iPod." I thought "What a strange phrase." I realised that I had not heard the phrase "saving up" for an extremely long time—certainly from the lips of the current Government. But it is a phrase that we should use rather more as a nation. I commend my godson's wisdom in saving up. I must give him more money to save up for future Christmases and birthdays.

I do not believe that this Finance Bill encourages saving up. That is one of the many things that are wrong with it. Hints were dropped that it might provide such encouragement, but that has not happened. Nevertheless, there are good things in the Bill. I do not want to damn the whole Bill; that would be quite wrong of me. There are clearly good things in the Budget as well. It is a curate's egg with more bad bits than good bits, but there are good bits. For example, I am delighted that, after much agonising, the trade credit insurance scheme is up and running.

It is one of the characteristics of the Government's support both in Finance Bills and in the measures announced in Budgets that they produce a great fanfare at an early stage and then take a very long time to introduce their measures, which subsequently help many fewer people than were expected to benefit. The trade credit insurance scheme should have been introduced earlier, but it is there now, and I will not look a gift horse in the mouth—although we are yet to see how effective it will prove to be.

One of the very good things in the Budget is the capital allowances arrangement. I know that the small business community is very pleased that capital allowances for firms that invest more than £50,000 will double to 40 per cent. That is quite an expensive measure—I believe that it is worth £1.64 billion this year—so well done: that is a good thing in the Budget. The Federation of Small Businesses is particularly grateful for the opportunity to defer tax bills, with loss-making companies able to reclaim tax on profits made in the last three years.

There are good measures in the Bill, therefore, but some measures that I hoped would be included are missing. National non-domestic rates—business rates, as they are colloquially called—are a crucial issue. The Chancellor made a big concession before the Budget in terms of the increase due next year; it is to be phased in, which is very welcome. I hoped that the Budget would address the void rates issue, but it does not do so. I know of people in my constituency who put together a small property portfolio as a pension scheme for their old age. One of them has had to go bankrupt because every property in his portfolio is now empty. The portfolio was supposed to bring in a revenue stream in his old age; instead, it has just brought in void rates bills. Money was supposed to be coming in, but the properties ended up costing him money. As a result, he has gone into personal bankruptcy. The Government should also be taking a much more careful look at the implications of void rates, particularly for retail businesses, but also for manufacturing businesses.

There is one measure that I particularly hoped would be in the Bill. It is only a small measure, but I attach some importance to it as I introduced a private Member's Bill on the subject: automatic rate relief for small businesses. A few years ago, the Government wisely introduced a small business scheme; it is fairly complicated, but the essence is that small businesses put in an application and then get back half their rates. About a month ago, I was persuaded by a very persuasive Minister to withdraw my Bill because it was very likely that the Budget would contain a similar measure. I was building up to making an attack on the Government—perhaps a rather disconsolate and aggressive one—about their failure to keep their promises, but in fact it is not entirely clear to me that they have finally decided not to keep their promise to me; we still have some measure of hope. Let me explain why I am so sad that this measure is not in the Finance Bill. For small businesses in particular, the odd £100, £500 or £1,000 can make a huge difference to the prospects for survival. We sometimes forget that. For micro-businesses, which I hope will be the macro-businesses of the future, small sums matter.

I have received a number of words of encouragement from the Government in recent days. Although this measure is not in the Bill, as I hoped it would be, the Chancellor has kindly written to me. The letter is dated 27 April, and it says:

"I can confirm that the Government is keen to continue to improve the administration of small business rates relief to make it easy to claim and increase its take up. I have therefore asked my officials to work with CLG officials to see what can be done to improve the take up of the scheme and to report back to me."

What the Chancellor does not say in that letter, but which I happen to know is the case, is that the Department for Business, Enterprise and Regulatory Reform is also closely involved, in the noble and impressive persona of Baroness Vadera. When she gets her teeth into a matter, she tends to make sure that things get done, so I am optimistic. I am not suggesting that the two very able and charming Ministers sitting on the Government Front Bench at present do not get things done, of course, but the baroness has a certain reputation in Government for outcomes. I was therefore particularly encouraged by a parliamentary answer I received very recently from the Minister for Local Government, who said:

"The Department for Communities and Local Government has had a number of discussions with the Department for Business Enterprise and Regulatory Reform and Treasury on making small business rate relief automatic.

The Government are keen to explore ways in which we can promote, and improve the administration of, the existing small business rate relief scheme and increase its take up, including through automatic options. CLG officials will work with Treasury officials to see how the take up of the scheme can be improved."—[*Official Report*, 5 May 2009; Vol. 492, c. 140W.]

That goes a little further than the Chancellor's letter, and I am extremely encouraged by that.

I understand some of the Treasury's objections, but I believe that I have answers to all them, and I also believe that automaticity, to use a rather ugly word, would be welcome throughout the small business community and the local government world, and would have nothing but positive consequences for this Government and the economic activity of the UK. I therefore hope that, although this measure is not in the Bill as I had hoped, we might hear more about it later.

I have talked sufficiently about the problems of debt and delay in the Budget, but may I emphasise one point? The Government say they are taxing the rich and that that is only fair. Well, we can discuss what rate of taxation on the rich is fair, but it is very important to remember that, on the Government's own figures, less than half of the £5 billion tax rises announced in the Budget are actually taxes on the rich; the majority of them are on the rest of us. Most of the tax rises that the Government are planning are on average earners; they include tax rises such as those on fuel and alcohol and, crucially, the increase in national insurance contributions announced in the pre-Budget report. The sad thing about the PBR is that the Government have got out of the habit of having debates on it. The PBR has become a surrogate Budget and contains Finance Bill-type measures. We had no debate on the increase in national insurance contributions announced in the PBR last year. There was a statement and Members could make one quick comment afterwards, but there was no debate, I believe, for the second or third year running. I say to Ministers that if there is to be at least one more PBR before the election, I hope that this time we will have a debate on it, because the PBR contains important measures that should and could be scrutinised at the time.

We also know that this Budget and Finance Bill enables reductions in capital spending—again, they will take place after the election—including a very large reduction in the capital budget of the health service. I find that interesting coming from a Government who have criticised the Conservatives for wishing to cut expenditure on sensitive areas of public services.

I am particularly disappointed by the Bill's complete lack of activity on savings policy. It contains a rather complicated provision on individual savings accounts and something that I benefit from as someone who is now over 50, but it really is miniscule, footling stuff. Savers have been hit very hard by the consequences of the events of the past year or so; there have been very low interest rates and very low dividends. Of course, many savers are pensioners, who do not want to have to rely on pension credit for their welfare, well-being and survival; they want to have the dignity of relying on their own incomes. Thus, it would have been good to see the Government doing more, as they suggested they would, to help savers in this Budget. I wish to discuss the VAT scheme in a moment, but I should say that

[Peter Luff]

helping savers is one very good example of a way in which that £12.5 billion could have been better spent. We can discuss whether it was right to have a fiscal stimulus, but that was the wrong fiscal stimulus, and the money would have been better spent helping pensioners and savers.

I do not think that, technically, the enterprise finance guarantee scheme is covered by the Finance Bill, so I shall simply say that I am looking forward to my Committee's study of the scheme—I believe that we are taking evidence from the banks on 2 June—and gently remind the Financial Secretary that I am waiting for an answer to a question that I asked in February. I have just tabled a reminder parliamentary question today, although I am sure that the lack of a reply was an oversight and was not deliberate, and I look forward to getting an answer about the take-up of the scheme. There are still issues relating to credit in the overall economy that this Bill could have perhaps done more to address.

Let us briefly consider the VAT reduction. I am clear about the fact that I would not have done it. Leaving to one side the argument about whether to have the fiscal stimulus, this was a bad way to spend £12.5 billion. There are big questions about the timing of the ending of the VAT reduction—in the middle of the week during the sales period just after Christmas is a ridiculous time to end it. I pressed the Chief Secretary on this point at the beginning of the debate, but I regret to say that she was not flexible. I was chastised by the hon. Member for Edmonton (Mr. Love) for being hypocritical in some way—I am sure that he did not use that word, because it would be unparliamentary for him to do so, but he said something of that kind. What I am saying is that it would have been much better if the VAT reduction money had been spent in other ways and that I would end the reduction much sooner and use the money saved in other ways. Realistically, the Government are not going to do that, for reasons of realpolitik, so I point out that if they were to give the reduction another three or four weeks—the other alternative—that would help the retail industry considerably. As I say, I would end the reduction now and spend the money differently.

My Committee heard evidence from the small business community about the great cost that the VAT reduction has imposed on it. The reduction has been a problem for small businesses, which have had to invest in new software packages and will have to do so again at the end of the year, when the rate goes back up again. The reduction has not benefited small businesses—quite the opposite; it has been a problem. Many big retailers have also encountered problems with it. I am not talking about the Tescos of this world, which have computerised systems and can adapt easily. Such businesses are not the kind of businesses that need help from a VAT reduction; although such businesses are expanding rapidly into other markets, a large proportion of their products are still VAT exempt. It is not the Tescos of this world that we need to help, but the smaller businesses, and they have not been helped by the VAT reduction.

I would have spent the money on helping savers; on cutting corporate tax for small businesses, as my party suggests; on cutting payroll taxes for small companies—of course, this Government are planning to increase those taxes—on deferring small business VAT bills in a more comprehensive way than the Government have suggested; or on funding prompt payment by local authorities. The Government have a 10-day target on that, and I believe that my local authorities are meeting it. I am pleased about that, and I congratulate Worcestershire county council and Wychavon district council on what they are doing. I do not know what assessment the Government have made of the effectiveness of the target, but it is an expensive thing. I would also have spent the money to pay for the relaxation of void business rates, which should have been included in this Bill. I also might have used it to provide some sort of employment subsidy. I was very struck by the argument by a former Minister, Lord Digby Jones, that we should help when businesses, especially those with highly skilled workers, face a short-term drop in demand—such as in manufacturing businesses in the west midlands in the automotive sector—so that those workers are not lost to other less skilled jobs. With an employment subsidy, those businesses could keep the staff on. Baroness Thatcher's Government did that, so I would have thought that this Government could do so.

I mentioned the 50 per cent. tax increase. It is a political device, used as a political divid[illegible] by the Prime Minister and Chancellor. We are [illegible] not committing to repealing it as an early priority, because our first priority must be the taxes on everyone—the ordinary, hard-working families—such as the national insurance contribution tax hike that is coming in 2011. That is the right policy. We have said that the 50 per cent. tax must take its place in the queue of tax reductions that we would like to make as a future Conservative Government, but that does not mean that we cannot damn that tax increase for the extraordinary damage that it is doing. The Government just do not understand the impact that it will have on the international community and mobile entrepreneurs.

A fascinating article, "Wringing the Rich", in *The Sunday Times* this week described that damage clearly. It said:

> "The worry is not so much the impact of the tax itself, but the signal it sends out. Entrepreneurs are not welcome anymore".

Whether the Government like it or not, that is how it sounds to business. The Government may not even have meant that—in fact, they meant it as a political device in UK politics—but that is its impact. Miles Templeman of the Institute of Directors has said:

> "The increase will have a damaging impact on the wider economy and undermine the UK's attractiveness as a place to invest."

Chris Sanger, UK head of tax policy at Ernst & Young, has said:

> "The key risk here is that such extreme rates will deter entrepreneurs and the most successful wealth creators from coming to the UK and encourage those here to leave."

Those are people we cannot afford to lose. If there is one provision in this Bill that is offensive, wrong-headed and ill-judged it is the package of the 50 per cent. tax rate and the changes to pension contributions and thresholds. It will create a bizarre range of marginal rates on higher rate taxpayers that could and should have been avoided—and it will probably not even raise any money.

This was an entirely foreseeable recession. Only the scale might perhaps have surprised us. This Bill does many of the wrong things to address the problems that the recession has created, and does not do many of the

right things that it could and should have done. My right hon. Friend the Leader of the Opposition has referred to the new age of austerity. We will hear a lot more of that in the next year or so, because it is what we now face as a result of the mistakes by this Government—not the problems created by the US sub-prime markets. The Government are not being straight with voters about how they will sort out the problem, but the voters have seen through that. The voters have worked out that if they do not have to pay for it until 2011, there is probably a catch. They are not to be taken for fools.

I said that the Bill was characterised by four Ds—distraction, by using the rich as an alternative target; deceit, by pretending that ordinary people will not have to pay the tax bill for this Government's failures; delay, by putting hard choices off until after the election; and a deficit that is out of control. I shall conclude with three further Ds—this is a dishonest Budget from a discredited Government facing defeat, to which the Budget and this Bill will contribute mightily.

5.8 pm

Mr. Andrew Love (Edmonton) (Lab/Co-op): Much—indeed, almost all—of the comment in the press at the time of the Budget, and much of this debate, has been about the assumptions and forecasts it contained. I wish to respond to some of that comment and I start from the premise that forecasting is more an art than a science. I know that econometrics is the place to be at the moment, and many different mathematical formulae are used, but the reality is that art plays a much larger part than science.

That is particularly the case at present, because we live in a period of exceptional uncertainty. If I may comment on a point that was made earlier, we are no longer in a period characterised by the chairman of the Federal Reserve as the "great moderation". We all remember those times—they lasted for quite a long period—when the so-called fluctuations in the trade cycle were reduced and when it was thought that economic management of the economy was more effective than it is. All that was cast aside completely in 2007, when we had the unprecedented external shock from the sub-prime fiasco in the USA. The first thing that we must be clear about is that the recession that this Budget reflects is international in both scale and origin.

My first question on the Budget projections is how far into the future is it reasonable for a Budget to forecast. Indeed, the hon. Member for Taunton (Mr. Browne) commented that Budget books occasionally give long-term public expenditure projections. Without wishing to hurt the feelings of all the economists who crunch the numbers in the Treasury, I submit that some of the projections that go more than two or three years into the future are almost worthless. Indeed, I shall go on to talk about whether it is appropriate to forecast two years ahead. Although that was done in the Budget—and it has received a lot of criticism—very few of all the other forecasters, including the IMF, forecast for that period.

Mr. Ellwood: The hon. Gentleman says that he believes that forecasts for up to two or three years should perhaps be disregarded. Would he go so far as to say that forecasts for six months should also be disregarded, bearing in mind that the Chancellor said at the Dispatch Box six months ago that the economy would be on the mend in June of this year?

Mr. Love: It is interesting that the hon. Gentleman should say that. I want to come on to the forecasts made in the Budget. I submit that they are reasonable in current circumstances. That is what I am trying to challenge in this debate.

Mr. Ellwood: The hon. Gentleman says that the forecasts are reasonable considering the times. However, it was two hours after the Chancellor sat down that the IMF disagreed with the growth forecasts for this year, saying that they would not be minus 3.5 per cent., as the Government claimed, but minus 4.1 per cent. That was just two hours later, not six months later.

Mr. Love: I am very pleased that the hon. Gentleman has mentioned the IMF, because that is the comparison that I want to make. That was a godsend to the media, who were out to trash the Budget. The fact that the IMF published the figures on the same day meant that the automatic assumption of most of the media comment was that the IMF figures were right and the Treasury figures were wrong. The reality is that the Treasury has a much better record of forecasting the British economy than the IMF.

Let me come to the specific points made by the hon. Member for Bournemouth, East (Mr. Ellwood). The Budget book suggests that there is a recession of 3.5 per cent. in the current year. The average of all recent forecasts suggests a negative of 3.7 per cent. The representative of the Scottish National party, the hon. Member for Dundee, East (Stewart Hosie), said earlier that the OECD had today suggested 3.7 per cent. The IMF is at 4.1 per cent. If we take the average as reasonably accurate in the circumstances—I accept that forecasts for this year can be taken to be reasonably accurate—the Treasury is closer to the reality.

Mr. Dunne: The hon. Gentleman is making a reasonable stab at arguing that arithmetic averages are likely to pray in favour of the Treasury's position. However, surely he must recognise that only two days after the Chancellor made his predictions for this year, the Office for National Statistics published its figures for the first three months of this year, which showed that the Treasury's projections were out by more than 25 per cent. The economy failed by 1.9 per cent. as opposed to the 1.5 per cent. that the Chancellor had identified two days before.

Mr. Love: If the hon. Gentleman will be kind enough to give me a few seconds to develop my argument, I will come to that point.

The Budget projection for 2010 of 1¼ per cent. growth was widely ridiculed in the media and compared with the IMF projection of, I believe, negative 0.3 or 0.4 per cent.; according to the IMF, we will still be in recession. If we take the average of all recent forecasts, growth does return to the economy; it is something like 0.3 or 0.4 per cent, which is a good deal closer to what the Treasury is suggesting, although of course still significantly less. That is one reason why the epithet "optimistic" has been used, which was very much at the centre of our debate in the Treasury Committee.

[Mr. Love]

If we then project forward a further year—I would hesitate to take with any great accuracy a projection made that far into the future—the average of forecasts is roughly 2¼ to 2½ per cent. growth. As the Budget figures suggest, the Treasury selects 3½ per cent. I would raise questions about how accurate any such forecasts could be, but let me say why I think that, although the Treasury is veering towards the optimistic side, it may not be an unreasonable forecast.

The first reason is that in previous recessions, such as those of the early '80s or the early '90s, when the recession bottomed out there was spare capacity in the economy, which made it possible for recovery to occur relatively quickly and at an above-trend growth rate. The Treasury has therefore assumed that we will have a relatively faster bounce-back from the end of the recession. Secondly, we have an extraordinary stimulus in the economy—not just the automatic stabilisers, not just the activities of the Bank of England, but a significant depreciation in the value of sterling, which should open opportunities to re-phase our economy to export more into the future.

Perhaps the most important reason, and the one that is being challenged in alternative forecasts, is the assumption in the Budget that agreements made at the G20—international action to stimulate economies across the world—will be honoured. I do not know whether that will happen, but I think it is reasonable to assume that other economies will take similar action. They have all announced that they will, and therefore one can assume that, although those Budget projections are on the optimistic side, they are based on fairly good economic analysis.

I shall now discuss the ONS announcement of a contraction of 1.9 per cent. in GDP in the first quarter. The hon. Member for Ludlow (Mr. Dunne), who I know takes a great interest in these matters, will know that those figures were very much initial figures, based on only 50 per cent. of the evidence that will become available. When we asked the Treasury's economic guru about those figures, he said not only that he expected them to change going forward, as they often do, but that he saw no reason to re-evaluate the projections for this year, and I would accept that at this stage we should not do that.

Therefore, my first point—I have laboured the point because of all the press and other comment that there has been—is that, in my view and I think in that of most independent forecasters and economic commentators, the Budget projections are within the realms of possibility. The idea that they should all be entirely rubbished really must be challenged, and that is what I have sought to do.

Let me come on to the public finances. It is amazing that everyone on the Opposition Benches who has commented today has cast doubt on whether we have an honest appraisal of the problem that we will face with our public finances. This Budget is honest about that. Opposition Members have quoted the figures. When you tell us how terrible the situation is, you do not use alternative figures; you use the Budget figures to do so.

Mr. Hugo Swire (East Devon) (Con): Will the hon. Gentleman take this opportunity to rubbish the National Institute of Economic and Social Research report that says that income tax will have to rise by between 8p and 10p in the pound to deal with the economic mess that the Government have got us into?

Mr. Love: I thank the hon. Gentleman for that question. I was going to raise the issue with the hon. Member for Mid-Worcestershire (Peter Luff). The director of the NIESR came before the Treasury Committee. He remains one of the few economists in favour of a second fiscal stimulus. He and his organisation believe that even given the additional public expenditure implications of a second fiscal stimulus, it is the correct thing to do. I have no doubt that the figures in the report from which you quote are accurate, as far as a forecast can be, but you should be aware that if we followed that economist's policy prescription, the figures would be even higher.

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. May I gently remind the hon. Gentleman that he has been using the word "you" quite a lot, thus implying my involvement, of which there is certainly none?

Mr. Love: I apologise, Mr. Deputy Speaker; when I begin to enjoy myself, I get somewhat carried away. I hope that I will remember to phrase my speech in the correct manner.

I want to discuss the cyclical and structural nature of the public expenditure deficits, because there is an issue involved that we really have to address for the future if we are to get our public expenditure back to a sensible amount. Members have said that the structural element of the deficit is about four fifths of the total deficit. I do not think that anyone has queried that. We have not really debated in the Chamber today—and I suspect that we will not do so before the general election—what proposals we will bring forward to address that structural part of the deficit. We heard earlier from my right hon. Friend the Member for Birkenhead (Mr. Field), who suggested a number of proposals; I will come back to them. A lot of the hardy annuals from both main Opposition parties have suggested that we could look at scrapping identity cards. I have opposed, and will continue to oppose, identity cards for all sorts of reasons, but I would not go so far as to say that there is a significant amount of money to be saved—not an amount that will make a substantial difference to the problem of the deficit. That is part of the problem with some of the suggestions made, mostly, dare I say, by members of Her Majesty's loyal Opposition. They do not really address the scale of the problem that we face.

Mr. Swire: In an earlier response to me, the hon. Gentleman said that the NIESR was interested in a second fiscal stimulus. That may well be so, but it also said today that if Britain's national debt were reduced to 40 per cent. of gross domestic product by 2023, to comply with the golden rule of the then Chancellor—now Prime Minister—even bigger tax rises and/or spending cuts would be needed. What is the hon. Gentleman's view about that statement?

Mr. Love: I am not sure why the hon. Gentleman is pressing this. I accept that there are dramatic implications going forward, whether there are tax increases or cuts in public expenditure. Undoubtedly, we will need to address them. I am speaking about those who have had the

temerity to raise some of the real issues. As I mentioned, much of the comment that there has been—for example, about publishing the incomes of the chief officers of quangos—does not address the problem that we face.

Mr. Newmark: The hon. Gentleman keeps criticising the Opposition for coming up with suggestions, but the billions allocated to ID cards, the NHS computer system and various quangos add up to a hell of a lot of billions. We are coming up with suggestions, but we still have not had a single one from the hon. Gentleman for addressing these structural problems.

Mr. Love: In the next few months, when the Opposition have had a chance to look carefully at all the implications of the Red Book and come forward with a series of proposals, people will take them and the criticisms that they make more seriously.

One of the issues raised by my right hon. Friend the Member for Birkenhead has been reflected in comments from the hon. Member for Twickenham (Dr. Cable) and has found favour in some parts of the Opposition. I refer to the question of whether action should be taken on public sector pensions and, by implication, on public sector pay. My suspicion is that nothing concrete will be forthcoming from either of the major Opposition parties, because they will not want that to be part of any election campaign that may come this year or next.

Comments were made earlier about how we fund the deficit. As I mentioned in an intervention, a number of members of the Treasury Committee visited the Debt Management Office today. From what we saw and from the discussion that we had with the senior officials there, it was clear that for various reasons there is an appetite out there in the marketplace for Government debt. Whether that is because there is a flight to safety in risk-free products such as gilts, or because of the need of the pension industry for long-dated gilts, there does not seem to be a single serious forecaster or economic commentator who suggests that although the demands of the Debt Management Office to raise money on behalf of the Government are substantial, there is not a willingness out there in the marketplace to deliver that.

Finally in relation to the public finances, we have heard repeatedly from the Opposition that we are building up a 79 or 80 per cent. ratio of debt to GDP. As the hon. Member for Mid-Worcestershire commented, that places us somewhere in the middle of international comparisons. Although that should be taken extremely seriously, we are not some outlier, as has been suggested by some Opposition parties. We are around the average of the economies that could be considered both our competitors and our comparators.

Mr. Newmark: I know the hon. Gentleman is not stupid. I sat with him on the Treasury Committee, and he knows full well that the device that the Prime Minister used when Chancellor was to put as much debt as he could off balance sheet. If one uses equity accounting or consolidation accounting with the banks alone that have been bought by the Government, that is an extra £2 trillion of debt that should be added to the Government accounts. That excludes the £1 trillion of public sector pension liabilities. Debt today could be as high as £4 trillion or more. The hon. Gentleman must acknowledge that there is a huge amount of money held off balance sheet, as well as on balance sheet, by the Government.

Mr. Love: I acknowledge the hon. Gentleman's consistency, because that theme runs through his period as a Treasury Committee member and his questions on the Floor of the House. However, his argument is accepted neither by the Government nor, I suspect, by most independent economists, and I return to my earlier point that the Budget is honest in its presentation of our public expenditure problems.

I must move on, because I want to comment briefly on several specifics of the Budget. I cannot understand why people find the 50p tax rate so difficult to accept. It seems entirely reasonable and fair that those who have benefited most from the good times make some contribution during the difficulties that we now experience. As I understand it, that view is shared by the public, and the 50p tax rate reflects it. However, I, like others, have some concerns about the proposal in the Budget and, most of all, about the uncertainty surrounding the yield from the tax.

We were told on the Treasury Committee that only 31 to 32 per cent. of the potential yield will probably be realised. The Government have taken some steps, as was mentioned earlier, to do something about income being moved into pension schemes, and I recognise that that will increase the likely yield of the 50p rate. However, as the hon. Member for Twickenham has said extensively, there are still major opportunities for people to shift income into capital to reduce their tax burden, so one suspects and hopes that the Government will return to those measures to ensure that the people who can afford it, and who have done so well in the past, make a sensible contribution.

Mr. Stewart Jackson (Peterborough) (Con): I thank the hon. Gentleman for giving way. He has been very generous, and I know that, as a member of the Treasury Committee, he takes a great interest in these affairs. Surely, however, he will concede the argument of the right hon. Member for North Tyneside (Mr. Byers)—that the tax rise is essentially a political strategy, that it will not deliver fiscal rewards and that, if someone earns about £112,000 a year, they will effectively pay a marginal tax rate of 61.5 per cent., making it the third highest rate in Europe. In a recession, when we seek to bring in wealth creators, that cannot be good for the UK's economy.

Mr. Love: I certainly share the concerns about increased complexity and, albeit in a different way, the likely yield of the change in taxation. However, I hope that, at the pre-Budget report later this year or, if there is another Budget, at the next Budget before the general election, the Government will consider carefully whether the 50p tax rate has raised the amounts that we would wish to see.

I shall make two other brief points before I finish. I was surprised that the hon. Member for Mid-Worcestershire the Chairman of the Select Committee on Business and Enterprise, did not mention the vehicle scrappage scheme.

Peter Luff: Technically, the scheme is not in the Finance Bill, so that is why I did not raise it. However, I am very interested to hear what the hon. Gentleman has to say about it.

Mr. Love: I welcome the scheme, because there is a great feeling outside the House that the Government have done much for the financial sector, but that we have rather forgotten about manufacturing. It was therefore important to lay down a marker, demonstrating that we are helping manufacturing. We could have taken a narrow, nationalistic view, because it is already evident that the schemes that have been introduced in Germany, France and other European countries have benefited the British car industry, 85 per cent. of whose production is exported to Europe.

However, it was right and proper that we brought forward a scheme. There are some problems of dead-weight costs and there is the issue of whether British manufacturing will benefit. But if we look carefully at the benefit that the scheme will deliver to the retail and component parts of the motor industry, we see that the scheme is well worthy of support.

My biggest regret about the Budget relates to our commitment to halving child poverty by 2010 and eliminating it by 2020. That faced a setback in the Budget—and, it has to be said, in the pre-Budget report; in neither were there substantial measures to address the issue. I regret that, although one has to accept, realistically, that the financial circumstances have changed significantly. I hope that the Government will not forget about their child poverty commitments, which have great public support. Everyone recognises the need to assist the poorest and most vulnerable in our society. Recognising the legislation and maintaining the commitment will do more good and be presented more positively for the Government than almost any of the measures in the Budget.

5.36 pm

Mr. Tobias Ellwood (Bournemouth, East) (Con): It is a pleasure to follow the hon. Member for Edmonton (Mr. Love). I did not agree with everything that he said, but at least he attempted to justify the Government's position.

Mr. Love: I am the only one stupid enough.

Mr. Ellwood: The hon. Gentleman is now on the record as having said that, and that plays into my argument. Where are the Labour Back Benchers? Where are the lieutenants and soldiers to defend this most important of Budgets? There are some veterans in the Chamber who have often spoken in debates on previous Finance Bills, but we could argue that this is one of the most important such Bills. Yet the style that the Chief Secretary to the Treasury chose to adopt in her speech was more that of an Opposition spokesman than that of somebody trying to defend the Government's position in these difficult times.

That has been reflected not only in the debate today, but in the Government's approach. They forget what they are trying to defend, and just attack the Opposition. I am grateful that the hon. Member for Taunton (Mr. Browne), the Liberal Democrat spokesman, is here; he made a farcical speech that focused almost entirely on Tory proposals. He was reprimanded for that four times; the Chair wanted him to refocus his arguments back to the subject of debate—the Finance Bill.

I say to Labour Members that those watching in the Galleries and those who will read this debate in *Hansard* or see it on television will ask themselves what they have seen or read. All they get are these yah-boo politics. The Chief Secretary illustrated that by going back to yesteryear to talk about the time of Margaret Thatcher, rather than focusing on the difficult issues of today.

I clicked on to YouTube to see the Prime Minister's latest performance; this time it was a party political broadcast about the European elections. I do not think that the word "Europe" was mentioned once in the broadcast—it was an attack on the Conservatives through and through. *[Interruption.]* I give way to the hon. Member for Taunton, who seems to be waving.

Mr. Jeremy Browne *indicated dissent.*

Mr. Ellwood: He is not waving, just grumbling—or sulking.

Mr. Browne: I am grateful to the hon. Gentleman for giving way. If I were inclined towards childishness, I would have raised a point of order. As far as I am aware, the Prime Minister's speaking on YouTube about the European elections has nothing to do with the Finance Bill. Perhaps the hon. Gentleman should talk about the matter in hand.

Mr. Ellwood: I can tell from the look on your face, Mr. Deputy Speaker, that I am dangerously close to falling foul of exactly what I was complaining about. For this debate is about the Finance Bill, what the Government are offering, the challenges that we face and the solutions to make sure that we can get ourselves out of this financial mess.

The Government failed to comment on why more than half of all tax increases are hitting the poorest half of the nation, why national insurance increases will hit all citizens earning £20,000 or more, why the impact of the VAT reduction has now been deemed such a failure of strategy, and why the full impact of the Budget will not come to fruition until 2011, conveniently after the date of the next general election. This has been a discredited Budget. Within hours, the IMF announced that there was a huge hole in it to the tune of £23 billion. The Chancellor forecast growth for 2009 at minus 3.5 per cent., for the following year at 1.25 per cent.—already, apparently, we are moving into a new boom—and then, for 2011, at 3.5 per cent.

Mr. Stewart Jackson: Does my hon. Friend agree that it is fundamentally dishonest for a party to put in its election manifesto that it will not increase the top rate of tax to 50 per cent., and then do so; and to characterise a slight increase in public expenditure outlined in the Opposition party's manifesto as a cut, and within four fiscal years to bring forward proposals for the largest cuts in public expenditure in the history of our country?

Mr. Ellwood: My hon. Friend raises two fundamental issues that will be at the forefront at the next general election, when the nation will judge this Government on what they said in their previous manifestos and what they actually did. Those are two great examples of how they told the nation one thing but did something else.

Just two hours after the Chancellor sat down, the IMF ridiculed the figures, saying that the growth figure for 2009 would not be minus 3.5 per cent. but minus 4.1 per cent., and that next year it would not be 1.25 per cent. but minus 0.4 per cent. Things are getting much tougher. I wish that the Government would understand and own up to the fact that we are not going to come out of this recession in the optimistic way that they are projecting.

If that is reflected in anything, it is the astronomical scale of borrowing that we are about to approve: £175 billion this year, £141 billion next year, and £118 billion the year after. Figures on that on a scale that have never been seen in the history of this Parliament. As a result, every child, including those not yet even born, will be burdened with taxation round their neck to the tune of £22,000. If the Government's figures of just six months ago have already been discredited, let us see, six months from now when the Chancellor gets up at the next pre-Budget statement, whether his forecasts were correct. Six months ago, he said that by June this year the recession would be over, so I am curious to see what will happen next year.

This Bill should be about measures of taxation or otherwise to help us to weather the economic downturn, so what has happened to some of the initiatives that the Government rolled out with such vigour? What has happened to the credit guarantee scheme, the internship scheme, the asset-backed securities scheme, the HomeBuy Direct scheme, or the homeowners mortgage support scheme? Those were all talk—we have had no confirmation that they are working. We hear from our constituents and businesses that the money is not getting through because the banks are not able to lend as the Government promised that they would. The recession is lasting much longer because they are not giving us the leadership that we expect.

The Government have failed to acknowledge the cuts to public services—they have been glossed over. In health, there is a cut of £2.3 million; in education, there is a total cut of about £1 billion. Today we had an interesting debate in Westminster Hall on funding for further education with the fiasco that is surrounding the Learning and Skills Council and the fact that there is now a shortfall of £2.7 billion.

The Government have made vague announcements that there will be money, but we know from speaking to our schools that they have not been given as much money as they were promised. The Minister for Schools and Learners, who turned up late to the Westminster Hall debate, eventually made it and acknowledged that letters from the Learning and Skills Council went out without his authority. His office knew about them, but the consequence is that schools in my constituency have been promised less funding than before. They will have more pupils coming through the gates in September, but they do not have the ability to pay for them.

Mr. Swire: My hon. Friend's charge sheet against the Government is long and justified, but does he agree that the Prime Minister has a duty and an obligation to restore the public's confidence in Parliament? He is a Prime Minister, formerly a Chancellor, who said that he would end boom and bust. Given what we see today, is it not time that he said, "I was wrong. I apologise"?

Mr. Ellwood: My hon. Friend makes a very important point. The words "boom and bust" are not mentioned many times by Labour Members. In fact, we no longer hear the language of fiscal rules, golden rules and so forth. It would have meant much to the nation if the Prime Minister had said, "Yes, I apologise for my part in what has happened." Instead, as my hon. Friend points out, blame has been put on the Americans and Fannie Mae and Freddie Mac, and it has been suggested that what happened over there spilled over here. But it was not the Americans who allowed mortgages of 125 per cent. in the UK, and it certainly was not the Americans who, when the Bank of England became independent, handed over responsibility for certain rules to the Financial Services Authority. The FSA then relaxed those rules, allowing banks to lend and get into debt on a scale that we are now beginning to regret.

I return to my intervention on the Chief Secretary about the cut in VAT from 17.5 per cent. to 15 per cent. I do not want to get into the whys and wherefores, and I have already stressed that it was an unwise move. My concern is about when it returns to 17.5 per cent. at midnight on 31 December. I do not know where Labour Front Benchers spend their new year's eve, but if they spend it indoors, they will not be aware of the nightmare that the change will cause as every bar, pub, restaurant and so on across the country has to reconcile things when Big Ben strikes midnight. I plead with Ministers to consider that in Committee and ensure that the change back up to 17.5 per cent. is debated.

I have suggested Sunday 3 January as a possible date for the change, or 31 January, which would allow the sales to benefit. One consequence of an increase in VAT is a sudden rush to buy things before it goes up. I stress that the reason why the cut was unwise in the first place is that many small and medium-sized businesses, which could have benefited from more support from the Government, were already offering discounts of 10, 15 or 20 per cent., so a 2.5 per cent. drop was neither here nor there.

David Taylor (North-West Leicestershire) (Lab/Co-op): I did not agree with the hon. Gentleman's earlier comments about this morning's debate in Westminster Hall, which were a masterclass in theatrical overstatement and bogus outrage, but the point that he has just made is fair. Many accountancy bodies are making exactly that point. I urge him be a little more ambitious than 2 or 3 January—a more natural point at which to withdraw the arrangement would probably be 1 April.

Mr. Ellwood: I am grateful for that intervention and agree with the last part. It is not for me to decide that, and I am purely passing on the concerns of industries, particularly the tourism industry. The hon. Gentleman invites me to comment on this morning's debate, and he was only there for a blink of an eye. He made a point of order and then wandered out. If I remember correctly, all 30 seats opposite us on the Labour Benches were completely empty other than the one that the Minister was sitting in, and he turned up five minutes late. The hon. Gentleman should not lecture us on how Westminster Hall debates—

Mr. Deputy Speaker: Order. The hon. Gentleman may have been led astray—that is a very unusual thing for a member of the Chairmen's Panel to do to an honourable colleague—but we are getting well clear of the Finance Bill and I suggest that he come back to it.

Mr. Ellwood: I am grateful to you for bringing me back on track, Mr. Deputy Speaker.

Mr. Stewart Jackson: My hon. Friend is being very generous. Would not even the most basic analysis by an A-level economics student have told the Chancellor that the cut in VAT was a waste of time, because in a recession people will seek to pay down debt? Even if they were spending on white goods or luxury goods, they would be spending on foreign goods, which are imported into this country, which would have little long-term impact. The Government could have spent the money on other things last November, such as the 9,000 empty housing association units, which could have helped people on the housing waiting list to get off it. Surely the money has been completely wasted by the Government.

Mr. Ellwood: My hon. Friend again makes a valid point. To benefit from the temporary change in VAT, people would have to buy products that were so expensive many of them may not even have been made in the UK. That is a lesson that the Government have learned, so it will be interesting to see what changes to VAT they propose next. I suspect that VAT may not stop at 17.5 per cent. but head a bit further north, considering the signs of the times.

I would like to talk about how the Bill affects the tourism industry, which is the portfolio that I follow. I make no apologies for raising the issue. Tourism is Britain's fifth biggest industry and it is important to the UK. We are the sixth most visited place in the world. In an economic downturn, tourism is the one industry that is faring well and that could actually make more money. Unfortunately, it is doing well in spite of the Government, rather than because of them. In the lead-up to the Olympics, which is our one chance really to promote British tourism, the tourism budget is being cut, which is a scandal.

I would like to react on record to the comments made by Michael Savage, who is a DJ and political commentator in the United States. In reaction to being denied entry to this country, he told his audience of 10 million people not to visit the UK. That is an absolute scandal. Let me tell his listeners: ignore the DJ and come to the UK. Enjoy the holiday, enjoy our exchange rate and understand that he is talking out of his backside.

Tourism is called the hidden giant of the economy—it is the fifth biggest industry, and it seems to be hidden from Parliament as well. For every £1 that we spend abroad, £25 is brought into our economy. I understand that the Minister hosted an event at the Treasury not too long ago, and if I can catch his eye—*[Interruption.]* There we go. I hope that he will acknowledge the importance of tourism and the fact that Governments of all colours could do more.

I would like to underline several points about taxation in the Bill. The taxation of bingo is dealt with in clause 20. What input did the Department for Culture, Media and Sport have into the change in policy? VAT has gone, for which the industry has been calling for some time, as have we. There was a system of double taxation that was unique to bingo. The industry was hit by gross profits tax and VAT, but when the industry gets what it wants and VAT suddenly disappears, it is hit by an increase in gross profits tax, from 15 to 22 per cent. The Government have given with one hand and taken away with the other.

The consequence of that is an increase in taxation of about 46 per cent. That may be a cunning way to make money, but the Government do not fully understand the consequences that it will have for our communities. Some 8.5 million people play bingo every year. Many of them are old ladies, and for many the bingo night is their one night out in the week. One third of all bingo companies' locations are now under threat and many are closing every month. If we take bingo away from the community, we deny those people their ability to get out of the house, meet people and do something that they love doing. The consequence of raising money on the one hand is a detrimental impact on the community on the other.

Mr. Greg Knight (East Yorkshire) (Con): Is the effect not wider than that? Many bingo clubs feature live music as part of their entertainment. If clubs are hit by the new tax, musicians will have fewer venues in which to perform live.

Mr. Ellwood: My right hon. Friend makes a valid point. Bingo halls are more than just places where the numbers on balls are read out—they are pivotally important community attributes. There are 17,000 people employed in the bingo industry, and I fear that the proposals will lead to a net decrease in the amount of tax that the Government take. Moreover, there has been no consultation with the Department for Culture, Media and Sport, which should be advising on the best way to treat the bingo community.

I strongly recommend that members of the Government Front Bench do not visit any bingo halls in the near future. They will not be offered the prestigious job of reading out the numbers: instead, they will probably have the numbered balls thrown at them.

Just as bingo is important for our communities, so are the UK's traditional pubs. They have been ignored by the Government for some time, despite huge campaigns to save them. Ministers will be aware that about 40 pubs close every week, changing the fabric of our communities and of British life, which is very important from the perspective of tourism.

Angela Browning (Tiverton and Honiton) (Con): I share my hon. Friend's concern about the closure of local pubs. In many parts of the country, they sell locally brewed ales and beers, and as a result small breweries are also under threat.

Mr. Ellwood: My hon. Friend makes an important point. We have heard nothing from the Government that will help our traditional pubs, even though the consequences of their closure are much greater than one might imagine. When a pub closes, people either go to our town centres—where the vibrancy of what goes on already poses a challenge in many places—or they purchase their alcohol in supermarkets. When the Government first took office, a pint of beer in a pub cost just twice what it cost in the supermarket. It now costs seven times as much, thanks to the increase in duties imposed by the Government. That does not help our pub industry at all.

Mr. Stewart Jackson: My hon. Friend is making many compelling points in connection with his tourism portfolio, but does he share my concern that the number of violent incidents and admissions to hospital has increased significantly since the Licensing Act 2003 came into force? The emphasis is much more on vertical drinking establishments than on the traditional family pubs that have been penalised by the Government's tax policies more or less since 1997.

Mr. Ellwood: I could not agree with my hon. Friend more. Traditional pubs foster responsible drinking because they take pride in what they offer and the atmosphere that they create. We want more of that, but the fact that 40 pubs are closing every week means that people are changing their style of drinking. That is not good for society, and the Government have failed to address it.

My hon. Friend also mentioned duties. The Budget imposes a 2 per cent. flat-rate increase in the tax paid on all alcohols, on top of the 8 per cent. increase applied in December 2008. The Government are thereby penalising all drinkers, including those who drink responsibly. In contrast, we have suggested that the target should be people engaging in irresponsible and binge drinking.

David Taylor: I am treasurer of the all-party save the pub group. Although licensees could do without the proposed penny on a pint of beer, which is what we are really talking about, does the hon. Gentleman agree that the two key drivers in eroding pubs' viability are the extraordinarily low prices charged for alcohol in supermarkets, and social change? We can do something about the former, but nothing about the latter.

Mr. Ellwood: The hon. Gentleman invites me to say something about the consequences for society of the changes in where people choose to drink. He also gives me licence to remark that the pubcos themselves could do more to provide the same deals as the supermarkets, because they are sold beer at the same discounts as the supermarkets. The supermarkets pass on those discounts—sometimes reducing the cost even further in the form of loss leaders—but the pubcos are not doing that, and many landlords are forced to sell beer at too high a price. Although there is much work for the Government to do on this, there is some work that the Conservatives would like to see the industry doing, too.

Mr. Greg Knight: There is another point in the argument about pub closures that my hon. Friend has not touched on: the closures have a disproportionate effect on rural areas such as the East Riding and parts of Dorset and Hampshire. Often, the pub is the only community centre in a village and, whereas a city could lose six pubs a day without noticing it, the closure of rural pubs has a devastating effect on many communities.

Mr. Ellwood: Again, I could not agree more with my right hon. Friend. I hope that the Government are listening to this, because the high-profile campaign on pub closures is falling on deaf ears at the moment. They need to wake up to this problem. Once a pub disappears and is sold and converted into flats or something else, it is gone for good. It is very difficult to get back that aspect of the community that is so important in bringing people together. Yes, there are challenges resulting from the way in which the distractions and attractions that life offers—television, the internet and so on—differ from those of 30 or 40 years ago, but the importance of the pub should not be underestimated. I do not believe that the Government are doing enough at the moment.

Mr. Dunne: I should like to encourage my hon. Friend in his exposition to the Government of the importance of pubs in our communities. I urge him not to forget that, following the post office closure programme, many rural areas, including some villages in Shropshire, have suffered, and the pub remains the last focus for community life in villages, other than perhaps the church. The pubs have now taken on the village store, and the post office that was in the village store, so it is not just the drinkers in the community who are affected by their closure; it is the community itself.

Mr. Ellwood: My hon. Friend puts his finger exactly on the bunker mentality involved in the Treasury introducing tax cuts and changes to our taxation regimes without understanding their impact on our communities. If we change taxation law relating to pubs, or if we change the policy relating to post offices and bingo clubs, we change the fabric of our communities. The Government are failing to recognise that. That is evident not only from the clauses that we are debating today but from the fact that other Departments have either not been consulted about these measures or have not been able to have any input into the Bill.

In just one year, we have gone from being one of the strongest economies in Europe to one of the weakest. We have been hit by the same global economic storm as everyone else, but Britain has fared so much worse than other countries, thanks to decisions taken by the Prime Minister over the 10 years that he was Chancellor. Most notable was the decision to remove key regulatory powers from the Bank of England when it became independent in 1997 that would have prevented the escalation of debt that allowed British banks to become so over-exposed during the economic downturn.

Instead of admitting fault, coming to the House and saying, "Yes, we made some mistakes and we are now going to try to solve them", the Prime Minister has tried over and over again to blame the United States. The only time he stopped doing that was, conveniently, during the G20 summit, when we had some guests who would probably have been a little bit upset to hear that old, incorrect argument being used so often. He should come to the Dispatch Box, put his hands up and tell us what his role has been over the past 10 years. Instead, we limp on with a weak and feeble Government and a weak and feeble leader, support for whom is dwindling in the nation and in his own party. We must now wait until the general election when the country can finally be put out of its misery. Until then, we face a wasted year, and a wasted opportunity to move things forward on the scale that Britain expects.

The Bill was supposed to ignite the engines to restart the economy, but we cannot even see a spark. In reality, the Government are fumbling around with the jump-leads. No initiatives have been put forward that will rebuild Britain's competitiveness, improve its productivity, infrastructure and skills base, or strengthen our society by investing in our employment and welfare system. Of course, it is thanks to a decade of Labour that there is so little in the Bill to match the urgency of the economic challenge we face.

[Mr. Ellwood]

I hope that this Government, who seem so short of ideas, will not be churlish about accepting amendments in Committee, but I will not hold my breath. If my advice based on the simple idea of changing the date on which VAT returns to its 17.5 per cent. rate is not even going to be considered, I do not hold out much hope that any other Opposition amendments will be accepted. We will await the pre-Budget report in November to see how this Government have fared; perhaps then the Government will put their hands up and acknowledge that we were right and they were wrong.

6.5 pm

Mr. Philip Dunne (Ludlow) (Con): It is a great pleasure to follow that passionate speech by my hon. Friend the Member for Bournemouth, East (Mr. Ellwood). I would like to start my remarks by reflecting a little on the comments that he and other hon. Friends have made about the nature of the Chief Secretary's opening speech earlier today. I listened carefully to what she had to say, and I regret to say that I found it entirely characteristic of her approach to the House and her present role.

The Chief Secretary's speech was focused not really on her own proposals, but on a smokescreen. She sought to conjure up a smokescreen from thin air to camouflage the Government's disastrous conduct of the economy, while at the same time seeking to paint a fantasy picture of Conservative plans. Her speech betrayed the whole approach of this beleaguered Government: "When you are lying at the bottom of a hole that you have dug for yourself, you bare your teeth, start gnashing and try to claw your way out of a dugout." In the way the right hon. Lady conducted herself, she was really the chief terrier of the Treasury rather than its Chief Secretary.

Mr. Newmark: Is not the expression, "If you are digging a hole, simply stop digging"?

Mr. Dunne: That would have been good advice for the Chief Secretary, so perhaps my hon. Friend should have proffered it to her. Perhaps he will be able to do so later in the debate.

The Chief Secretary's approach belied her political antennae, which were clearly telling her that she should adopt attack as the best form of defence in any form of political debate. Her attack was intrinsically political and focused on attempts to wrongfoot her political opponents rather than to recognise the reality, acknowledge the scale of the problems that our economy has been driven into by the Government and seek to introduce measures to help address them. What that meant for me was the end of aspiration under new Labour. There were no signals that Britain is a competitive place in which to do business, that individuals find Britain an attractive place in which to build their careers or that the Government understand how this economy can compete.

This Finance Bill exposes the political truth of this Government under the present Prime Minister. We heard calls earlier today for him to reveal his vision for this country. Well, I have seen his vision—in the Budget, in the Finance Bill and in his Chief Secretary's speech. It is not aspirational; it is not new Labour; it tears up the manifesto commitment not to raise income tax; and it tears up the fiscal rules with nothing to replace them. It rips out the heart of new Labour. The vision is bleak: it is for a prolonged period of debt-burdened darkness. It is back to old Labour, lurching rudderless from crisis to crisis as dole queues lengthen.

Mr. Ben Wallace (Lancaster and Wyre) (Con): Does my hon. Friend agree that the retrograde step in the totem or red herring of the 50p tax rate was that the Government tried to pander to the audience in portraying all high earners as bankers, when the reality is that most high earners in the north-west, for example, work in industry, manufacturing and wealth-creating businesses? Does he agree that because the Government decided to pander to the gallery, what they did was punish success, thus announcing the end of new Labour?

Mr. Dunne: My hon. Friend makes an extremely important point. There is no evidence in what we have heard from Labour Members today or in the Budget debate that there is any longer any real understanding on the Labour Benches of what drives an economy, what makes it work or how much it relies, especially in a trading nation such as ours, on the entrepreneurial spirit. We must encourage business men to come to this country, given the increasingly global environment in which we live. We cannot simply assume that things will happen because we have a talented pool of people who have been educated here. Education is now an international business. Many people from this country can be educated in other countries—increasingly they are being so in the United States—if that is where they feel that their future lies.

Mr. Stewart Jackson: Does my hon. Friend agree that the 50p tax increase is emblematic of a party whose record shows that it was never really committed to the entrepreneurial spirit or to free enterprise? The whole edifice of new Labour was based on year-on-year increases in public expenditure irrespective of reform, a housing boom, and a Faustian pact with the City that there would be continuing tax revenues with light-touch regulation. Is it not the case that all three of those pillars have crumbled, and that as a result we are now in a disastrous fiscal position?

Mr. Dunne: I think that my hon. Friend is being a little unfair on the Labour party in opposition. I think that the Labour party, or at least its leadership—the present Prime Minister and his predecessor—recognised that if it was to secure power, it would have to develop a broad consensus of opinion and establish a wide church of support. That included attracting the middle classes—the aspirational people, both those in work and those entering the work force. It was clear that they must be encouraged to vote Labour, which meant that a Labour Government must adopt a policy involving stability and certainty in tax rates, rather than a penal policy reverting to the old class wars of preceding decades.

David Taylor: The strength, passion and emotion of the hon. Gentleman's speech, allied to that of the intervention from the hon. Member for Peterborough (Mr. Jackson), is enough to bring tears to a glass eye. Cannot the distribution of the tax burden in the economy best be illustrated by the fact that those in the lowest income quartile pay a higher proportion of their income

in tax than those in the upper quartile? It is not as if the highly paid are seriously overtaxed by that measure, is it?

Mr. Dunne: What the hon. Gentleman needs to consider is what happens to the admittedly small number of people who are responsible for generating the jobs that employ those at the bottom end of the spectrum. If the tax rate in this country is perceived to be entering a period of prolonged excess by international standards—we have been led to believe that the new top marginal rate will place us third in a list of 83 of the most world's most developed countries—this country will not be perceived as an attractive place in which to generate business, which allows the employment of people living here and attracts other people. That is the fundamental issue which seems to be so absent from the debate conducted by Labour Members, and that is where I think the Government are making such a terrible mistake.

Mr. Jeremy Browne: I share many of the hon. Gentleman's reservations about marginal tax rates, but my difficulty is in understanding how it is possible to advance two arguments simultaneously: the argument that the 50p rate will drive entrepreneurs away and be bad for the economy, and the argument that it will raise little additional revenue. If the latter is the case, it would surely not be difficult to abolish the rate with immediate effect. If the former is the case, surely the need to abolish it is all the more urgent. In any event, I see no reason why, consistent with the case that the hon. Gentleman is making, any Government would not abolish the 50p rate on their first day in office.

Mr. Dunne: I think that timing comes into play. Such action cannot be taken overnight. If the present Government are re-elected, they will have an opportunity to reconsider the 50p rate in their next Finance Bill, at a time when the impact on the perception of entrepreneurs may well be clearer because it will be known whether people have left the country in droves. Timing is all-important in this context.

Let me say something about the forecasts on which the Bill is based, and the impact on the public finances to which it refers. The Chancellor claimed to the Treasury Committee that his forecasts were realistic; I think that that was the word that he used. Much of this debate has already been given over to discussion of how realistic these forecasts were, and I have to say that I find that claim truly astonishing given the Treasury's track record in forecasting both GDP and public borrowing.

I had the pleasure of serving on the Treasury Committee alongside the hon. Member for Edmonton (Mr. Love). He chose to defend as gallantly as he could the Government's forecasting record, and tried to make a reasonable job of discussing arithmetical averages, but let me describe my recollections of studying the Treasury's performance. In each of the four Budgets and pre-Budget reports that I reviewed as part of that Committee's work, the then Chancellor had to appear before the Committee to try to defend his forecasts and explain why they were not so unreasonable in the circumstances compared with the forecasts he had made on his previous visit to the Committee. On each occasion, that was a very hollow claim. It was clear that the Treasury models were not giving rise to accurate forecasts for either GDP growth or, more particularly, public borrowing. That has been exposed not merely within months, weeks or days, but even within hours, of the Chancellor sitting down following his Budget speech.

The Chancellor said that in the current year GDP growth would be negative 3.5 per cent., but barely an hour later the International Monetary Fund estimated it would be negative 4.1 per cent. A week later, the European Union estimated that it would be negative 3.8 per cent., and this week we have had reports from the National Institute of Economic and Social Research that its estimate is negative 4.3 per cent. Two days after the Chancellor sat down, the first estimate of first-quarter GDP growth came out from the Office for National Statistics. The underlying assumption in the Chancellor's forecasts had been that the figure for the first quarter was negative 1.5 per cent., but the ONS estimate was negative 1.9 per cent. That is a 27 per cent. difference. It is barely credible that the Treasury did not have some sight of the underlying information available to the ONS in preparing its forecasts, and that suggests either a lack of understanding about the data in the economy at the time or an astonishing lack of competence. I hope for the sake of any incoming Government that the Treasury is not so incompetent that it can make such a significant error within such a short period and have such a lack of understanding.

Mr. Newmark: Might we not add this as a third problem with the Government: they do not recognise the magnitude of the problem that they face? That is why they are always short-selling what the statistics and real facts are in relation to the situation the country is in.

Mr. Dunne: I am grateful for that intervention, as it takes me nicely to the issue of the magnitude of the problem. The NIESR says that there is a real possibility that GDP will fall more this year than in 1931, stating:

"The pace of decline to date shows a remarkable resemblance to that of the depression of the early 1930s."

That is bad enough, but if the governing party and those responsible for managing the economy acknowledged that we face such a dire GDP situation and that the scale of the problem in general is so great, we Conservative Members would have some sympathy. As we all know, however, there is very little recognition on the part of the Prime Minister and his Treasury team that we are in such a situation, even though it is evident to all independent commentators that that is the case. It therefore becomes increasingly challenging for the Government to find their way out of this problem.

The impact of the poor forecasting can be seen in the Red Book estimates and projections for public sector net borrowing as a proportion of GDP. As the hon. Member for Edmonton said, projecting several years ahead is prone to considerable statistical error, but the Red Book makes a stab at it and comes up with a figure of 5.5 per cent. for 2013. That is based on the highly optimistic, rather than realistic, forecasts that the Chancellor set out in his Budget speech. The variance between the 5.5 per cent. cited in the Red Book and what the NIESR says is more than 50 per cent. The NIESR forecasts that public sector net borrowing will be 8.6 per cent. of GDP in 2013-14. There will be a significant shortfall in Government funding should the economy not grow as

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the Chancellor has forecast. If it does grow as he has forecast, some estimates have identified that there will be a black hole of more than £40 billion—I believe that the figure is £45 billion—in the Government's finances. If the growth is as poor as independent commentators are suggesting and the debt as a proportion of GDP is as I have just indicated it might be, even that figure will be a significant underestimate.

There is a colossal hole at the heart of this Government's public finances that can be met, in the short term, only through public borrowing. As the right hon. Member for Birkenhead (Mr. Field) bravely said, there is a significant question mark over this Government's ability to fund the debt with which they have saddled this country. The credit rating agencies have put the UK's triple A rating under review. All the Government's borrowing forecasts are predicated on the assumption that that rating will remain. Should it be reduced to a double A rating, for example, that would, in itself, have a significant impact on the cost of funding existing Government debt and would raise significantly the cost of the future Government debt that we need to raise to meet these enormous borrowing figures. I urge the Financial Secretary to give some indication as to the thought process that the Government have gone through and the cost involved should that unfortunate reduction in rating arise—of course, none of us wishes that to happen.

Mr. Newmark: The problem is that this leads to a vicious cycle and we may even see another failed gilt auction. If the Government reached a point where they could not even raise debt on the public markets, we truly would be in a very bad situation.

Mr. Dunne: My hon. Friend is a considerable expert on raising funds through the bond markets and speaks with some authority. I hesitate to join any call for a debt default, and I am the last person to want gilt auctions not to succeed. It was positive to hear that the Treasury Committee was given some encouraging signals from the Debt Management Office today, and I am interested to learn whether the Financial Secretary wishes to give us any colour on that—I rather doubt that he will. An event such as my hon. Friend outlines would clearly be catastrophic; if we are not able to fund our public debt through gilt instruments, we are exactly back to the situation that this country was in after the previous period of a prolonged Labour Administration, when we had to knock on the door of the International Monetary Fund.

Mr. Stewart Jackson: My hon. Friend is making very good points. He will know that if the 5 March announcement of an increase in quantitative easing been made under the previous Conservative Government, we would have heard outraged voices from the then Labour Opposition about the debauching of the currency and of the economy. Does he deprecate the fact that to this day we have still not had a proper and full debate in Government time on the specific issue of quantitative easing?

Mr. Dunne: My hon. Friend makes a powerful point. It is the most significant and rapid collapse in the public finances, and the most significant about-turn in Government action to try to revive the economy, that we have seen in our political lifetimes. It is astonishing that the Government have not been prepared to stand up and debate in this House why the quantitative easing measures that they have proposed, and are implementing through the Bank of England, are the right approach to take. Those measures are referred to, as it were, in parentheses alongside other debates about the economy, but we have not had a significant debate on quantitative easing, and that is highly surprising. I wonder why not.

I shall touch on three specific measures in the Budget. The first is pensions. The reasoned amendment highlights the inconsistency of the Government's approach to pensions, as evidenced by the measures in the Bill. The Government took a relatively mature approach to the self-evident looming pension crisis. The introduction of the new regime on A-day only three years ago was detailed and considered. It followed detailed and prolonged industry consultation over the previous 18 months by Lord Turner, who has now been promoted—if that is the right word—to chair the FSA. The Turner review was a reaction to a demographic challenge and medical improvements. The problems in the pension industry had been compounded by the impact of the previous Chancellor's assault on pensions in 1997, and the consequent collapse in savings, which all contributed to the time bomb in pension provision in this country.

The Turner proposals were adopted more or less wholesale by the Government as a start in encouraging greater self-responsibility for pension provision, but the measures in the Bill demonstrate a significant reverse in that approach. I wonder to what extent the Chancellor has consulted Lord Turner, let alone industry experts. It seems that the Treasury recognises that it has not thought through the full implications of what is proposed in the Budget, because it was also announced that a consultation would be held

"on the best way to implement this reform, to ensure that the different categories of pension scheme used by individuals are treated fairly."

Peter Luff: Does my hon. Friend notice any inconsistency with the Chief Secretary's position in her opening remarks, when discussing a possible extension of the VAT reduction period? She said that certainty was needed, but is that not also crucial for pensions? People are making long-term decisions, and the extraordinary uncertainty that has been created by the Government's handling of the situation must be of grave concern.

Mr. Dunne: My hon. Friend is absolutely right, and I shall go on to talk about the problems created by the Chief Secretary herself in relation to the VAT scheme.

As I said, four or five years ago the Government adopted a mature approach to the issue of pensions. They wanted to put in place something that was, if possible, the result of political consensus—which was broadly given—and was accepted by the industry, so that the new regime would endure and would not be tinkered with. Individuals need that certainty even more than institutions, because they need to make a commitment to a long-term pension investment over decades. They should not be messed around from Budget to Budget by finickety little changes. The measures in the Budget are not finickety little changes: they are a significant reverse in the Government's whole approach.

The language that the Treasury used is extremely revealing, talking as it does of fairness between schemes. One consequence of the measure to restrict income tax relief for higher-rate taxpayers is to focus attention on the increasing disparity between final salary and defined contribution schemes. There are, of course, fewer beneficiaries of final salary schemes than there were when the Government took office. The figures that I have do not go back quite that far, but in 2000, 18,100 defined benefit schemes were open to subscription. By 2007, that had declined to a mere 2,370 schemes still open for members. The number of members in those defined benefit schemes declined over that period from 8.6 million to 6.2 million, meaning that nearly 2.5 million fewer people were on defined benefit or final salary schemes.

Almost all that decline came from the private sector. At the end of 2007, there were only 1.3 million members of private sector defined benefit schemes, whereas in the public sector there are still 4.9 million members in final salary schemes. A further 1.8 million are still in schemes that continue but have been closed to new members. The vast majority of those closed schemes are, of course, in the private sector, with some 1.4 million people still in final salary schemes that are now closed to new members. That illustrates the scale of the decline in pensions presided over by this Government.

I labour this point because the capping measures for high-income earners and the forestalling measures that were referred to earlier in the debate will merely accelerate the trend away from final salary schemes. That will apply mostly in the private sector, leaving the public sector final salary schemes increasingly exposed to public scrutiny and criticism, which I expect has not even occurred to those on the Government Benches. That will expose the increasing lack of fairness. Those who are still entitled to final salary pensions will be protected not only from the mortality risk but from the investment risk, whereas those who are in defined contribution schemes will continue to have to bear both risks in the pensions that are ultimately paid out to them. Decreasing mortality means lower returns for defined contribution schemes, because providers have to assume that we will all live longer.

By taxing contributions at 20 per cent. on the way into the defined contribution schemes of the vast majority—contributors to such schemes by definition have to pay in a much higher proportion of their salary than those on final salary schemes, particularly in the public sector—as well as taxing income received from pensions on the way out will lead to an increasing disparity between those who defined contribution schemes and those who remain on final salary schemes, who are high earners. We are talking about a relatively small number of people who will be affected, but the fairness issue applies across the final salary scheme membership. This measure will require considerable debate within and between Government and Opposition to ensure that there is fairness in the way that the provision applies to those who are fortunate enough to be in final salary schemes.

The second issue that I want to touch on briefly was mentioned by my hon. Friend the Member for Mid-Worcestershire (Peter Luff), the Chairman of the Business and Enterprise Select Committee, and concerns clause 9 and the extension of reduced standard rate and anti-avoidance provisions for VAT. The Chief Secretary was present at a meeting yesterday of the British Retail Consortium, held in Portcullis House, at which I was also present. It was quite clear that she was seeking to give the impression to the retailers present that the proposals for the termination in the cut in VAT were not set in stone. At that meeting, and again in the House, she referred to the fact that HMRC is prepared to engage in active discussions with retailers to seek to mitigate any problems that arise. That reverses the intention of the provisions.

The provisions are designed to provide the sort of certainty that my hon. Friend the Member for Mid-Worcestershire described, so that people know where they stand, by deferring the cut-off date from 1 December to 31 December—at not inconsiderable cost, as other hon. Members have said. The Chief Secretary has just thrown that into confusion by suggesting that HMRC would be flexible in its interpretation. I am not sure whether that extends to being flexible in its interpretation of when the month of December ends, as many retailers have a month-end that is not coterminous with the calendar month end.

As has been said, on 31 December many retailers will be in the height of the early days of their post-Christmas sale, as such sales now tend to start not on 1 January but on Boxing day or even before that. A great deal of price-changing will therefore be going on in the run-up to the change proposed by the Chancellor. That is entirely characteristic of this Government, who have sought to introduce a measure without thinking it through properly, and without consulting in advance those people who are likely to be most affected—a measure that will have the consequence of creating, as the Government did when they first introduced the VAT cut, a considerable added burden of work and expense for the retailers whom they think they are benefiting.

I urge the Financial Secretary not only to bring clarity to this situation, but before the conclusion of the Committee Stage to engage with the retail industry to try to come up with a sensible compromise—a cut-off date that will not engage retailers, at one of the busiest times of the year, in a great deal of extra work for no particular benefit to them. Retailers typically change their prices over a weekend. Major companies can do it all on a computer programme. Small retailers have to go round sticking all the prices on the goods themselves. That is a very labour-intensive process. It is costly for the retailer. They have to do it, typically, at night or on a Sunday, so they are paying overtime. That is not an easy thing to do in the middle of a very busy trading week. If I sound slightly anxious about that, it is because, having been a retailer, I know something about it.

That brings me to the third specific measure that I wanted to mention, which, I am afraid, also relates to the retail trade in particular although it impacts on many other businesses—the issue of trade credit insurance. I tip my hat to the Financial Secretary for introducing a measure that, while overdue, has been welcomed by the industry and is an important plank in trying to help keep businesses trading.

The use of credit insurance in trade in this country has become increasingly prevalent in recent years, but it is extremely reliant on a very few providers. Three providers—two large, one small—undertake the vast majority of credit insurance provision in this country. This measure will be of benefit to many companies, but

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many others—thankfully, a smaller number—will not be able to take advantage of it, because although the scheme is estimated by the Government to apply to some 14,000 businesses, it will apply only to those which have lines of credit insurance in place on 1 April.

I am sure that Members will have received representations from businesses trading in their constituencies from whom credit insurance was removed prior to 1 April, as I have done. Some of them are quite significant companies. I am thinking of one that is a supplier to a major high street chain. That chain had its credit insurance lines pulled in the first quarter of this year, which means that hardly any of its principal suppliers are able to supply goods to it. It is still trading, somehow, but the arbitrary 1 April cut-off date means that a number of businesses that are trading adequately will find it increasingly difficult to continue trading if they are not able to get goods on the shelf.

I accept that the Government do not want to put themselves in the position of assessor of credit risk; that is a job for the banks and the credit insurers. However, the Government ought to have listened to some of the voices that said, way back at the beginning of this year or the end of last year, that such a measure was vital to keep businesses trading. Indeed, in January the Secretary of State for Business, Enterprise and Regulatory Reform publicly stressed his concern about what he called the "immense financial distress" placed on companies as a result of the loss of such cover.

It seems regrettable that despite all the discussions that took place in the first quarter of this year and at the back end of last year, the Government did not think to introduce the measure then. Perhaps that is because it is somewhat close to the national guarantee scheme proposed by Conservative Members, and the Government did not want to be seen to be taking up yet another of our ideas. To emphasise my point, I will quote Jane Milne, business director at the British Retail Consortium, who was present at the meeting yesterday. She described the scheme as

> "much needed but...too little too late. Matching the trade credit insurance that private insurers are willing to provide is vital to helping fundamentally sound businesses weather the recession. But the unannounced detail confirms this safety net will be denied to companies whose cover was cut before 1 April, meaning the plight of many is being ignored.
>
> For retailers to survive and keep people in work they need to keep shelves stocked with the goods customers want. Insurers began removing cover as the downturn started to bite this time last year. The Government's scheme should apply from then"—

that is, from 1 April 2008, rather than 2009. Again, I hope that the matter can be taken up in Committee.

To conclude, there are measures missing from the Finance Bill that would help to address some of the vital shortcomings in the Government's approach to tackling the economy that I identified at the beginning of my remarks. There are hardly any measures in the Bill to encourage entrepreneurial incentive. There is a modest measure for increased capital allowances, but that really applies only to existing businesses, not to those that are growing significantly, although it might help in some isolated cases. There is very little help in the Bill for small businesses, the lifeblood of our economy, from which all big businesses emerge.

If the Financial Secretary gets out and about, as I imagine that he should, and talks to entrepreneurial clubs and groups of business men up and down the country, he will find that surprisingly large numbers of people responsible for significant businesses—businesses are increasingly mobile in this global economy—are actively considering relocating their centre of operations, or their business in its entirety, to outside the country. That is because they see the approach that the Government are taking, which is not to encourage entrepreneurial activity in this country. That is a great worry for this country, as is the question of how we will be able to weather the recession and retain a strong level of employment in years to come.

Secondly in my concluding remarks, there are very few measures in the Bill to encourage savings, and they are complex. Why was the welcome increase in the individual savings account limit staggered over two six-month periods? It defies any kind of sensible logic. I hope that that, too, will be pressed in Committee. The proposals contain little significant incentive to encourage the take-up of savings.

Thirdly and finally, the Bill betrays a lack of competence at the heart of Government in handling the economy. We have seen what has happened to the public finances over the past 12 months. That tells a story in itself. There is a complete absence of vision on the Government's part as to how they will be able to drive the economy out of the mess that they have driven it into. If they are incapable of vision to get the economy going again, they should go themselves.

6.45 pm

Mr. John Redwood (Wokingham) (Con): I am a director of one company and a director and a shareholder of another company, and have declared that in the Register of Members' Interests.

The Budget judgment before us, which we must think about in this Second Reading debate, is the Government's judgment that they need to increase spending at a rapid rate, that they need to make some modest—as they see it—increases in tax revenue, not in the immediate year but in subsequent years, by raising rates for the rich, and that they need to bridge the rest of the gap by very substantial borrowing.

In the opening exchanges, we heard different positions being set up. I am firmly of the view that the Government are running undue risk with the huge gap between spending and revenue not just in the current year but in the years ahead, particularly in the subsequent year, about which the Budget makes a judgment. I would like to see that gap smaller, and I would wish to achieve that by controlling expenditure rather more than we are witnessing under this Government.

This is not primarily a debate about public spending. I have set out at least 17 ways that I immediately see of making reductions, some very big and some quite modest but illustrative. The culture in government needs to be changed so that more is delivered for considerably less. That is not difficult, because the inefficiencies are so gross and the overstaffing on the administrative side is so enormous: *The Guardian* jobs pages show us that there is no idea of imposing any kind of control on staff numbers and gaining proper value for money for taxpayers.

That is what I would address, but first let us look at the situation in the Government's terms. They have invited us to support a Finance Bill based on two worrying propositions—first that they should spend that much, which I do not think they should, and secondly, that they should raise so little, given the amount of spending that they wish to do. In their own terms, if they wish to do all that spending and, unlike me, think that every pound of that is providing value and is much sought after by taxpayers, they should be prepared to be honest with the House and say, "That's the bill, and we need to raise more in taxes, not next year, the year after or when there may be another Government in place. We need to be honest with the public and raise some more money in taxes this year to meet all those spending bills."

So why, then, do the Government not do that? Obviously, because there is a general election coming up and they know as well as any other elected politician that increasing taxes is very unpopular. As their cover story, they claim that their spending is reflationary, and that it will be good news for jobs and for the economy if this year—by coincidence, a pre-election year—they spend so much more than they raise in taxes.

The economic effects of forcing savings from people are similar to the economic effects of taking taxes from them. If the Government are serious about borrowing all that money from individuals or from companies in the United Kingdom private sector, it has more or less the same effect as if that sum were taken off in tax, because for every pound that they borrow from the UK private sector for this so-called reflationary spending, the private sector has £1 less, so it cannot provide the jobs or buy the goods that it would otherwise use that money to do. It is, instead, providing it to the Government. In their own terms, their argument for under-financing their huge expenditure by such a big margin is unlikely to work.

That is not the only thing that the Government have done in their desperate and belated attempt to turn around the massive recession that their policies, allied to problems throughout the world, have undoubtedly created for Britain. I am strongly of the view that it was policies made in Britain that made the banking crisis so bad here, and that the manic and deliberately perverse monetary policy that the Government and the authorities followed first created a bubble, then created a crash, and is now desperately trying to find a way to reflate and inflate from the crash site rather late in the day.

Monetary policy is an extremely powerful weapon, however, so the heavy lifting to try to turn the economy around will be done not by the Budget, because it will not be nearly as reflationary as the Government suggest, but by having interest rates at almost zero and by gradually nursing the banking system back to strength. I am not a gloom-monger who says that we are going into a 10-year depression and never going to come out of it; monetary policy is very powerful. The reason we are in crash mode is that the monetary authorities got their monetary policy completely wrong by being far too tight in 2007 and at the beginning of 2008. They are now trying to produce a much looser monetary policy, which started last autumn, and in due course that will definitely have a beneficial impact. It will start to lift some of the gloom, slow the rate of decline and in due course, if other things do not get in the way, turn things around from their current very bad position.

I do not believe that the Budget will turn the economy, but nor am I saying that it will always get worse at the current rate, because that argument would be quite obviously untrue and rather foolish. We all live in this country, we want it to do well, we wish to see more of our constituents with jobs and more businesses to flourish, and we wish monetary policy well. We are more worried about the impact of the Budget, because its tax measures will undermine competitiveness, enterprise and job creation at the margin—or in some cases more than at the margin—and that is not what the Government should be doing with a taxing Budget at this stage in a violent and unpleasant cycle.

My right hon. and hon. Friends are naturally very concerned that the Government will not be able to borrow all the money that they need in the next few months to bridge the gap, and my right hon. and hon. Friends therefore say that either taxes need to be higher or expenditure needs to be lower to secure a tighter Budget. They should bear in mind the fact that the Government are trying to load the dice in favour of their getting away with it for a few months, but that their Budget has a time horizon that stretches only until the next election. It is apparently set within the framework of wanting to get the next three or four years right, but nobody really believes the forecasts, and if we look carefully at the tax measures, we see that they take the form of a Tory tax trap. They are political taxes; they do not seriously try to fill the big void in the public accounts, even after the following election. They are in the Budget for illustration, and probably for spite. They are not there to deal with the colossal black hole in the figures.

Stephen Hammond (Wimbledon) (Con): Although my right hon. Friend describes those taxes as political taxes, their impact on our economy will be worse than that, for several of them will directly impact on the wealth-creating and private sectors that will generate wealth in the future. Although those measures may be Tory tax traps, they have the potential to make an underlying impact on future wealth creation in this country.

Mr. Redwood: I entirely agree, and I said that I would argue that I do not like some tax measures in the Budget, because they will make enterprise, jobs recovery and prosperity more elusive rather than easier to reach. Why, then, are the Government not more worried about the question posed—that the gap is too big and that that will be revealed by their not being able to borrow all the money? There are two reasons. The Government think that they will get away with it for a few months, because they have instructed the Bank of England to buy up to £150 billion of their own debt—debt that they are issuing.

We have this bizarre money-go-round whereby one group of people in the Treasury is desperately trying to issue £175 billion in gilts, or however much it might turn out to be this year, and another bunch of officials in the Bank of England is busily buying in £75 billion, rising to £150 billion if it uses the full permissions and carries on with the programme. I am sure that people in the gilt markets love that; they are pretty clever at these things, and understand that if they sell gilts to the Bank of England at price A and buy back similar gilts at the

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more advantageous price B, they will make a turn, and a living. That money-go-round, apparently, is the height of modern Treasury and Bank of England policy making.

It all means that if the full proposed quantitative easing plan is implemented, the Treasury and the Bank of England will be pretty relaxed about borrowing for the foreseeable future; they will not borrow anything net at all from other people, but will print the money or give it to themselves. They have another reason to be more confident than we might expect: their regulators are also instructing all the commercial banks to buy piles and piles of gilts, just to make sure. In the middle of this dreadful banking crisis and nasty credit crunch, the regulators have decided—now, of all times—to say that the banks need more cash for the amount of business that they are doing. If only they had thought of that rather good idea in 2005 or 2006, we would not have had to go through the whole grisly business of the crunch; there would not have been the "run on the Rock" or the uncertainties about some of the bigger banks. However, to implement the idea now—when the banking system is much weaker and extremely cautious, and the worry is that it will not finance enough transactions in the economy to get things going again—is rather perverse, to put it mildly.

Mr. Dunne: My right hon. Friend is making a powerful point. Does he agree that at the time, voices such as that of the Governor of the Bank of England were making themselves heard? The Governor made it clear that he felt that debt levels were getting out of control and that the banks needed to act. The problem was that the tripartite arrangement set up by the Prime Minister and the Chancellor did not allow that action to take place. No mechanism was in place to enforce such measures.

Mr. Redwood: That is exactly right. The tripartite mechanism was a dreadful failure, and it is the background to the Budget and these measures. The Government need to raise so much revenue now because the banking system went wrong; the banking system went wrong through a combination of foolish judgments by bankers—that is clearly true, as I am sure my hon. Friend will agree—and a catastrophic failure by the regulators, who were paid big salaries to sort out exactly that kind of problem. They were unable to control cash and capital in a way that smoothed the cycle. They were violently "pro-cyclical", as the technical people now say; they reinforced the damage of the cycle by being far too easy on the banks in the good times and extremely tough on them in the bad times.

If Ministers foolishly think that I would want to take risks with banks in a way that might bring them down, I should like to disabuse them; I want my country to do well, and I know that it needs strong and stable banks. However, the banks do not have to be instructed today to put so much extra cash into gilts, when we need them to lend a bit more and see business over the worst of the crisis. We now know, I trust, that the Government and the Bank of England are standing behind the banks. People have no reason to take their deposits out because they know that the lender of last resort is there. The Government stand behind the banks, so there is no need for the dramatic requirement for so much more in gilts. We must assume that the only reason for what is happening is that the Government and the Bank of England think that it would be handy to have another enforced buyer in the market at a time when so much gilt-edged security is being issued.

Some of the pension regulations achieve something similar from the now-rather-mature pension funds, thanks to the fact that the Government's taxation on pension funds has led to most private sector schemes being closed. When a scheme moves from being active and growing to being closed, the regulators normally say that the scheme must hold much more in fixed income, rather than in growing assets or claims on such assets. That also serves the Government's book rather well. Paradoxically, the effective wrecking of private sector pension funds in the past 11 or 12 years, through higher taxes and regulation, is now creating a demand for the very borrowing that the Government need to see themselves through to the election.

Let me turn specifically to the tax measures in the Budget. The Government belong to the school of thought that says, "Make us a bit more chaste—but not yet," and takes the view that we can raise more revenue by putting rates up. I have already dealt with the first folly. We need to start to control spending much more immediately because of the longer-term strain on the accounts, but we also need to challenge the assumption that putting rates up in such conditions, or even in the conditions that will prevail in a year or so, will necessarily raise more revenue. The Treasury should be asked to do rather more work on what happens when there are increases and decreases in the rates on entrepreneurs and on people who earn significant salaries.

I remember that the Labour party was full of grief when a Conservative Government dared, in two stages, to lower the top rate of tax on earned income from 83 per cent. to 40 per cent. Labour said that the Conservatives were letting the rich off scot-free, that it was a disgrace, and that they were helping their rich friends. The net result of that big change was to make us competitive again in a world where, when we had those very penal rates, people thought that we were a complete joke and not a place to come and do business. As a result of those changes, two important things happened. First, the rich paid a lot more tax. I think that that is rather good news. I would like the rich to pay a lot more tax, but the way to achieve that is to impose realistic, not penal, tax rates on them. Secondly, and even better from the Labour point of view, the rich paid a bigger proportion of tax. Not only did the economy start to grow faster, but the rich had to pay more.

Mr. Newmark: There is a third lesson in what my right hon. Friend is talking about. The Laffer curve shows that when taxes are lower it is not just that the rich are paying a higher proportion of tax but that far more is collected from the country as a whole. That is what is important about lowering taxation.

Mr. Redwood: That is an extremely important and powerful point, which brings me to my next case study—the Republic of Ireland.

The Republic of Ireland has made some mistakes on monetary policy and control in the past few years, and it has had an equally bad, or perhaps even worse, version of the credit crunch. It was made worse partly by the Irish joining the euro, which meant that they did

not have the flexibility on the exchange rate that the United Kingdom, mercifully, still has. However, what one cannot take away from Ireland is its phenomenal success in turning a country well below the European average in terms of income per head and general prosperity into one well ahead of the European average.

The prime reason for that was not EU subsidies—those were quite small and mainly went into agriculture, which did not do that well—but the low tax rates that the Irish bravely set. By setting very low rates on income and corporate profits, they issued a huge invitation. Many Irish people who had gone abroad to seek their living because they did not like the high tax rates decided to go back to their home country, and many businesses decided that Ireland was the right place to set up business within the European Union as a whole. Because the Irish had the courage to set those low rates, there was an explosion in tax revenues, which meant that they could spend more on public services, and an explosion in jobs and profitability.

In this Budget, the Government are inviting a future Government, perhaps, to go in exactly the opposite direction. They are saying that it is right to raise the marginal tax rate from 40 per cent. to 50 per cent. on higher-earning people, to change the tax arrangements on personal allowances in an adverse way, and to tamper with the pension reliefs which were put in place some time ago and which people thought indicated a stable framework for long-term saving. Pensions are, by definition, very long-term investment and savings projects, and it is very disruptive to make such changes. Taken together, those three things will clearly have a disincentive effect.

Treasury Ministers should tell us rather more about what work they have done. Why do they think that we are so different from Britain in the 1980s, which proved that the way to tax the rich is to make rates competitive? Why are we so different from Ireland in the '90s and early noughties, which proved that when there are lower rates there are a lot more rich people, and that they are taxed rather more?

It is true that the figures that I have mentioned conceal two different trends. First, competitive rates mean that there are more rich people in the country, so in that sense there is a little trick in my figures. However, it is also the case that the rich people who are already in the country are more motivated to get richer. They make that extra commitment, work those extra hours and set up that new business, because they think it more worth while taking a risk with their money. They put their money to work rather more successfully and often, so, as my hon. Friend the Member for Braintree (Mr. Newmark) rightly reminded us, more activity is generated. I should like the Treasury to explore its rationale with us a little more.

My party is rightly saying that this is a tax trap. We have no wish to posture or go around saying that we want to be a soft touch on the rich at any time, and particularly not at this juncture in our fortunes.

Stephen Hammond: My right hon. Friend is making a very powerful point, and I understand his asking Treasury Ministers to explain their rationale to us. We have already seen huge parts of the Budget unravel, and dare I say to my right hon. Friend that Ministers will not be quite so keen to hear what he is saying? However, surely they must take notice of what the Treasury Committee said in its immediate report after the Budget. It used the words "considerable uncertainties" about the yield from the tax rise. The Budget is already unravelling from the Committee's point of view, and surely the Government must address in this debate what it says.

Mr. Redwood: That is absolutely right. The Treasury Committee has come to a very sensible view and asked the right questions. Private forecasters are now saying that such a tax increase could actually reduce the amount of revenue by driving some rich people out of the country altogether, and making others work less hard or put less money at risk.

Mr. Jeremy Browne: The right hon. Gentleman said that this was a "tax trap". I do not understand this concept of a trap. The Government come up with tax policies and the principal Opposition party has to decide whether it believes in those policies. If this is a trap, every single tax policy put forward by the Government is a trap. Surely, to follow the logic of his argument, this is a straightforward opportunity to vote on a point of principle. If he believes that the rise is such a disincentive for people to become wealthier, be entrepreneurial and work harder, surely this is an opportunity to vote against the Government. I do not understand why it is a trap.

Mr. Redwood: I am sure that the hon. Gentleman does. He is a better politician than he is leading us to believe with that rather childish intervention.

The Government's idea was crude and simple—"Let's put this down for a future year. We don't actually think it's going to raise very much revenue." Perhaps they did not believe it would raise any at all. They saw it as a win-win situation for Labour. If the Conservatives voted it down, Labour would spend the next year going around the country saying, "The only thing the Tories care about is rich people and their marginal tax rate." If the Tories voted for it, Labour would go around the country saying to people who might otherwise vote Tory, "Look, the Tories are useless. They don't even stand up for your kind of proposals, and they aren't really the party of enterprise after all."

We do not intend to play that game, which has turned out to be a lose-lose for Labour. It has pitted an important part of the business community against the Labour Government, because the business community is not impressed by their reneging on the clear promise that I remember them making at the last general election that they would make no changes to the overall rates of income tax at any level.

The change has also pitted Labour MP against Labour MP. We know that the Blairite faction is extremely unhappy with it. The Blairites thought that the fact that the previous Prime Minister had accepted the Conservative settlement on tax prior to 1997 was a very important part of winning over floating voters in middle Britain whom Labour needed to win over to form a Government again. They believe that it is disruptive and a clear tearing-up of that element of the new Labour settlement that the Government have now decided to go from 40p in the pound to 50p. Indeed, at the margin it is rather higher than that if we take into account the changes to allowances, pensions, national insurance and so forth. Far from being a trap for the Conservatives, it has been another factor in the growing civil war between Blairites and the supporters of the Prime Minister.

[Mr. Redwood]

There will be those on the left for whom the change does not go far enough. They think that this crisis is a good opportunity to increase the rate to 60p, 70p or 80p—the rates they were used to in previous periods of government. However, there are others on the Labour Benches who understand that in a globalised and footloose world economy—whether we like it or not, we have to live with it—it is all too easy for people with money, talent, capital or high incomes to say, "I won't base my activity here any more, I'll base it somewhere else—I'll go to Dublin, the Bahamas or Asia," because the Governments in those jurisdictions really want talented people and new businesses. There are jurisdictions that wish to give a home to businesses that might otherwise have been located in London or Britain. That is the danger that we now face.

In other respects, the Government claim to believe that putting a tax up means having less of something. For example, they are busily increasing the tax on gas-guzzling cars because they want fewer of them. They are also increasing the tax on drink, because they want people to drink less. Probably only the ministerial drinks cupboard will be well stocked at the new duty rates, because public spending is still in free flow, whereas other people are expected to rein back, which we are told is good for their health. The Government believe that increasing duty on tobacco means that people will smoke less and that fewer cigarettes will be sold.

Mrs. Jacqui Lait (Beckenham) (Con): I am paying careful attention to my right hon. Friend's argument. I wonder whether he would like to think back to the introduction of the single market and to what happened to the UK, with wine and tobacco coming into this country through smuggling, and whether, despite the drop in the value of the pound, the change in duty may be yet another way of increasing smuggling.

Mr. Redwood: It could well be. As hon. Members will know, the drinks industry in particular is extremely unhappy about the change. At a time when the industry is struggling to maintain licensed premises and its general business, the Government are being far from helpful in their tax policy.

My point is about the consequences of tax changes. In all the areas that I have mentioned, the Government quite rightly say that if they increase tax on something, there will be less of it, so why do they not think that the same applies to working hard? If we increase the tax on working hard, will there not be less of it? Will people not either do less or go somewhere else to work hard where the Government do not take so much money? The Government's proposed increases in taxes on doing things, such as drinking, smoking and so on, and on larger vehicles are in conflict with their wider statement about their wish to have a reflationary Budget.

If the Budget were genuinely about reflation, surely it would be best to lower taxes on things made in Britain that people might buy. We would not increase the costs of owning an expensive vehicle if we wanted to sell more expensive vehicles nor would we increase the taxes on drink if we wanted more people to work or even just survive in jobs in the drinks, entertainment or hospitality industry. There are contradictions at the heart of the Government's policy.

Mr. Newmark: Another point that my right hon. Friend might want to address is the fact that the increases are regressive, because they hurt the poorest people in society, who spend a larger proportion of their wealth on things such as drinking, smoking and driving. A second point is that such increases do not really change behaviour, which is what the Government are trying to do, but are just an extra means for the Government to try to fill the black hole in their public balance sheet.

Mr. Redwood: That is absolutely right. Just as there is a contradiction between the Government's tax policy on the one hand and their so-called reflationary policy on the other, because some of their taxes will clobber jobs and business, so there is a conflict between their reasonable wish that people on lower incomes should have a better deal and the tax policies that they are pursuing.

The most regressive tax in the Budget is the fuel escalator. A lot of people on modest incomes need to use a car. They need to buy fuel, but often they cannot afford to buy the more fuel-efficient vehicles that better-off people can afford. The Government are deliberately targeting people on low incomes to pay more tax as some kind of penalty.

At a meeting earlier today, I heard about some of the plans for the water industry that I think may have the Government's approval. The implication was that we will have to pay more for our water because the Government want to raise revenue by selling off licences for extraction. We await the legislation enabling them to do that on a big scale, but they are doing it already on quite a big scale to pay the costs of the Environment Agency.

If that is a serious proposition, it is an even clearer example of what I and my hon. Friend the Member for Braintree have just described—that those on the lowest incomes will face the biggest proportional increase in the price of a basic requirement that the Government believe should be rationed by price.

The most obvious example of that involves motorists in London. Only extremely rich people are now able to drive regularly during the day in central London. Motorists have to pay £8 a day out of their taxed income to use the road, as well as meeting all the fuel duty, vehicle excise duty and other costs incurred in running a car. In addition, fuel use in London is especially high because the regimes of the Government and the previous Mayor have made travelling around London freely extremely difficult, which increased the amount of fuel burned and therefore the cost for Londoners.

There is a strange conflict in this Labour Budget—the party that wishes to be the party of the people is actually clobbering the people, and the poorer people are, the more they get clobbered by specific taxes on things that they have to buy. The other dilemma is that a Budget that wishes to be reflationary contains a series of tax proposals that are anti-enterprise and anti-business, and that target specific sectors of the business community especially severely.

The Budget papers also reveal a further development in the Government's surveillance and control activities that is far from welcome. One thing that is doing the most damage to the Government's reputation among the wider electorate is their complete compulsion to control every aspect of our lives. They want to eavesdrop, carry out surveillance and impose cameras on us; they

want to inspect and audit us, and they assume that everyone is doing wrong until they can prove otherwise. I am afraid that the Bill is another example of that.

The tendency is not confined to the Home Office and the hapless Home Secretary. What I have described is also being done by the Chancellor of the Exchequer and his junior Ministers. The Bill has some tough clauses strengthening the powers of Revenue and Customs to intrude on lives and business and individual records, even when they have no reason to suspect that the people involved are criminals. The proposals will give people a very nasty feeling: they will make the relationship between state and citizen that much more unpleasant and put everyone on edge. They will also create extra cost and harassment of a kind that is very unpleasant.

I believe that the Government, in their own interests, should revisit the proposals before the Bill is finalised. Opposition Members have drawn attention to the problem. We do not like the proposals, and think that many of our law-abiding constituents will find them very irksome and unpleasant. Above all, however, the proposals that I have described do damage to the Government, because they reinforce the view that the state is all-bossy and wishes to be all-knowing. The Government seem not to trust anyone at all, but to believe that every taxpayer will be up to no good unless they take extremely draconian control.

I suspect that the Government's approach is the result of two things. First, it is the result of politics, because some Labour Members believe—quite wrongly—that all successful people are tax fiddlers who must be hounded out and purged. Secondly, it is the result of the Government's theory that they will one day find the crock of gold containing all the billions that the rich have been hiding all these years. The fact that they have not got to grips with the cash before means that it will be an easy, soft option for filling the hole in the accounts.

I am afraid that I have news for the Government. I am sure that the intelligent Ministers realise that there is no such crock of gold—if there were, Governments over the generations would have found it by now. It does not exist: to get out of the colossal deficit that is the centrepiece of and background to the Budget the Government either have to impose a lot more tax on everyone, or exert much better control over public spending.

The Bill, like all too many of its predecessors over the past decade, is an enormous piece of work. It is 433 pages long, with 61 schedules and 126 clauses. This becomes a burden in itself. How can business people, who are worried by the recession, trying to preserve the jobs of their work force and desperately trying to sell a bit more product and raise the quality of their service, be expected to get their heads round 433 pages of changes to tax law, some of which are extremely complicated? If they do not do so, however, the Government will say, "There you are. These people aren't serious. They are not good directors and managers of businesses. They did not understand page 417 and they should have done." They will then use the new draconian powers to call people in for questioning, or worse. It is not fair to impose so much on people when they are desperately worried about the state of the markets and the state of their companies.

One problem that I fear the Government will have to revisit is that of revenue collapse. I said earlier that I was not a doom-monger. I do not think that we will stay in recession for ever; I think that, at some point, easier money works. However, I do think that this will be a very deep and long recession by post-war standards; it looks as though it is going to be the longest and deepest by quite a long way.

In my experience, the Treasury always gets the figures wrong both ways: it always underestimates the amount of revenue that will come in when the economy is growing a bit faster than it expects, and it always overestimates the amount of revenue that will come in when the economy underperforms. I fear that its models are not revealing just how big a drop in revenue there will be. There must, for example, have been a catastrophic drop in stamp duty, because there are so few housing transactions and because house prices are now 20 per cent. or more below the peak levels. There will also have been a very big drop in corporation tax. We know that some of the largest profit-makers of yesteryear were the banks, and that the biggest bank—now a state-owned entity—has managed to lose £24 billion instead of making billions. Corporation tax revenue must be well down.

We also need to factor in a big reduction in dividend tax revenue. The banks accounted for a high proportion of dividends being paid; I think that they paid about a quarter of all the dividends on the all-share index in 2007. Some will now be paying little or no dividend, while others will find themselves in straitened circumstances, so there will be nothing like as much dividend income coming in from one of the big sectors. I suspect that some of the other cyclical sectors will also suffer big reductions in pay-outs and, therefore, in tax revenue.

Mr. Syms: My right hon. Friend is right; there might be a reduction in dividends from banks, which is why manufacturing industry could be important. There is a story running on Sky at the moment that there are problems with Tata and the negotiations over Jaguar Land Rover. That will certainly be important for the west midlands and for much of British industry. Perhaps we ought to have a statement on that.

Mr. Redwood: That is a very helpful idea. Jaguar is another example of the conflicting attitudes in the Budget document, which contains tax increases that will hit people who buy those cars. Perhaps that will put some people off buying them. Perhaps that is a good thing; perhaps that is what the Government want. But why, then, should we consider subsidising a car maker to make vehicles that the Treasury is trying to prevent people in Britain from buying by taxing them off the road? That is another muddle that shows the conflict in the Budget between its reflationary intention to get people back to work and to retain jobs in companies such as Jaguar, and its spiteful intention to change behaviour and to increase revenues through tax increases.

My advice to the Government is that this should be a Budget about reflation, and this is therefore not the right Finance Bill before us today. In order to have a successful and well-based reflation, they need to be kinder to businesses, individuals, enterprise and jobs than they have been in these tax measures. Many of the proposed increases will make that recovery more difficult, and could drive people abroad and result in things happening that they do not wish to happen. They will also increase the amount of subsidy that they will have to pump into some of the companies that will suffer as a result of their tax measures.

[Mr. Redwood]

I do not believe that the Government will get a big reflationary push out of the fact that they are raising so little revenue when considering their costs relative to their expenditure. Treasury Ministers and I will strongly disagree on how to do that: I would reduce spending, while they would increase taxes. The Government need to tell us this evening how they would fill this black hole if they were to stay in government, because it is quite obvious from this Finance Bill that they have not put in place the range of taxes and the right tax breaks necessary to do so. To make it a little more difficult for them—it is a very difficult problem, because they have created an enormously complex problem for themselves—I would say that simply putting tax rates up will not necessarily be the way to fill the hole, even if they wish to carry on spending at this rate, because they are reaching the point at which revenues could be reduced because of a disincentive effect.

Mr. William Cash (Stone) (Con): My right hon. Friend and others—I see in his place my hon. Friend the Member for Braintree (Mr. Newmark)—have pursued the level of public debt, about which my right hon. Friend has just made some very powerful points. Is he conscious of the fact that the Treasury Committee report, which came out only a short time ago as the minutes are dated Tuesday 6 May, does not appear to tackle the true level of our Budget problems, as the amounts specified appear to be largely geared to what the Government said, which at least the three of us are quite convinced are hugely less than they should be?

Mr. Redwood: I agree with my hon. Friend. In providing the background to my comments I stated why I believed this to be the wrong Finance Bill as it does not tackle the magnitude of the problem. It is not just about the gap between the revenues and the spending of this year and next year, which is the main background to the Bill, because as my hon. Friend implies, the stock of debt is also important.

If the Government had to account in the way they make large private companies account, they could not get away from the fact that the gross liabilities of the state are more than £4.5 trillion. Pensions have to be included, as do the debt obligations and risks of the banks, the private finance initiative and public-private partnerships, Network Rail and the mortgage banks. Indeed, the lot has to be included if we are to have honest and accurate treatment, and if a finance director of a large company fails to do that, he goes to prison. It is quite simple. I know that they operate under different rules, but the markets out there are adjusting and they do not believe the figures that the Government are providing them with, so we are not seeing the beneficial impact on market responses that the Government want. I think that the Government would have more credibility and instil more confidence—something we desperately need—if they came up with a more honest set of figures that we could all use and view as broadly right.

Mr. Brian Binley (Northampton, South) (Con): My right hon. Friend touches on a point of confidence, which seems not to be understood by members of the Government. The fact is that small businesses are all about survival nowadays, so they need their confidence improved in order to improve the position of the economy generally. However, their confidence will not be improved as long as the Government produce Budgets and Bills of this kind. Am I right in my thinking, and is there a way to get this through to the Government, who are so stubborn on this particular point as on so many others?

Mr. Redwood: I think that the answer to my hon. Friend's first question is "Yes, he is absolutely right", while the answer to his second question is "No, there is no chance of getting the message through to the Government". That task proved too much for the Chief Secretary, who I believe has been the worst Chief Secretary on record because she has not for one minute during her time in the Treasury succeeded in controlling public expenditure. I wonder how she dares to draw her salary, frankly, as she makes no attempt to control public spending.

What I think we need in this Finance Bill—and I hope my right hon. and hon. Friends will seek to achieve it as the Bill makes progress in Committee—is this. We need a Finance Bill that says to the Revenue and Customs not "Toughen your powers", but "Understand that these are very difficult times", as businesses have other priorities. While crooks should not be allowed, there is a need to be understanding and to work sensibly with business; otherwise, more jobs will be lost and more orders will be cancelled.

I think we need the Finance Bill to be amended to say that we are going to try to optimise tax revenues by having competitive tax rates on business and incomes, not by plucking them out of the air for other reasons. We need to recognise that our corporation tax level is no longer competitive and that the Government now wish to set uncompetitive income tax rates. I think that we should try to tease out and clarify the Government's thinking on what they are trying to do with their increased taxes on drinks, cars, fuel and so forth. Are they trying to tax the poor? That seems to be what they are doing. Are they trying to reduce activity in those areas? That seems to be what they are doing. How does it square with what we were told was meant to be a reflationary Finance Bill?

We need a lot of change in this Bill. I think that it is not a good Finance Bill for our current economic circumstances. The Government believe that they can get away with the borrowing in the short term, but if they were a decent Government—if they were interested in the long-term success, strength and stability of this country—they would realise that the gap between spending and revenue is simply too big.

7.30 pm

Mr. Brooks Newmark (Braintree) (Con): I am delighted to follow my right hon. Friend the Member for Wokingham (Mr. Redwood). When it comes to Finance Bills, he is indeed primus inter pares. He spoke almost note-free for, I believe, 45 minutes. That shows the breadth and depth of the experience that he brings to the House, and I could not disagree with a word that he said.

I used to be in business. Although I have now wound down my interests, I draw the House's attention to the Register of Members' Interests, which makes it clear that I retain a couple of interests from my previous life.

I shall begin by reading the opening lines of the Bill, because they lay the foundation of what we are debating today. This, it is said, is a Bill to

"Grant certain duties, to alter other duties, and to amend the law relating to the National Debt and the Public Revenue, and to make further provision in connection with finance."

I begin with that foundation because it is the Government's balance sheet that gives me—and, I think, the markets out there—the greatest concern.

I want to say a little about borrowing and debt. When the Prime Minister became Chancellor, he made great play of two important rules: the golden rule and the sustainable investment rule. The first said "We must keep the debt-to-GDP ratio at about 40 per cent., which is an important benchmark." The second said "We must not invest and then borrow more; investment and borrowing must balance over the economic cycle."

The Government and the former Chancellor, now Prime Minister, set great store by those rules for a long time. As we have heard today, the Prime Minister talked a huge amount about ending boom and bust. In fact, he thought, like Canute, that he alone could hold back the tide of the economic cycle, and end boom and bust. When history is written, however, it will show that the Prime Minister whom we have today led the biggest boom and the biggest bust that we shall have seen for nearly a century. It was only a year ago that we saw public sector net debt at 2 per cent. of GDP. Twelve months later, we pick up the Red Book and note that the budget deficit will be around 12 per cent. of GDP. That is a 10 per cent. leap, and represents a huge change from what the Government were saying a mere 12 months ago.

To make matters worse, in 1998 the Prime Minister said:

"We are committed to steering a path of stability based on a stable monetary framework and sound public finances."

Today, that statement seems ridiculous to all of us. Again, when we pick up the Red Book, what do we see? We see that in 2013-14 the debt-to-GDP ratio in borrowing—on-balance-sheet borrowing, that is—will be 79 or 80 per cent. The Government keep repeating that that is within the realm of what we see in other G20 countries, but none of us are fooled. I have spent the first four years since entering Parliament trying to dig a little deeper. One of the things that scared me when Enron collapsed was the thought that occurred to me: "Gee, I wonder how much the Chancellor"—the Chancellor of the day—"has put off balance sheet." After I began digging, about two and a half years ago I wrote a paper for the Centre for Policy Studies called "Simply Red." That paper showed that for every £1 that the Chancellor was putting on balance sheet, he was putting £2 off balance sheet.

Mrs. Lait: I do not want to interrupt my hon. Friend's flow, but what is his view of the reports from the National Audit Office and the Audit Commission, both of which recommended that all of these off-balance-sheet items should go on balance sheet? It is my recollection that the Chancellor, as the Prime Minister then was, said it would be done under some obscure European legislation.

Mr. Newmark: My hon. Friend makes an important point. As my right hon. Friend the Member for Wokingham said, the debt figures could be as high as £4 trillion or £4.5 trillion. The point I made in my paper, and which I have always argued, is regardless of whether they are on balance sheet or off balance sheet, what we need is greater transparency. That is what is most important.

Mr. Cash: I am sure my hon. Friend is aware of the ONS statistics—many of us have been studying them—that demonstrate that there are matters that can be included and matters that can be excluded. Does he not, however, agree that in terms of public sector pensions it would be a brave Chancellor or Prime Minister who would get up and say, "I'm going to regard those as off balance sheet—and, by the way, we are not going to pay them after all"? The cost of public sector pensions amounts to £1 trillion.

Mr. Newmark: My hon. Friend makes a very important point, which has to do with the health of the country's finances. This is another case of, "Do as I say, not as I do." The then Chancellor, who is now Prime Minister, always said that corporations must put their figures on balance sheet and we must see what are the real state of companies, but for some reason the Government were an exception to that. Regardless of whether the sums are on balance sheet or off balance sheet, it is important that somewhere in the Red Book, even if only in the footnotes, we see the true state of the public finances.

We see in the Red Book that we will finally get some sort of a balanced Budget in 2018; that is when the public finances will begin to become balanced again. However, we must fast forward even further to 2023—I have an 11-year-old son, and he will be 25 in 2023—before we will finally achieve the Prime Minister's golden rule of 40 per cent. of GDP. That is completely unacceptable. This Budget and Finance Bill do nothing to try to accelerate our journey along that path.

My second point is on growth. The growth figures seem to have been underestimated all the way through—the economy shrinking by 3.5 per cent., rising to growth of 1.5 per cent. next year, and then a fantastical growth rate of 3.5 per cent. the year after that. Have the Government conducted any sensitivity analysis of those figures, however? What happens if the growth figure for next year is not negative 3.5 per cent. but, let us say, negative 4.2 per cent.? What happens if growth is not 1.5 per cent. next year, but is only 0.25 per cent. or flat? What happens if we do not achieve that magical, mythical 3.5 per cent. growth in two years' time? What will happen is that we will have a larger black hole, and how will the Government set about fixing that?

Mr. Redwood: My hon. Friend is making a very important point. The Government issued a Treasury paper some time ago suggesting that miraculously the trend rate of growth had increased from 2.5 per cent. per annum to 2.75 per cent. per annum. I have tried to adjust this for the straitened circumstances in which we find ourselves, where there is less migration in, less financial sector activity and a huge debt overhang that will have a big impact on the country's economy, and I concluded that the trend rate of growth could now be about 1.5 per cent. That is the context in which one must examine these rather bizarre forecasts.

Mr. Newmark: Again, my right hon. Friend demonstrates his knowledge. Perhaps the Minister might like to reflect on what he says and think about what sensitivity analysis the Government might do on that particular issue before the Bill goes into Committee.

[Mr. Newmark]

The hon. Member for Edmonton (Mr. Love), who is no longer in his place, challenged Conservative Members to come up with the areas in which we would make savings, and during this debate we have put forward at least three ideas: the very expensive national health service computer scheme, which is costing tens of billions of pounds; the identity cards scheme, which the Government are still pursuing despite its not being welcomed by anyone in this country; and the expensive quangos that the Government have set up over the past decade. He has asked us what else there is, but as I have pointed out, every few billion pounds adds up to a hell of a lot of billion pounds.

I see nothing in the Government's Red Book—again I draw hon. Members' attention to chart 2.2 on page 35, on which we see four empty white boxes—to suggest that they have any idea as to how they will fix the structural problems that they will face. The hon. Gentleman made great stock of that matter, rightly pointing out the Institute for Fiscal Studies' observation that four fifths of upcoming borrowing has to do with structural issues and is therefore impervious to the economic recovery. We have heard nothing from the Government or from Labour Back Benchers as to how they will address that issue.

We have heard in this debate about the unemployment problem that we face, but nobody has mentioned a meeting that was chaired by the Chair of the Treasury Committee, the right hon. Member for West Dunbartonshire (John McFall), in which Danny Blanchflower, who is a very respected member of the Monetary Policy Committee, pointed out that come June another 600,000 people will enter the unemployment rolls, because as our children finish school and graduate college they will find that there is no job for them. Thus, the unemployment figure will bounce up pretty quickly from 2 million or 2.1 million to 2.6 million, 2.7 million or 2.8 million. The economy moves slowly, so even if we were to believe any of the statistics, projections and facts presented by the Government, we will find that in 12 months' time, when the next 600,000 young men and women graduate from school and college, we will have a huge unemployment problem that far exceeds having 3 million unemployed. This was the view of a member of the MPC—it was not my view—who said that the figure might not simply be 3 million or 3.1 million, but could reach a staggering 4 million by the end of next year.

Mr. Binley: My hon. Friend is making a powerful case, to which I hope the Minister is listening. I wish to return to the question of confidence. My hon. Friend makes the point that the number of unemployed will rise, but does he take into account the fact that for every one person who becomes employed, two people are worried about being employed? That has a dramatic impact on confidence and is another drag on a recovery that the Government do not appear to take into account.

Mr. Newmark: My hon. Friend makes a vital point about the importance of confidence in trying to rebuild the economy. Indeed, I was coming to the view of David Kern, the chief economist of the British Chambers of Commerce, who has said that

"it is doubtful if the measures announced today"

in the Budget—

"will alleviate significantly the jobless situation."

I would be interested to know what the Minister's response is to Mr. Kern's observation.

Mr. Redwood: I do not recall on previous occasions of the Second Reading of the Finance Bill having no Labour Back Benchers present to hear or join in the debate apart from the Minister's personal helper. It is extraordinary, when there is so much unemployment and so many tax rises.

Mr. Newmark: My right hon. Friend makes an excellent observation. It is a sad reflection on the Government that their own Back Benchers have no confidence in their Budget or their Finance Bill, and do not wish to make any contribution to the debate or come to the Chamber to defend it. That is the shameful state of the Government today. As a Whip, I sit through many debates, not only on the economy and finance, so I know that Labour Members often hardly bother to turn up.

Part 1, clauses 1 to 6 contain the provisions on income tax. I was taken by a headline that I saw on economist.com which said it all:

"Gordon Brown's budget is a dishonest piece of pre-election politicking".

That is from *The Economist*, a well-respected magazine, and it is especially symbolised by the Government's approach to taxation. We have heard much today about the new 50p band. The Institute for Fiscal Studies, another respected body, predicts that that tax will generate "almost nothing". That is because many high tax earners, especially those who work in the financial services sector—not in manufacturing, because that sector has shrunk to below 15 per cent. of GDP, perhaps even as low as 13 per cent.—are mobile and they will leave. It is a competitive world and people will move where tax rates are more competitive. With one move, the Chancellor has said to those people—to entrepreneurs and those who want to build up their businesses—that he is taking away the welcome mat from UK plc. Those people are no longer welcome here and they will feel that they may as well go elsewhere.

The Government often claim that the Tories are for the few, not the many. But when one peels back the layers of the onion on the Finance Bill, the reality is that the majority of people who will be hurt by it are those earning around £19,500 to £20,000 plus. They will be hurt particularly badly and punished the most by this Bill. So it will hurt the many, not the few, because the few can leave the country.

At the beginning of the debate, the Chief Secretary was pressed on several issues to do with child poverty reduction. She gave no answer on how close we were to achieving the Government's target of halving child poverty by 2010, but she threw back at us the allegation that we do not support the Government's aspiration to eradicate child poverty by 2020. I want to say here and now that of course we do. We absolutely support the Government's aspiration to eradicate child poverty by 2020, and I suspect that after next year we will go a long way towards achieving that goal.

I turn now to clauses 11 and 12 on alcohol and tobacco duties. As I mentioned to my right hon. Friend the Member for Wokingham, these taxes on alcohol

and tobacco are highly regressive. Unfortunately, the poorer members of our society—the less well-off—spend a higher proportion of their income, their wealth or their benefits on smoking, driving, alcohol and other such activities.

The Conservatives have come up with what I hope is a more creative way of targeting this, which involves targeting alcopops. I believe that my hon. Friend the Member for Runnymede and Weybridge (Mr. Hammond) talked about that at the beginning of the debate. The Government seem to be using a blunt instrument with this tax on alcohol, rather than being sharp about it and focusing on the real issues, such as alcopops, which teenagers tend to drink and which tend to cause the problems that we all see in our constituencies on a Friday or Saturday night.

Equally importantly, the tax is another nail in the coffin of many of our pubs. I live in a semi-rural constituency and I know that many of my publicans are feeling incredibly hard-pressed after the change in the rules on smoking. They are now being taxed more and more on alcohol. I feel that we will see many more of our pubs—particularly those in our rural constituencies—fall by the wayside.

Mr. Binley: My hon. Friend has touched on a very important point, which is the impact on our rural society. There are three elements to a village: the pub, the post office and the school. If we get rid of the pub, we begin to see the demise of the village. Is that a fair point that the Government ought to take into account, but have failed to?

Mr. Newmark: Yes. On top of the demise of our post offices, which the Government have gone about destroying by taking away business from the local post offices in our villages, the pub is another great centre of activity that will, unfortunately, continue to decline. I say that as someone who is pretty much a teetotaller.

Let me turn to clause 9. We have heard much about VAT. We have all seen that the VAT decrease has done very little to change people's behaviour. I have not found that any retailers to whom I have spoken have been jumping up and down saying, "Yippee, the 2.5 per cent. cut has meant that we have seen a huge amount of business coming our way."

I want to reflect on one point that was made by my hon. Friend the Member for Bournemouth, East (Mr. Ellwood), when he pushed the Chief Secretary on her focus on the important date of 31 December. He asked her—she did not answer, but perhaps the Minister could when he winds up—whether they would consider moving that date two or three days to perhaps 3 January. As we have heard from my hon. Friend, who is probably more of an expert on this issue than I am, 31 December is clearly an important date for retailers. I hope that the Minister will answer that question when he winds up.

Again, we see sleight of hand when we look at the detail of clauses 19 to 22, which deal with bingo duty. The Government are giving with one hand and taking away with the other. Bingo operators were shocked to hear the Financial Secretary say that the increase in bingo duty and the abolition of VAT on stakes was "welcome to the industry". Does he expect us to believe that the industry welcomed a 46 per cent. duty hike? I find it astonishing that he would say that. Instead of whacking the industry with a 46 per cent. tax hike, will he at least agree to consider measures that the Conservatives have suggested to support bingo halls? For months, we have been proposing a modest increase in the permitted stakes for category B3 machines alongside a proportionate increase in the number of machines allowed in each establishment. Would that not give a real help to an industry that is finding life particularly challenging?

Finally, I shall mention clauses 15 and 16, on fuel duty. When the hon. Member for Dundee, East (Stewart Hosie) was talking about that, I pointed out that the previous two fuel duty increases had already cost hard-pressed businesses half a billion pounds—£533 million. Does the Minister fear that our proposal of a fair fuel stabiliser, as proposed early in the debate by my hon. Friend the Member for Runnymede and Weybridge, would be a more appropriate way to address this issue? It would make life easier for consumers and also for the Treasury, because it would lead to greater predictability of what it receives over a cycle and help it to manage its Budget going forward.

It has been a long afternoon already—I have been here for at least six hours—so I shall wrap up now. The devil is always in the detail, so I hope to have an opportunity to spend a little more time on the Bill when it is in Committee of the House, going over some other issues, but I shall conclude now by saying that the Prime Minister has indeed taken Britain from boom to bust. The Budget was more political than economic; it was a Budget of tax, borrowing and spend and has failed to put UK plc on a course that would balance the books and put us on the road to recovery.

7.56 pm

Mrs. Jacqui Lait (Beckenham) (Con): It is indeed an honour and a pleasure to follow my hon. Friend the Member for Braintree (Mr. Newmark) in his expert exposition, and demolition, of both the Budget and this Finance Bill. If one conclusion has emerged from the debate this afternoon—I have listened to many of the contributions, despite not being able to be in the Chamber, for which I apologise—it is that every contribution has revealed a remarkable level of expertise. I commend the Members who have contributed.

In my view the Government's answer to the recession that, fundamentally, they have created in this country should be in both the Budget statement and the Finance Bill, but both are sadly lacking in the measures that are required to set this country back on to the recovery path. The Government have fallen into the trap that opened up in the South sea bubble, or before the great crash of '29. When we say that this is the worst recession since the second world war, I would point out that what immediately preceded the second world war was the great depression, so in essence we are comparing 1929 and 2009. I do not think that the Government have grasped that, and the scale of the problem that they face, given the proposals in the Bill.

My belief is that the Government are still—I say this politely—in cloud cuckoo land or even never never land, but I actually suspect that, as many have said, they are still in denial. Or perhaps No. 10 and the Treasury are surrounded by an impregnable wall of arrogance, and nothing anyone says about the problems that our country faces can get through to them.

[Mrs. Jacqui Lait]

The other problem that we face, which has also emerged time and again from the contributions, is that this Finance Bill has been written very hastily. The Budget was written hastily, as a response to the G20. It was meant to be a financial triumph. It has turned into a mish-mash of proposals that were a reaction to what happened at the G20 meeting and in the events leading up to it. The Finance Bill was produced very rapidly—uncharacteristically rapidly—thereafter.

Sadly, as a result of the measures that the Government have taken in the past 12 years on how the House examines legislation, this Finance Bill will not get the scrutiny that it deserves, and which it needs if it is to deliver the sort of recovery that our people deserve and need. It was a dereliction of duty on the part of the Government to have put in place the forms of examination that they did.

As my hon. Friend the Member for Runnymede and Weybridge (Mr. Hammond) pointed out, the Finance Bill should be setting us on the path to competitiveness for when we move out of the recession. We should also be building in improvements in productivity. Sadly, without those two bases, we will not even begin to be able to recover our position in the world—the position to which Margaret Thatcher and the Conservative Government of the '80s restored us after the calamitous '70s. The challenge that any incoming Government will face is to get us back up the competitiveness and productivity tables, so that we can deliver a better lifestyle for our people.

Mr. Graham Stuart: Does my hon. Friend agree that those who will pay the highest price for the Labour Government's failures with the economy are those who depend on public services? Whoever is in power will see a limitation in funds in coming years. If the Government had maintained fiscal prudence, that limitation would not have been necessary, and we could have continued the investment in our public services for which Members in all parts of the House devoutly wish.

Mrs. Lait: I agree with the general thrust of my hon. Friend's comments. It is absolutely crucial that the principal public services be maintained. I believe that they can be maintained if we strip out the unnecessary bureaucracy and the target-driven culture that the Government have put in place. My hon. Friend the Member for Bournemouth, East (Mr. Ellwood) referred to the interesting debate that we had in Westminster Hall this morning about the Learning and Skills Council and its sheer incompetence when it comes to delivering the money for sixth-form education for this coming year.

Madam Deputy Speaker (Sylvia Heal): Order. Will the hon. Lady relate her comments to the principles of taxation in the Finance Bill?

Mrs. Lait: Of course I will, Madam Deputy Speaker, but I just point out that taxation is, of course, related to the costs of the Government, and part of the costs of the Government are the quangos. The quango in question, the LSC, is about to be replaced by three more quangos. Nobody can say that that is an efficient delivery of money to sixth forms, for which we require good education so that we can deliver the competitive economy that we will need for the future. That is the scandal of so much of what the Government have done.

Instead of creating systems, so that business can modernise, invest and take that great big step forward that it needs to take, the Bill and the Budget weigh business down with yet more bureaucracy. It is appalling that for the past 10 years, the Finance Bill has had to come in two documents, as I think that my right hon. Friend the Member for Wokingham (Mr. Redwood) pointed out. Each year, every accountant, company director and finance department has to plough through the implications of an inch of new law. That is no way to create a competitive economy. We should go back to a simplified system. The Government should not micro-manage, giving a little bit here and a little bit there as they decide which way a company should go. It is up to the business to make decisions about its direction. The tax system should support those decisions, not hinder them.

The same argument applies to issues of productivity. Instead of being able to invest in systems that help our people to become more productive, the British economy is becoming ever less productive because of the expansion of the public sector overall. Sadly, unless and until we can change that whole approach to productivity, and take the deadweight of the public sector off the backs of those people who are delivering our wealth, we will not be able to deliver better living standards for our people.

Mr. John Hayes (South Holland and The Deepings) (Con): My hon. Friend will understand that as an economy advances, it becomes more complex, which is further complicated by the global nature of trade; that means that when Government pull policy levers, the results are less and less predictable. Will she invite the Minister, specifically in relation to the Finance Bill and the changes that it introduces, to consider whether those reactions to policy levers are likely to be as speedy as economic models currently used by the Treasury assume, or whether they will bring with them large deadweight costs, and what measurement the Government have made of those?

Mrs. Lait: I am grateful to my hon. Friend. I will not reiterate the point, as the Minister has heard it. It is all part of the argument that we are putting forward about the failings of both the Budget and the Finance Bill.

The Bill does nothing to help savers and pensioners. Savers are still suffering from a 0 per cent. interest rate. There were some thoughts that savers might get some sort of help in the Budget or Finance Bill, but there is no sign of that. In a borough such as Bromley, which has the highest proportion of retired people in London, those people are hurting because they are not able to rely on any income from their savings.

Pensioners also are not helped by the Budget or the Finance Bill because they are affected by the reduction in the funds available to them, and because so many of them have to buy annuities when interest rates are so low. There is also the problem, which has been so eloquently described, of the impact of the reduced contributions that people earning more than £100,000 will be able to put into pension funds. Those contributions enhance a pension fund almost disproportionately, and

it is counter-productive to a stable society for pensions to be less good than they should be. Nobody, as far as I am aware, has referred to this: the ghost of Barbara Castle must be walking with her head in her hands through these halls, horrified at the damage that has been done to her occupational pension schemes.

We have heard many contributions on the impact of the 50 per cent. top rate of tax. We talk about the disincentive effect on those who are genuine wealth creators, and I totally agree on that point. What we have failed to recognise, if I may gently point it out, is that that also impacts on head teachers and doctors—the sort of people on whom we rely for our public services. They have no option of moving money offshore. They will be disincentivised from trying to deliver better education and better health.

I have been struck by the number of my constituents who contacted me about the impact of the fuel duty on their lives. They live in suburban London. I am the MP with the most railway stations in my constituency of any in the country. By most calculations, we should have good public transport. However, I do not fall into the category of those who believe that we have good public transport. Cars are as necessary in suburban Bromley and suburban Beckenham as they are in rural areas.

We have an estate agent who depends for her income on commission. That commission will be eaten into in very hard times by the increase in petrol tax. No thought has been given to the impact that the tax will have on people who depend on their Motability cars, on the very tight income on which most people who are disabled have to live, or on pensioners, who are already on very tight budgets. That increased petrol tax, and the promises of more to come, will have a seriously adverse effect and help to isolate people who need to get out and make contact with others.

Although the scrappage scheme is not included in the Finance Bill, it was announced in the Budget, and I have serious worries that its impact and interaction—

Madam Deputy Speaker: Order. The hon. Lady pointed out herself that the scrappage scheme is not in the Bill. Therefore, it cannot be discussed.

Mrs. Lait: I am grateful to you, Madam Deputy Speaker, but the scheme does interact with vehicle excise duty, which is in the Bill. We need to consider the impact of the two on the environment, because part of the purpose of the scrappage scheme and the vehicle excise duty changes is to try to reduce this country's carbon footprint. Reading the Bill, it seems to me that, owing to the law of unintended consequences, the scrappage scheme and the vehicle excise duty changes have the potential to make a greater carbon impact, because there will be disincentives to buying new cars and getting rid of old ones. This Government often find themselves in difficulties with the law of unintended consequences.

When intervening on my right hon. Friend the Member for Wokingham, I briefly mentioned the law of unintended consequences in respect of the higher imposition of duty on alcohol and tobacco. It is a campaign that I have long fought; I have done so since 1994. The introduction of the single market has destabilised the alcohol and tobacco markets significantly, because of smuggling. Obviously, there has been a reduction in the value of the pound, and it could be argued that some of that is counter-cyclical, so the attraction of smuggling will not be as great. However, there is already some evidence that the pound's value is changing, and these matters are very price sensitive. A long-standing friend, who was a very wise person and ran businesses throughout Europe, would say that, if the price differential was 6 per cent., nobody would cross borders, but that when it became 6.5 per cent. they would all cross borders. We will therefore see whether tobacco and alcohol smuggling rises up the political agenda—again as an issue of unintended consequences.

Many people have made many serious points, and I do not want to repeat them. However, I shall finish by saying that the Bill does not deal with this country's problems in order to get us out of the recession. I shall not repeat the arguments about the levels of Government borrowing, because we all know them, they are horrific and the Government are doing nothing about them, and I shall not talk about the black hole or any other bigger issues that people who are much more expert than I am have dealt with at much greater length. However, I am very conscious that, from an incompetent Government, we have an incompetent Bill that will not, sadly, lead to a better standard of living or to hope for our people, which is what the Finance Bill should have set out to do.

8.14 pm

Mr. William Cash (Stone) (Con): I am grateful for the opportunity to say a few words about this very important Bill. One has only to look at it to appreciate its complexity.

Some years ago, I sat on the Joint Committee on Consolidation Bills, which was dealing with income and corporation taxes. We were chaired by a distinguished Lord Justice of Appeal. Given the vast quantity of legislation that we had to consider and having had some background in the process of legislation before I came to the House, I pointed out that we ought to address a number of aspects, particularly in respect of Finance Bills. My main point was that with Finance Bills we are dealing not only with pieces of paper but with the impact on people. There is not only the balance between spending and taxing to consider, but the impact that that has on the running of businesses.

There is one absolute in politics, apart from the fact that there is nothing more inevitable than death and taxation. One other important nostrum of which we should take account is that not a single penny of public expenditure and not a single element of public services comes from anywhere else than through taxation on private companies, partnerships or private enterprise generally. Those things come from nowhere else—unless money is printed, which has become the fashion for the Government.

An important part of the argument that we need to address as we move towards government is the fact that the key failure of the Government has been their lack of any recognition that the Finance Bill—huge as it is—will, overall, do harm rather than good. It will do harm because of its complexity and over-regulation, although I am sure that it will considerably help the profits of the major and some of the minor accountancy companies.

[Mr. William Cash]

Many years ago, my great uncle was president of the Institute of Chartered Accountants. Furthermore, I am told that back in the 1870s, the firm of Cash-Stone—or whatever it was called in those days—became one of the first accountancy bodies when it got its royal charter. However, as far as I am concerned, the way in which the whole accountancy profession has moved in respect of tax has been generated by successive Finance Bills. This Bill is a first-class example of the massive additional cost that will fall on business at the very time when we least want to put obstacles and obstructions in the way of successful enterprise and successful companies.

It will not surprise you, Madam Deputy Speaker, that I get irritated when I hear people saying that we have to include this or that provision because of some overarching European requirement. I do not need to dilate on that this evening, because in making the point I have already registered all my concerns in a simple sentence. I intend to speak about other things.

Mr. Jeremy Browne: A repeated theme of Conservative speeches in this debate has been how comparatively uncompetitive the United Kingdom is compared with other European Union countries. That appears to suggest that we have powers ourselves to determine these matters, and that no overarching European policy is informing the Finance Bill.

Mr. Cash: I am talking about specific measures in this domestic legislation that are based on overarching European requirements. These days, if a person picks up any piece of legislation, opens it and looks halfway down the page, they will find something based on a European provision. Clause 56 of the Bill, for example, is entitled "MEPs' pay, allowances and pensions under European Parliament Statute".

However, that is just one aspect of it: my concern goes much deeper. Through the aegis of the European Court of Justice, European legislation is expanding its tributaries into the tax field. That will continue to happen, because however stupid and obsolete the thinking may be, there is still the belief that we must have European integration on the scale of a political union, despite the clear requirement to comply with the convergence criteria and with the underlying economic arguments on which our taxation is based—I assure you, Madam Deputy Speaker, that I am not going to go an inch over the boundary line in this debate. The consequences of the interaction between economic criteria, and the requirements to comply with those in terms of tax and spend, are all part and parcel of the problem that we face with the massive deficit that we have built up. If one looks at the Red Book—I invite you to do so, Madam Deputy Speaker, when you want some light reading—one will see that in the calculations relating to the amount of money by which we are indebted, the Maastricht criteria are contained in the footnotes, whereas they should be emblazoned in the headlines.

The Office for National Statistics, because it is an honest body, stipulates the extent to which compliance with the convergence criteria is at the heart of many of the debt problems that we face in relation to the stability and growth pact. That is to do with the balance between taxation and spending. The requirements that are laid down are all related to the extent to which, under these provisions, the Government are struggling to find enough money to fill the hole that has been created by their wilful failures in running the economy and balancing the books, and the failures of the Prime Minister since he became Chancellor of the Exchequer in 1997 and right the way through to today, when everything he does turns to dust. The Treasury Committee, which is chaired by one of his own clan, has castigated the Government's golden rule and stabilisation proposals. Its report on the Budget says, on page 48:

> "We believe that the Chancellor should now engage in what we regard as a crucial debate about the future of the UK fiscal framework. The majority of our expert witnesses found fault with the Golden Rule and Sustainable Investment Rule, so an eventual return to an unreformed framework would seem misguided."

It then, referring to its 2008 report on public borrowing, makes certain recommendations for a full public consultation. Of course, it is right.

There is a gap between taxation, which is supposed to be raised under this Bill, and spending, which is now totally out of control, and the public debt. My right hon. Friend the Member for Wokingham (Mr. Redwood), my hon. Friend the Member for Braintree (Mr. Newmark) and I have pursued this relentlessly for many years. On 7 October last year, in the debate on fiscal rules, I pointed out—I think that I will have to use this expression, as euphemistically as possible—that we were not merely being misled, but that people outside were lying to us about the extent of the public debt. That is a very serious charge in relation to a matter of such incredible importance, but this country is being bankrupted. That is the problem, and that is why this Finance Bill is so important. The measure of its failure to meet the requirements demonstrates the failure of this Government.

Mr. Hayes: Before my hon. Friend moves, in his terms, from a handful of dust to decline and fall, might he consider that it is entirely possible to lament Britain's uncompetitive economy when examining EU neighbours? Contrary to the view expressed in an intervention by the hon. Member for Taunton (Mr. Browne), the missives from the EU are not applied equally across those countries; nor are the circumstances in which they are applied equal. Might he say a word about that?

Mr. Cash: Yes, indeed. The plain fact is that the application of tax and spend is different in each country, and countries claim in some fashion that that indicates national sovereign power. What they completely fail to tell you—I do not mean you, Madam Deputy Speaker, I mean people in general—is that actually the amount of manoeuvring room within the parameters that give rise to the differentials is still based on the same criteria, so we still come back to the requirements laid down in the Maastricht criteria. It is hardly surprising that I found myself voting against them and doing my utmost to undermine the arrangements that were put in place by John Major's Government.

Mr. Jeremy Browne: The hon. Gentleman is letting the Government off the hook. The current Prime Minister, when he was Chancellor of the Exchequer, made decisions in Britain on how much we spent on health, education, the military, social security or whatever it was, and he made decisions about income tax, corporation tax and stamp duty. All those decisions have come together to

create circumstances in which we have a massive budget deficit. Of course there are global factors that contribute to that as well, but I think that the hon. Gentleman would be better off listening to his own Front Benchers, who seek to apportion at least a large proportion of the blame to the Prime Minister rather than give him the cover of saying that this was all the fault of people in Brussels and nothing to do with the Labour Government at all.

Mr. Cash: I think that if Members read my speech tomorrow—I am sure that they will not, and I would not blame them if they did not—they will see that I am not saying that at all.

Mr. Hayes: I shall read nothing else.

Mr. Cash: I am delighted to hear that.

However, I do have a little uncertainty—I hesitate to use the word "criticism" of such a distinguished body of people as my own Front-Bench team. I wish that they would be a little more explicit about the extent of the debt that we have been talking about. My right hon. Friend the Member for Wokingham said earlier—I have a lot of sympathy with this—that the figures can add up to as much as £4.2 trillion. I have figures from the ONS, confirmed by the Library, that show that there is absolutely no argument about the fact that there is a minimum figure of £2.2 trillion. They show also that if we include public sector pensions, which I do not believe any Government could refuse to underwrite, and private finance initiative projects, nuclear decommissioning, the banks and one or two other things, all of which are full commitments, the figure is a minimum of £3.2 trillion, which is 200 per cent. of GDP. That is truly frightening, but it is also true. That is where the problem lies.

My right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley) has produced an extremely interesting paper on climate change. I cannot recall the figures precisely, but the figures that we have been given and those that the ONS has given have not included the ones that my right hon. Friend gives on climate change, which run to more than £1 billion. If we add all that up, it becomes clear that we are in need of a Finance Bill that will measure up to the requirements that are being imposed on the British people and by which, I am afraid to say, they are being gravely damaged.

The other point that I want to make relates to the point that the hon. Member for Taunton (Mr. Browne) made just now about domestic items of expenditure, which include health. On paper, vast sums of money have been ploughed into the health service. I should say—we all know this—that vast sums of money have also been ploughed into the administration of the health service. You represent a constituency that is not very far from mine, Madam Deputy Speaker. Indeed, if I may presume to say so, you were the Member of Parliament for the same area, albeit with boundary changes, that I now have the honour to represent. You will also know about Stafford hospital, because your then constituents used to use it a great deal.

Madam Deputy Speaker: Order. The hon. Gentleman has taken me on a tour down memory lane. I appreciate his comments, but I do not need to be reminded of that.

Mr. Cash: That is very kind of you, Madam Deputy Speaker. The point that I was making is that the amount of money that is going to be raised by the Finance Bill to pay for public services includes, to a great extent, money that is needed to remedy the problems in the health service that we are experiencing in Stafford hospital. Last night, I attended a meeting with about 300 people.

Madam Deputy Speaker: Order. Important as what happened at Stafford hospital is, I now need the hon. Gentleman's comments to relate to the content of this Finance Bill.

Mr. Cash: I could not agree more, Madam Deputy Speaker. I would simply say that ensuring the sorts of things that need to be adequately covered to deal with the debt problem that I have identified, however specific it may be, will require a proper degree of taxation that is fair and reasonable, but which does not undermine the commercial requirements of the companies that will be called upon to generate the necessary income and pay for the public expenditure to which I have referred.

There are many aspects of the Finance Bill that it is important to consider. There are individual matters in the Bill that will take up a great deal of time. Because the Government have a built-in majority, those measures will be passed almost without exception, but given the scale of the debt that has to be covered they will contribute nothing to the well-being of this country. Therefore, this Government will continue to churn out legislation, to over-regulate and to place impositions on the enterprise society, which needs encouragement, not inhibition and obstruction.

Not only is the Government's failure even to carry through their manifesto promise on tax yet another example of how the Prime Minister and the Government are continuously losing authority and of how everything that he touches turns to dust, but it shows the range of their broken promises, some of which are in the Bill, which are a continuing indictment of the way in which this Government have conducted themselves. I firmly believe that the Finance Bill will be the final nail in this Government's coffin, that their hope of conning the British people into believing that, somehow or other, the vast debt that has been accumulated will be covered by the Bill or by any other measures is an illusion, and that they will stand condemned by the electorate when we get to the general election next year.

8.34 pm

Mr. Christopher Chope (Christchurch) (Con): It is a great pleasure to participate in this debate, Madam Deputy Speaker. It is great to see my hon. Friend the Member for Fareham (Mr. Hoban) on the Front Bench, where he can respond to the cogent points made in the debate. A few years ago, I was on the Front-Bench Treasury team and he was a distinguished member of the Finance Bill Committee. He may recall that we discussed whether it was sensible to have targeted attacks on certain types of drinks, or to deal with alcohol in general. In his important contributions to the deliberations of that Committee he emphasised that we should not legislate in favour of one alcoholic drink over another beverage. I hope that no amendment that he moves in Committee will undermine that important principle that we established all those years ago.

[Mr. Christopher Chope]

Those thoughts take me back to the time when my hon. Friend the Member for Fareham worked as a research assistant for me. He was still at the London School of Economics, and he worked extremely hard without remuneration. We were under the great, happy glow of the prime ministership of Baroness Thatcher. It was wonderful when my hon. Friend the Member for Beckenham (Mrs. Lait) referred to the great baroness earlier. On Monday we celebrated the fact that it was 30 years since Margaret Thatcher became Prime Minister—

Madam Deputy Speaker: Order. There seems to be an outbreak of reminiscing. Perhaps the hon. Gentleman can make his contribution, which I look forward to hearing, in the context of the Bill.

Mr. Chope: Exactly, Madam Deputy Speaker, you anticipate my every word. Thirty years ago, Margaret Thatcher took action to get our country back on its economic feet. This Finance Bill stems from a Budget that does not add up, and as a result it will be some 30 years from now before we are able to get back to where we should be, having got rid of this enormous overload of debt.

The figures are mind boggling. They show that the Government will borrow £175 billion this year, and £1.4 trillion—a figure with 12 noughts at the end—over the next four years. In last year's Budget, public net debt was expected to be 39 per cent. of GDP this year, but it is now estimated at 59 per cent. and likely to increase to 79 per cent. by 2013-14.

Those debts are unaffordable. The question raised by this Finance Bill is whether the imbalance between expenditure and income should be met by further taxes on the people, or by reductions in Government expenditure. I have no doubt that the Government have got the balance in the Bill wrong. They are delaying the expenditure reductions and saving some of the taxation proposals for a rainy day, so that in the run-up to the general election they will not be so apparent as they would otherwise be.

I believe that this Finance Bill is so fundamental that we should have had a general election, so that it could be brought in by a new incoming Government. That is what has happened in Iceland: the Government there made a horlicks of the Icelandic economy—probably not as great as the horlicks that this Government have made of our economy—but at least they had the guts to go to the people and have a general election. That is exactly what should be happening here.

There is a big gap between income and expenditure. One of the more important documents that I have seen over recent days is an article in last Thursday's *Financial Times* written by my right hon. Friend the Member for Haltemprice and Howden (David Davis). I am not going to refer to the whole article, but his conclusion is apposite to what we are discussing today. He said:

> "The public are not fools and they are ready for politicians to think the unthinkable—70 per cent. see the need to bring public spending under control. They know that these issues will determine whether we slip unhappily into a miserable future in the economic second division, or find a route back to the vibrant and competitive economy we once were. They do not believe this government has the courage to tell them the truth. They are waiting for one that will."

That sums up very succinctly the situation we are in at the moment. When people ask us what we would do to reduce public expenditure if we were in government, it is only fair that we should be able to give them answers. Earlier in that same article, my right hon. Friend did just that.

Ultimately, the way to reduce public expenditure is to create a climate in which the affordability of public expenditure can be questioned. In last week's press, we saw a commentary from a former Labour party adviser suggesting that 20 per cent. cuts in public expenditure should not be unthinkable. If we could create a climate in which people thought along those lines, we really would be able to make an impact on public expenditure and thereby reduce the taxation burden.

Ireland is another country that has had a bit of a tough time in this economic downturn. There, they are reducing civil service pay by 10 per cent., and I think that Members of Parliament in the Irish Republic have also voluntarily taken a 10 per cent. reduction in pay. That might be saying the unsayable, or thinking the unthinkable, but that is exactly the kind of thing that is going on in the private sector at the moment. I have visited firms in my constituency where the workers are unable to work the hours that they used to, because they are on short-term working or losing their jobs altogether, and where the basic rates of pay and salaries are being reduced. Meanwhile, we have a burgeoning public sector and the Government are saying very little about how they are going to make the public sector affordable.

A lot of the proposals dealing with tax in the Finance Bill will create unaffordable tax burdens on the British people. My hon. Friend the Member for Beckenham referred to fuel duty and vehicle excise duty. Before the Budget I had hosts of letters—as I am sure many hon. Members did—saying that there had already been an increase in fuel duty in April and that the Government must surely recognise that that was an additional burden on the hard-pressed motoring public, for whom vehicle use was a necessity rather than a luxury. What did we get in return? This so-called listening Government have announced a further increase in fuel duty on 1 May, followed by a further one in September—or is it October?—another one in April, and so on. It is totally unacceptable that the Government should fleece the motorist in an attempt to find a solution to the imbalance that they have created for themselves in the economy between public expenditure and income. Increasing fuel duty does not correct that imbalance.

I hope that my right hon. and hon. Friends on the Front Bench will give us the opportunity to vote on some of these issues through amendments to the Bill in due course. The Government are proposing to burden the aviation industry a bit more, and to burden local taxpayers by increasing by a large margin the tax on waste products going into landfill. All those taxes have consequences—burdens on ordinary hard-working families.

Rob Marris: The hon. Gentleman clearly speaks with great passion about these issues. He wants measures in the Finance Bill to cut taxes, or at least not to increase them, and I think I am right in saying that he wishes to bring down markedly the very large Government deficit. He has also said that he is favour of cutting Government expenditure, so by how much would he cut it?

Mr. Chope: I have personally never been in charge of the Treasury, but I was for a time the leader of Wandsworth council, which was in a sense a little, local Government. When faced with a similar situation in about 1981, when there was a financial and economic crisis, our council found that resources coming in from the Government were going down and it saw affordability issues in respect of local taxation from households and businesses. In those days, of course, we had business rates that were a great burden on entrepreneurs. What happened then was that we as a council reduced our expenditure by some 20 per cent. in one year.

Last night, as it so happens, I attended a reception at Wandsworth council to celebrate its 31st year under Conservative control, and it still has the lowest council tax in the country. I am delighted to see in his place on the Front Bench my hon. Friend the Member for Hammersmith and Fulham (Mr. Hands), because Hammersmith and Fulham council is fast catching up with Wandsworth on that sort—

Madam Deputy Speaker: I think that we have heard quite enough reminiscing, and quite enough celebrations, for this evening, so perhaps the hon. Gentleman will concentrate his remarks on replying to the hon. Member for Wolverhampton, South-West (Rob Marris).

Mr. Chope: I am glad that you, Madam Deputy Speaker, are joining in the sense of euphoria accompanying our nostalgic reflections. The hon. Member for Wolverhampton, South-West (Rob Marris) asked me what I would do, and I have told him what I did when I was council leader, which shows what can be done. I think that where there is a will, we need to find a way. As I used to say, necessity is the mother of invention. It is about time the Government realised the necessity of reducing expenditure.

Mr. Jeremy Browne: I would like the hon. Gentleman to engage with a bit more focus on this particular point. A number of Conservative contributors to this debate have said that they believe that the Government are taxing too much and that they are very concerned about the size of the budget deficit. That seems to lead to the conclusion that there would have to be significant spending reductions. What those reductions would be, however, is rather hard to discern. Is the hon. Gentleman really saying that at the next general election the Conservatives will propose to cut public spending by 20 per cent.? If so, that is something in the region of £130 billion less annual public spending than the Government are proposing.

Mr. Chope: I cannot predict what reductions in public expenditure will be needed by the time we have an incoming Conservative Government, but one thing I do know is that the longer they are delayed, the more drastic the measures will have to be. That is why I think we should have had a general election now; then we would have had a Government with the courage to face up to the necessity to control public expenditure now rather than at some time in the future. The hon. Gentleman may think that I am ducking his question, but I am being quite open in saying that we have to start talking in public about reductions in public expenditure of that order if we are to be able to match our deeds to the climate of austerity that may be required.

Mr. David Winnick (Walsall, North) (Lab): I would like to congratulate the hon. Gentleman on his honesty. If we heard the same honesty from the Opposition Front-Bench team, that would be highly commendable. The hon. Gentleman is known for his views, and we know precisely what sort of cuts in public expenditure he wants a Tory Government to undertake. The cuts that he talks about are undoubtedly those that such a Tory Government would carry out.

Mr. Chope: I was not here for the earlier part of the debate, but I imagine that the hon. Gentleman asked his own Front-Bench team whether they would do what was necessary to balance the books. I do not know what answer he got. The issue at the moment, however, is that if we do not reduce public expenditure, the burden on hard-working families will be even greater. That is a point that I made earlier in the year, when I introduced a private Member's Bill on employment opportunities. As I said then, the minimum wage is currently £5.73 per hour. That equates to an annual income of £11,918 for a 40-hour week, but results in a tax and national insurance bill for £1,887 a year, leaving take-home pay at only £4.82 an hour. In other words, £1 an hour has been taken away from what the Government have said is the minimum needed to live on. The issue here is affordability.

I shall not refer to all the tables in the Red Book, but one of them deals with allowances, which are, I believe, the subject of clauses 2 and 3 of the Bill. According to that table, in 1996-97—the last year of the Major Government—the personal allowance for an individual was £3,765. This year it will be £6,475. The Government are saying that they have been able to increase the proportion of their earnings people can keep for themselves by some 75 per cent., but the problem is that meanwhile they are bragging about having increased public expenditure by 100 per cent.—doubling it—in the same period, thereby denying people the opportunity to have more money in their pockets to spend as they wish.

The position is bad enough for people on relatively low incomes, given that the personal allowance now applies at some £5,400 less than what would be the minimum wage for someone working a 40-hour week. However, that problem is small compared with the problem further up the income scale, where people move from the basic to the higher tax rate. Back in 1996-97 the basic rate limit was £25,500. In the current year it will be £37,400. That is not an increase of 75 per cent., as with the personal allowance, but an increase of only about 40 per cent.

People who might be described as being on middle incomes are being savaged by increases in what are, in many cases, stealth taxes. The Government do not go up front and say, "The reason why you are paying so much more in tax is that we have refused to index your allowances in line with inflation"—let alone earnings. The burden on what might be described as the most productive part of the economy is becoming unbearable, unsustainable and unaffordable. We have reached a point at which people are saying, "Why bother to work?" because so much of their extra income will be taken in tax.

Of course, it will always be possible for those who are most mobile to move their businesses and activities overseas. It might be asked what we are to do about our captains of industry and key professionals and

[Mr. Chope]

entrepreneurs, but I shall not concentrate on that question. A much larger number of people will be adversely affected, as is strongly reflected in my constituency. I am thinking of those who might be described as ordinary hard-working families, who say that they cannot afford this Labour Government and want a general election now.

I hope that we shall have an opportunity to table amendments to clause 2, which deals with the income tax basic rate limit for 2009-10, and, obviously, to clause 3, which is related. As for clause 4, it appears to me that the Government think it would be reasonable in 2010-11 for someone earning £100,002 to pay back £1 of the last £2 in reduced personal allowance. In addition, they would have to pay 40p in the pound for each of those £2, so that would be another 80p gone. There would be nothing left for them. Some Labour Members may welcome that, but that is the politics of envy. This takes us back to the very high marginal tax rates that the Conservative Government of 1979 had to deal with so quickly when they first came into office. I hope that an incoming Conservative Government in the future will do exactly the same, but I respect the fact that a judgment must be made. Until we know when the election will be and we then see the books, we cannot make a decision on that.

It is great to be able to participate in an open-ended debate, as our speeches in this House are often restricted because of the Government's inability to face up to the fact that democracy involves debate and the exchange of views across the Chamber. Discussion of the Finance Bill is the only occasion when Back Benchers are able to have such a debate, and I am pleased to be able to participate in it. I hope that my Front-Bench colleague, my hon. Friend the Member for Fareham, will not feel inhibited about the length of time that he can take to respond to the debate, and I also hope that the Minister will respond to all the points that have been made.

I expected my hon. Friend the Member for Stone (Mr. Cash) to refer to clause 56, which deals with MEPs' pay, allowances and pensions under the European Parliament statute. The clause takes us back to other Government broken promises, such as the fact that they promised a referendum but did not give one, and that they promised not to increase the higher rate of tax but are doing just that. It also takes us back to the fact that the people who promote the Lisbon treaty want to move towards having a country called Europe. Fortunately, there is not a country called Europe at present, and as a result, although the salaries of MEPs will be paid by something called the European Community, the explanatory notes on clause 56 state that we do not have a double tax treaty with the European Community because it is not a country, so we have to legislate specifically for this. It is not a territory, and that is why clause 56 is in the Bill. I hope that in due course my hon. Friend the Member for Stone will have a chance to look into the constitutional implications of that.

Clause 91 sums up the Finance Bill and the attitude of the Government. It

> "requires HM Revenue and Customs (HMRC) to prepare and maintain a Charter. The Charter will set out the standards of behaviour and values to which HMRC will aspire in dealing with taxpayers and others."

In other words, there is no legal foundation, because there will be no remedy in law for any breaches of the charter. This is just an aspiration. It is a fraud upon the people to suggest that this is a charter. We know that when the Government consulted on the matter

> "they suggested that there was no need for a Charter to be supported by legislation. But most respondents argued that a legal foundation would be the best way of ensuring that the Charter would be an effective and enduring document."

So what have this Government done? Typically, they have introduced legislation that is absolutely meaningless because "aspire" is a term that cannot be challenged in court. I hope my Front-Bench colleagues will ensure that we have the opportunity to toughen up that clause during the progress of the Bill.

The Government have been full of aspirations on behalf of the people of this country, but they have failed those people big time. That is why I think that this is an appalling Bill, and I look forward to having the opportunity to vote against it this evening.

9 pm

Mr. Mark Hoban (Fareham) (Con): It is a pleasure to follow my hon. Friend the Member for Christchurch (Mr. Chope), who correctly said that I used to work for him when I was at the London School of Economics. The hon. Member for Ealing, North (Stephen Pound) was there at the same time, but for the avoidance of confusion I must point out that he was a mature student.

My hon. Friend also reminded me of my first outing on a Finance Bill, in 2002, and the first long debate on the Bill was about alcohol duty. I did not realise that alcopops were the flavour of the month at Christchurch Conservative club, and Britain's high commissioner to South Africa, who was a Treasury Minister at the time, explained that the drink that we all knew as WKD was actually known by young people as "wicked"—it was an educational process for us all.

I thought that my hon. Friend's forensic scrutiny of the Bill was a bid to join the Public Bill Committee, and if he wishes to participate, I am sure that we will find a place on it for him.

The length of tonight's debate has been helpful and has given Conservative Members the opportunity to contribute at some length. My right hon. Friend the Member for Wokingham (Mr. Redwood) and my hon. Friends the Members for Chichester (Mr. Tyrie), for Poole (Mr. Syms), for Mid-Worcestershire (Peter Luff), for Bournemouth, East (Mr. Ellwood), for Ludlow (Mr. Dunne), for Braintree (Mr. Newmark), for Beckenham (Mrs. Lait), for Stone (Mr. Cash) and for Christchurch all made excellent speeches. That is an impressive list of Back Benchers.

I wish I could say that Labour Members turned up in such numbers to support their own Finance Bill, but Labour Back Benchers made only three speeches. The speech made by the right hon. Member for Birkenhead (Mr. Field) was perhaps not welcome to his Front-Bench team, and even the hon. Member for Wolverhampton, South-West (Rob Marris) was slightly quizzical in his support of the Bill. By contrast, the hon. Member for Edmonton (Mr. Love) was a little ray of sunshine, being the only Member, other than those on the Treasury Bench, who believes that the Government's forecasts for economic growth will be met next year, despite

the views of a number of economic forecasters—the International Monetary Fund, the European Commission and a range of others. He was perhaps the only person, apart from the Chief Secretary and the Financial Secretary, who was wholehearted in his support of the Budget tonight.

One of the themes that recurred was kicked off by the right hon. Member for Birkenhead—the scale of public debt and the fact that the Chancellor announced in his Budget last month that borrowing for this year would be £175 billion and for next year would be £173 billion. It is right that in a Finance Bill debate, in which we debate measures relating to the national debt and public finances, we discuss the size of the national debt and what can be done to bring it under control. The right hon. Member for Birkenhead talked about the need for proper spending controls and the need to establish some control over Government spending. He referred to the lack of discipline in the Government's finances and remarked that the only discipline imposed on the Government is the gilt markets' decision about whether to fund the Government's borrowing. Although the Government intend to borrow, in terms of national debt, £175 billion this year, their funding requirement is way in excess of £200 billion. It is worth remembering that today the Treasury Committee produced its report on the Budget and was critical of the Government and the lack of any fiscal discipline and rules in place. It said, in its recommendations:

"We do not see how the Temporary Operating Rule acts as any kind of constraint at all on the current fiscal decisions made by the Chancellor, and we struggle to imagine any course of action he might have taken in this year's Budget that would have been inconsistent with it...It is clear to us that the only real financial discipline that is currently imposed on the Chancellor is the opinion of the gilt market on the sustainability of the public finances."

Several hon. Members expressed concern about how the Government's funding requirement would be met. The hon. Member for Edmonton, who met the Debt Management Office this morning, was convinced that the funding requirement would be met, but we already know that the DMO has changed its method of placing Government debt to try to maximise the chance of success in funding the debt. My right hon. Friend the Member for Wokingham explained that, given the quantitative easing programme embarked on by the Bank of England and its appetite for buying up gilts—and the reforms to the liquidity rules that the FSA has announced recently—that will provide another source of demand for debt.

It is clear from the speeches in this debate, from both sides of the House—including the hon. Members for Taunton (Mr. Browne) and for Dundee, East (Stewart Hosie) as well as Labour and Conservative Back Benchers—that the scale of debt and the time it will take to get it under control overshadows not only this Bill, but many Finance Bills to come. It will provide a real challenge to future Governments to get that level of debt under control.

Mr. Cash: Will my hon. Friend touch on the matters that my right hon. Friend the Member for Wokingham (Mr. Redwood), my hon. Friend the Member for Braintree (Mr. Newmark) and I raised about the scale of the debt and the disparity between what the Government are saying and the Treasury Committee is saying? Some of us believe that the percentage of debt is infinitely greater, because the greater the debt, the greater the taxes, and the greater the reduction in public expenditure that will be needed. It is seminal to this debate, so could not my hon. Friend the Member for Fareham (Mr. Hoban) give at least a nod in our direction?

Mr. Hoban: I am grateful to my hon. Friend for reminding me of that very powerful point that he and others made during the debate. Clearly one of the areas in which there is huge uncertainty is the scale of the Government debt, both on and off balance sheet, and my hon. Friend the Member for Braintree has put together a paper to try to establish that. We have set out proposals for an office for budget responsibility, and one of its first tasks would be to quantify the true extent of Government indebtedness, so that we would know exactly where we would be starting from, were we to form the next Government. We would then know the scale of the problem and could educate people about the challenges that we will face in tackling that debt. My hon. Friend the Member for Stone can be reassured that his thoughts have not fallen on deaf ears on these Benches. They may well have done so on the Government Benches, as the Government have always sought to deny the scale of the problem, but we have heard his message loud and clear.

Two other themes emerged from the debate. The first is the failure of the Budget and the Bill to lay the foundations for the future. In a recession, a Budget should plot a clear path out of the economic crisis and prepare the economy for recovery. It should build the foundations for growth, a better climate for business and a better climate for savings and investment. That was the challenge that the Chancellor was set and the challenge that he failed last month. That failure in the Budget continues through into the Bill, which is a sign that the Government have run out of money, run out of ideas and run out of road. If we are to aid Britain's recovery, we need to make Britain a better place to do business, to retain businesses that are already here and to make Britain a prime location for inward investment. If we are to aid Britain's recovery, we need to tackle those problems so that the economy is built on sure foundations and not on shifting sands.

The Budget gave the Government the opportunity to do all that by rebuilding savings and investments. The question that businesses will ask is whether Britain is a better place to do business as a consequence of the Finance Bill. Let me give some examples of where I think the Bill lets down businesses. Although there has been a broad welcome of the introduction of the dividend exemption, there are concerns that the cap in worldwide interest is complex and costly to implement. I am afraid to say that even these reforms do not appear to be stopping the flow of companies moving their headquarters out of the UK to more competitive tax jurisdictions. Only last week, Informa, a UK-listed company, moved its tax domicile out of the UK to Switzerland because it believed that its taxes would go up as a consequence of the reforms announced in the Finance Bill. Clearly, there is more work to be done to build on those reforms if we are to ensure that we have a competitive economy for the 21st century.

Another attack on Britain's competitive position is clause 92, which requires senior financial officers to sign off that they maintain appropriate accounting

[Mr. Hoban]

systems. Many on the Labour Benches will see that as superficially attractive, but it has been sprung on business without any consultation and on what would appear to be a ministerial whim. It is a bit of red meat to satisfy Labour's union paymasters, but there is a lesson from the States attached to it. We should pay heed in the aftermath of Enron to the changes that the US imposed on accounting systems and controls. They imposed huge new costs on business with few benefits, and as a consequence businesses left the US and came to Europe.

I believe that the provisions in the Finance Bill are yet another barrier to inward investment—the knee-jerk reaction that puts businesses off being based in the UK. Although Labour MPs might cheer these provisions, it is sadly their constituents who will pay the price. Such moves undermine the attractiveness of the UK as a place to do business and create an impression of an unpredictable, uncertain tax regime where rules can change overnight on a ministerial whim. Being competitive is about more than just rates; it is about certainty and predictability.

The concerns that were expressed by my hon. Friend the shadow Chief Secretary about striking the right balance between the taxpayer and the tax collector impact on our competitiveness as businesses weigh up the benefits of different regime. Yes, the right regime of deterrents and penalties needs to be in place, but taxpayers need safeguards to ensure that those deterrents and penalties will not be used arbitrarily or unfairly.

What about the Government's attitude to small companies—the vital engines for economic growth and the backbone of businesses in our constituencies? The Government increased the small companies rate of corporation tax from 0 per cent. to 19 per cent. and it is scheduled to rise to 22 per cent. In this Bill, the rate is held at 21 per cent. Businesses are asking whether it is still the Government's intention to increase the small companies rate to 22 per cent., and perhaps the Financial Secretary will answer that question when he winds up.

The message to businesses from the Budget and the Finance Bill is clear. The Government have done nothing to improve competitiveness, nothing to make their lives easier and nothing to encourage them to expand.

The Budget and the Finance Bill were also an opportunity for the Government to boost savings and savers. Radical reforms to the savings regime would help to build solid foundations for a sustainable economic recovery.

Sir Nicholas Winterton (Macclesfield) (Con): My hon. Friend has again referred to savings. What have the Government done for those millions of elderly people, many of whom are retired, who rely on their savings to lead a reasonable quality of life? Is it fair to have a bank rate of 0.5 per cent. for people who have been responsible and prudent, who have saved throughout their working life and who are making a contribution to the banks and other saving institutions to enable them to lend? Is it not time that this party—Her Majesty's Opposition—did something about it and announced what we are going to do?

Mr. Hoban: I wish that my hon. Friend had taken part in the debate to make his point at greater length. This has been an opportunity for hon. Friends to make their point about savings and a number of our hon. Friends have talked about the plight of savers. Of course, the Opposition have put forward practical measures to help savers. That is why my right hon. Friend the Member for Witney (Mr. Cameron) and the shadow Chancellor propose that there should be real help now for savers in this Budget. That is why we have proposed increasing the personal allowance for older people by £2,000 and scrapping the basic rate of tax on savings income for basic rate taxpayers. It would have helped those very people whom my hon. Friend the Member for Macclesfield (Sir Nicholas Winterton) was referring to, who are struggling to make ends meet because of low returns on their savings. And it would do more; it would send a clear message to people thinking about saving that there is value in saving for their future—a message about taking responsibility and preparing their lives for economic uncertainty. It would help recreate a savings culture in the UK after a decade of neglect by this Government, who seemed to see the low savings rate as a badge of honour.

If the Government had welcomed our measures, it would have been a welcome boost for savings. But of course, unable to do the right thing, the Government resort to a gimmick. They have decided to increase the ISA limits for the over-50s this year to £10,200. That means that ISA providers will have to change their systems, introduce new procedures for checking people's age and introduce special marketing materials and application forms for the over-50s—all for one year only, because next year the Government will increase the ISA limit for everyone. Who on earth in Government came up with this hare-brained scheme to target the increase in ISAs on a small group of people, simply in search of a cheap headline on Budget day? That is one of the measures in the Budget that I think will actually put people off saving for their future.

The Government did understand at one point that a simple, straightforward and flexible regime for pensions would actually encourage people to save. That was in the reforms set out in the Finance Act 2004. It set clear limits on how much people could put into their pensions and gave increased flexibility; it reflected the reality of people's lives. Every Finance Bill since 2006 has unpicked those reforms, making the regime for pensions more restrictive and complex. Every time a change is made, it sends a clear message to savers that they cannot rely on the certainty of the tax system when making plans for retirement. If people cannot trust the stability of the tax system, why should they lock up money for the long term?

So the Government have ducked the challenge on savings, too. They have ignored the opportunity they had in this Budget to rebuild the savings culture in this country.

In conclusion—

Peter Luff: Go on!

Mr. Hoban: I am tempted to go on, so great is the anger of my hon. Friends about this Finance Bill, about the Government's failure to tackle the problems that face this country, and about their failure to tackle the challenges that confront business and the challenges that are faced by our savers and our pensioners. But I think my hon. Friends want the opportunity to vote

against the Bill tonight, so I do not wish to detain them too much longer before we give them the opportunity to do so.

This Finance Bill is a Bill from a Government who are reaching the end of their life. They are retreating from the centre ground of politics back into the bunker. They are more interested in appeasing their core supporters than in building the foundations of a new economy by encouraging businesses. They lack the courage to do the right thing, so they resort to doing the easy things—ducking the hard choices, leaving those decisions until after the next general election. The Bill is another sign of the collapse of this Government. We need a change to get Britain moving, and only a change of Government will cause that to happen.

9.18 pm

The Financial Secretary to the Treasury (Mr. Stephen Timms): We have had an interesting debate and I look forward very much to more lively debates with some of those who have contributed, in the House next week and upstairs in the coming weeks. But the backdrop, of course, to this year's Finance Bill is the worst crisis in the world economy since the 1930s. The world economy is forecast to shrink this year for the first time since the second world war. But the economy in the UK has benefited from a great deal of support over recent months—the lowest interest rates we have ever had, additional support now from quantitative easing, and the stimulus introduced in the pre-Budget report, including the VAT cut, which, the evidence is now showing clearly, is having the effect that we hoped. *[Interruption.]* Of course I recognise that it is difficult for the Conservative party to eat humble pie and recognise that, as on so many things, they got their response on the VAT cut wrong, as they undoubtedly did. Speaking of humble pie, I just make the point that we have not heard much humility from the Conservative party in this debate. Nevertheless, evidence of the VAT reduction's effectiveness in supporting the economy is becoming clear, and is accumulating steadily.

My right hon. Friend the Chief Secretary to the Treasury quoted from a Centre for Economics and Business Research report in her excellent speech opening the debate. I have the report with me; it was written by Doug McWilliams, who used to be described as an adviser to the Conservative party. I do not know whether he still is, or whether he has been sacked for expressing his views. His note is entitled "Credit where credit's due—the VAT cut is working". He looks at the evidence, such as the figures on retail sales, and makes a compelling case. *[Interruption.]* I accept that it is difficult for the Conservative party to recognise the evidence as it gathers, but that is fine; the evidence will continue to accumulate in the coming months, and perhaps in the end even Conservative Members will recognise that they were wrong about the support that we have provided to the economy, as they are about so many other things. The hon. Members for Mid-Worcestershire (Peter Luff), and for Bournemouth, East (Mr. Ellwood), asked—

Rob Marris: Will my right hon. Friend give way?

Mr. Timms: I will in just a moment. Let me first comment on the point about the date on which VAT will go back up to its original rate. We have heard Conservative Members start to ask, "Couldn't we have this rate a bit longer?" and I can understand that. Implicitly, if not explicitly, that reflects the benefits of the VAT reduction. It is important that we increase the rate again, as we said that we would. It will go up again on 31 December, because the conversation that we have had with the British Retail Consortium and others has made it clear that certainty is the key. Given the very long period in which to prepare, a change on 31 December can indeed be delivered.

Rob Marris: I certainly agree that the VAT cut was a good idea and has worked. However, may I urge my right hon. Friend to look again at the ending date to which he referred, which has changed in the Bill from 1 December to 31 December? The Government may have talked to the British Retail Consortium, but if one talks to the pub industry, for example, which is very important in my constituency, one realises that many establishments in that industry will be open at midnight on new year's eve. Will my right hon. Friend assure me that the Government will at least have another look at that date?

Mr. Timms: I say to my hon. Friend; however, that the key is certainty. Whenever the change were to happen, there would be some businesses that would be open overnight. Her Majesty's Revenue and Customs will need to work with businesses and give advice about how to apportion revenue between the "before" and "after" periods. The key is certainty, and giving businesses ample time to prepare for the change.

Mr. Dunne *rose—*

Mr. Timms: I need to make a bit of progress, because the Bill—*[Interruption.]*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I am sorry to interrupt the right hon. Gentleman. I must appeal to the House: we must end the debate in an orderly manner. The Financial Secretary's argument should be heard, and then we can bring the matter to a proper conclusion.

Mr. Timms: Thank you, Mr. Deputy Speaker. The Bill underpins our commitment to the short-term support that people and businesses need to help them through the current difficulties, while laying longer-term foundations, so that we can make the most of the new opportunities that will emerge when the upturn comes. The Bill is about fairness, opportunity, and supporting businesses so that we can invest and grow our way out of the recession.

The shadow Chief Secretary to the Treasury, the hon. Member for Runnymede and Weybridge (Mr. Hammond), made a number of interesting points, and I want to deal with some of them in the time that I have. He asked a question about the tax rate on trusts. Rates were aligned in 2004 to prevent avoidance of the higher rate by routeing income through a trust. The trust rate will be increased in line with the higher rate, so we are not opening up opportunity for trusts to be used for avoidance. Those for whom the lower rate is appropriate can reclaim tax; many do so already. In the case of self-assessment, that will happen automatically. If, as was suggested, the trust is for a vulnerable beneficiary or a

[Mr. Timms]

bereaved child, for example, an election can be made under the vulnerable beneficiary legislation, which has a special tax regime.

On bingo, which came up in the debate, we have increased the rate of bingo duty, but withdrawn VAT on participation fees. The overall consequence of that is to reduce the rate of tax on bingo from 24 or 25 per cent. to 22 per cent. I am sure that the change will assist those in the bingo industry.

The shadow Chief Secretary welcomed the announcement in the Budget and in the Bill on foreign profits taxation, and I am grateful to him for that. He made the point that there had been a good consultation exercise, and I thank him for that as well. I hope he will have a word with the hon. Member for Fareham (Mr. Hoban), who took a slightly different position in his winding-up speech. I agree that we have made an important announcement that will increase and improve the competitiveness of the UK.

Mr. Philip Hammond: I am happy to acknowledge the proper consultation that went on in relation to the foreign profits taxation, but can the Financial Secretary tell us why there was no consultation at all on clause 92?

Mr. Timms: The hon. Gentleman may be referring to the requirement on accounting officers to confirm that their businesses have appropriate systems in place for assessment of tax. No doubt we will have some debate on that in Committee. The great majority of people will think that it is appropriate that companies give that assurance as a measure to help address the problems of avoidance, which were mentioned in the debate and which have been of concern elsewhere. It is an appropriate measure to ensure that companies are paying the tax that is due.

On the pension changes that were discussed in the debate, we will consult on the detail of how those will work. I can confirm that civil servants on sufficiently high salaries will be affected by those changes. We were asked in the debate whether we would acknowledge the position of those who make regular but less frequent pension contributions—less frequently than quarterly. I refer Members to my statement to the House on Budget day, in which I confirmed that we would examine that issue.

The shadow Chief Secretary asked whether we would use plea bargaining with tax avoiders. The Bill sets out the criteria for exemption from HMRC publishing people's names in the event that they deliberately evade taxes, which is a full disclosure, either unprompted or prompted, within a time frame specified by HMRC.

The hon. Gentleman was right—just last week we secured state aid approval for the venture capital trust scheme, but I caution him about looking at the prospect for relaxing some of the restrictions put in place in 2007. We will need to ensure that we continue to comply with state aid rules.

Many businesses, especially in London, will have been extremely concerned about the hon. Gentleman's refusal to commit his party to support for the Crossrail scheme. There is very strong support among businesses and, I thought, across the House for the Crossrail project. His unwillingness to commit to that will have caused widespread concern.

I wish to comment on some of the other contributions in the debate. The hon. Member for Taunton (Mr. Browne) made some observations about the Government's approach. He made some enjoyable observations about the Conservative party. I particularly enjoyed the bit where the hon. Member for Beverley and Holderness (Mr. Stuart) felt that he had to leap to his feet to defend his party leader from the criticisms that the hon. Gentleman was delivering. The hon. Member for Taunton did not have a great deal to say about the Bill, but I am sure he will do so in the debates next week and upstairs in Committee.

My hon. Friend the Member for Wolverhampton, South-West (Rob Marris) made a characteristically thoughtful speech and I, for one, would welcome his presence on a seventh Finance Bill Committee. He is absolutely right to underline the need to plan for efficiency savings. We have announced that we will introduce £5 billion of efficiency savings from next year, and they will be very carefully planned, as opposed to the slash-and-burn approach that we have seen from the Opposition. It is absurd for the Conservatives to demand £5 billion in spending cuts this year without any attempt at all to identify where those savings would fall or what their effects would be.

My hon. Friend was right to highlight the scale of the increase in borrowing in the next few years, and that those increases will be matched throughout the world in comparable countries. In fact, they will be matched not only in developed countries but in developing countries. He was right also to welcome the first-year allowances, which businesses have widely welcomed.

The hon. Member for Dundee, East (Stewart Hosie) commented on the rise in unemployment, and I agree about the concern at the rise. That is why I am sure that he will welcome the job guarantee for young people, which was announced in the Budget. Indeed, perhaps he will agree with this recent comment:

> "Previous recessions have left tens of thousands unemployed for years, even decades, and stuck on dependency culture without the skills that they need to get a job. The devastating impact...is still being felt in many parts of the UK today. It is encouraging that action is being taken"—

in the Budget—

> "to target this".

That was Margaret Eaton, the Conservative chair of the Local Government Association, welcoming that measure in the Budget.

My hon. Friend the Member for Edmonton (Mr. Love) also made an excellent speech, rightly drawing attention, through his visit with others to the Debt Management Office this morning, to the realities of the current market for Government debt.

David Taylor: Was the Financial Secretary as disappointed as I was by the serried ranks of Conservative MPs who, in their contributions, hyperventilated to the extent of needing defibrillators at one proposed change to national insurance for those who earn £20,000 or more? They failed to point out that a person on an average income of £25,000 will pay 0.5 per cent. on the £5,000 over £20,000, equalling £25 a year. Instead, they suggested that it was some sort of awful impost.

Mr. Timms: Of course, those increases are more than offset by the increases in personal allowances which we introduced last year and in the Bill this year.

The Bill presents effective tax measures to support businesses and households through these tough economic times, and it also looks ahead. It lays foundations for a strong recovery to make the most of new opportunities when the upturn comes, and for fair fiscal consolidation to keep the public finances on a sustainable path. I commend this Bill to the House.

Question put. That the Bill be now read a Second time.

The House divided: Ayes 285, Noes 209.

Division No. 113] **[9.33pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Beckett, rh Margaret
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Bryant, Chris
Burden, Richard
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Cabom, rh Mr. Richard
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Chaytor, Mr. David
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hoey, Kate
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
Jackson, Glenda
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Killoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Mackinlay, Andrew
Mactaggart, Fiona
Mallaber, Judy
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Miliband, rh David
Miller, Andrew
Mitchell, Mr. Austin
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moran, Margaret
Morden, Jessica
Morgan, Julie
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Oliver, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Pickstt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Roy, Mr. Frank
Roy, Lindsay
Rusne, Chris
Ruddock, Joan
Russell, Christine
Sailer, Martin
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Speller, rh Mr. John
Starkey, Dr. Phyllis
Sloate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy

Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Watts, Dr. Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony

Tellers for the Ayes:
Helen Goodman and
Ian Lucas

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Bellingham, Mr. Henry
Benyon, Mr. Richard
Binley, Mr. Brian
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Burrowes, Mr. David
Burt, Alistair
Burt, Lorely
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clegg, rh Mr. Nick
Clifton-Brown, Mr. Geoffrey
Cox, Mr. Geoffrey
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. (Monmouth)
Davies, Philip
Dorrell, rh Mr. Stephen
Dorries, Nadine
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Farron, Tim
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howard, rh Mr. Michael
Howarth, Mr. Gerald
Hughes, Simon
Hunt, Mr. Jeremy
Hunter, Mark
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lansley, Mr. Andrew
Leech, Mr. John
Leigh, Mr. Edward
Lewis, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loft, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Macleod, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mason, John
Mates, rh Mr. Michael
Maude, rh Mr. Francis
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Menzies, Patrick
Milton, Anne
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Mr. Laurence
Rogerson, Dan
Rowen, Paul
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Mr. Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Smith, Sir Robert
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Weir, Mr. Mike
Whittingdale, Mr. John
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Willott, Jenny
Wilson, Mr. Rob
Winterton, Sir Nicholas
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Mr. Stephen Crabb and
Bill Wiggin

Question accordingly agreed to.

Bill read a Second time.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): On a point of order, Mr. Deputy Speaker. You will know that in the debate that we have just concluded there were 14 Back-Bench speakers, of whom only three came from the Labour Benches. Would you confirm that the usual practice is to constitute the Committee stage of a Bill to reflect those who participated on Second Reading? If that is right, should not the Committee of Selection ensure that there is a majority of Opposition spokesmen and speakers on the Committee on the Finance Bill?

Mr. Deputy Speaker: The right hon. and learned Gentleman knows that that is not a point of order for the Chair. The Chair might have the power to do certain things and might wish to do others, but one thing that the Chair certainly does not do is tell the Committee of Selection what to do. I am sure that it will take every matter into account.

Ordered,

That—

(1) Clauses 7, 8, 9, 11, 14, 16, 20 and 92 be committed to a Committee of the whole House;

(2) the remainder of the Bill be committed to a Public Bill Committee; and

(3) when the provisions of the Bill considered by the Committee of the whole House and the Public Bill Committee have been reported to the House, the Bill be proceeded with as if it had been reported as a whole to the House from the Public Bill Committee.—*(Mr. Timms.)*

Committee tomorrow.

Ordered,

That the Finance Bill Committee shall have leave to sit twice on the first day on which it meets.—*(Mark Tami.)*

PETITION

Wheelchair Access for Care Home Residents

9.50 pm

Bob Spink (Castle Point) (Ind): I rise with great sadness to trouble the House with a simple problem that should have been dealt with many years ago. However, social services and the borough council in Essex have refused to respond to elderly residents, so this wonderful community of people is at risk. They do not ask for much; they just want common sense and decency. I congratulate and thank each of the petitioners personally and I am doing all that I can to support them.

The petition states:

The Petition of Maureen Faith, residents of sheltered accommodation at Kirkstto Road, Canvey Island, and others,

Declares that elderly residents in sheltered accommodation at Kirkstto Road, Canvey Island are in significant danger and unable to easily get around communal areas of their home due to the lack of ramps, trip hazards and other minor changes to assist their mobility around their home and make it easier and safer; notes that Josie Cooper at the home is wheelchair bound and has not been out of her home for two years due to access issues with the structure of her home and particularly the lack of a ramp at her back door and the inability of her wheelchair to pass through her door frame, which leaves her isolated and unable to enjoy her garden or join in any of the community activities, denying her choice and quality of life although she remains extremely positive and caring towards others.

The Petitioners therefore request that the House of Commons urges the Government to encourage the local Council and wheelchair service providers to resolve the problems for Josie and for all residents by immediately implementing a programme of access and safety improvements for all these excellent local residents.

And the Petitioners remain, etc.

[P000362]

Housing (Stoke-on-Trent)

Motion made, and Question proposed, That this House do now adjourn.—*(Mark Tami.)*

9.52 pm

Joan Walley (Stoke-on-Trent, North) (Lab): I am grateful to Mr. Speaker for awarding me this debate on housing investment in Stoke-on-Trent. I am also pleased to see the Minister in his place at this late hour and look forward very much to hearing his reply to my remarks.

Key to this debate is ensuring that the Government understand the importance of housing investment for the people and the city of Stoke-on-Trent. Its importance goes much further than just housing needs, great though they are. Housing investment is fundamental to the entire regeneration of the city and is also integral to wider Government efforts to stimulate growth in the west midlands. If we do not deliver in Stoke-on-Trent, we do not deliver in the region as a whole. I know that my hon. Friend understands that argument, because of discussions that we have had previously.

I also know that my hon. Friend understands that unless we ensure that housing investment is dealt with in the wider regeneration context, the homes that we build will not be fit for purpose. Homes must be placed in vibrant and sustainable communities where there is access to jobs, transport and amenities—in short, in places where people can and do want to live. The people of Stoke-on-Trent are the best people in the whole country and they deserve the very best housing policies.

It was in that context that my hon. Friends the Members for Stoke-on-Trent, South (Mr. Flello) and for Stoke-on-Trent, Central (Mark Fisher) and I recently met the Homes and Communities Agency, which has a key strategic role to play. From the meetings that we have had with its chief executive, we believe that the new agency now has an opportunity to get the right action plan for Stoke-on-Trent. Indeed, I would like to share with the House the agency's stated list of priorities. The agency will

"align housing and regeneration resources to support growth, place-making and housing renewal, and form partnerships and joint ventures to help unlock investment in areas, including economic development, transport, education and health, to create sustainable communities that meet the needs of local people".

I want us in Stoke-on-Trent to make that the core of housing investment policy. In doing so, it is vital that all the agencies involved, including Advantage West Midlands, work in partnership with us and with Stoke-on-Trent council to ensure that investment is co-ordinated, complementary and community led. Each agency has its own priorities, but the agencies must also recognise their mutual interests and the benefits of working together to pursue them.

That means that, first of all, we need Government action on the west midlands regional spatial strategy, which is a cause for concern and under review at present. The worst-case scenario for Stoke-on-Trent would be if a green light were to be given for building new houses on greenfield sites outside the heartland inner-city urban areas. I believe that that would undermine the careful and measured proposals from RENEW North Staffordshire that would ensure that investment went to the areas characterised by market failure.

[Joan Walley]

Similarly, it would also be detrimental if the regional development agencies to which I have just referred were to prioritise the big, transformational projects at the expense of the smaller-scale initiatives such as the one in Burslem. I therefore want the Minister to give a clear message to the Cabinet and to the Minister with responsibility for the region that we need Advantage West Midlands to work with us on the housing investment priorities in Stoke-on-Trent.

I want to touch briefly on the importance of environmental and educational investment, and on how that fits in with the housing agenda. I am pressing Stoke-on-Trent council to submit an ambitious expression of interest in the community energy saving programme under the remit of the Department of Energy and Climate Change. If that is successful, it will lead to improved insulation and energy-saving measures in hundreds of homes.

There is also a huge opportunity to get a Building Research Establishment centre of excellence located in Stoke-on-Trent, and I want that to be maximised. The centre would conduct much-needed research into improving the energy efficiency of existing homes, and would present a real opportunity to establish Stoke-on-Trent as a centre of excellence in the field. In turn, that would link in with the environmental, housing and jobs agendas, thus fulfilling the need to pursue the holistic approach to regeneration that I believe is crucial. I would appreciate any assurances that the Minister can give me tonight that the Government will work with the RDA and all other partners, including the European Commission, to make sure that the centre can go ahead.

I am also pressing for the Building Colleges For The Future programme to be taken forward on sites in both Shelton and Burslem, because we need apprenticeships that will produce construction workers with the skills and training to deliver new and improved housing. That would also foster the integration of the homes, work and skills that is so vital to the creation of vibrant communities. I really hope that the Minister, who perhaps has a greater say in these matters than anyone else, will be able to take forward that wider strategic framework for regeneration when he considers decisions over specific housing issues in Stoke-on-Trent.

I have only a short time available this evening, so I hope that the Minister will forgive me for not going into detail about the huge investment that has already been made under the decent homes standard and that has brought many council properties up to an acceptable level. I am very appreciative of the help that the Government have given through subsidising council rent increases this year, and I am also grateful for the £66.4 million that they have given for housing investment in Stoke-on-Trent for the period 2009-11. However, the fact is that that is just not enough: more is needed, and I hope that the Minister will be able to do even more for Stoke-on-Trent when he comes to make his decisions this week or next.

Why should the Minister do more for our area? At present, there are 9,105 people on the council house waiting list. Many are there as a result of tenure issues, but every case on the list tells a human story. We have just had the debate about the Finance Bill, and the Government have to tackle housing issues. More than 23 per cent. of private sector homes have a category 1 hazard, and more than 60 per cent. of those are considered non-decent, so if ever there was a case for investment in housing in Stoke-on-Trent, this is it. There are something like 5,700 empty homes in the city, of which 3,500 have been empty for more than six months. I know that the Government have a strong record on dealing with empty homes, but we need to get that effort directed and channelled into what is being done on the ground in Stoke-on-Trent. My colleague, Councillor Dave Conway, has done a lot to highlight this issue, and I understand that discussions are taking place about some kind of pilot project that could help us to reduce the number of empty homes by 1,500. I hope that the Minister will be able to look favourably on that, and find a way of helping Stoke-on-Trent to go about doing that work. Perhaps I should add that, as an honorary vice-president of the Chartered Institute of Environmental Health, I believe that environmental health can always assist the work that needs to be done on the ground in Stoke-on-Trent to a much greater extent.

Of course we have high levels of deprivation and worklessness, and a lack of choice in housing. We have two and three-bedroomed houses, but there is a particular lack of four-bedroomed family houses and houses that are suitable for the elderly. There is also a great need for investment for people with a disability. I have recently had meetings with the Royal British Legion, which feels that there is insufficient support for what is being done on disability adaptations. These issues all need to be addressed.

There are three things that the Minister could do to help. The first would be to agree the private finance initiative round 5 bid for Stoke-on-Trent. Research has identified that 16 per cent. of the housing stock for older people is not sustainable, and that a further 32 per cent. of the stock requires significant investment in order to be considered sustainable in the medium to long term. There is a pressing need for 1,000 extra care units to meet the needs of an ageing community, and it is for that reason that there is a bid on the Minister's desk for about £120 million to meet this need. This would provide 500 units of extra care housing, and I understand that three sites are being considered to provide a spread of services for older people, but the programme is dependent on the successful approval of the PFI bid. I ask the Minister to give that application the go-ahead.

Secondly, the PFI round 6 bid is equally important. I am sorry to give the House all these technicalities. This multi-million pound bid, submitted by Stoke-on-Trent council, has been drawn up to address the wider context of the regeneration of the city, which I touched on earlier. If approved, the bid will focus investment on six housing estates on the periphery of Stoke-on-Trent. These are Chell Heath, Fegg Hayes and Norton in my own constituency, and Abbey Hulton, Bentilee, and Blurton and Meir across the rest of the city and in the constituencies of my hon. Friends who are supporting this debate tonight. These estates are characterised by very high levels of deprivation, and they need much more investment in open space. They also have very limited social and retail facilities. I am frequently asked for help to get parks, football pitches and all kinds of social facilities established in them.

If the bid gets the approval of the Minister and the Homes and Communities Agency, it will enable us to tackle worklessness and to create community empowerment.

It would also give us an opportunity to get enhanced design and quality on these estates on the edges of the city. Stoke-on-Trent is not a city with one centre. It is a bit like the Welsh valleys; it is a city with about six towns and many communities within it. The bid would place particular emphasis on more extra care and bungalow accommodation for the elderly. It is essential that, if the Minister does just one thing tonight, it is to give me an indication that when he comes to sign off these bids—I understand that there could be double the number of applications—he will approve that one bid for Stoke-on-Trent. *[Interruption.]* Members may well laugh, but it is important that we get this investment in Stoke-on-Trent.

Thirdly, we have the housing market renewal programme. It is a well established fact that in Stoke-on-Trent it was slow to get off the ground. Now that it has got off the ground, it has a huge task in front of it. It was therefore decided that a bid would be submitted to the Government for a 10 per cent. extra allowance for housing market renewal. That would be in the order of £7 million for the next two years. With all the problems we faced with credit and the recession just before the Budget, I understand why the Government chose not to go ahead and agree the additional bids submitted, but there remains an opportunity for some of them to be approved now.

I would like to put in a bid for Middleport, which is adjacent to Burslem, the mother town of the Potteries, in the wider context of regeneration. We have already had a huge amount to help us start the regeneration programme, but we urgently need to provide more new homes in Burslem town centre. We need to diversify new build by providing more family housing, and we greatly need more development and housing gap funding for semi-derelict sites. We would also like to be able to go ahead with more live/work homes, which have been absolutely transformational in Burslem, particularly in encouraging young people to set up small businesses and live and work in the same place.

I believe that all those issues are fundamental to getting housing investment right. I have not touched on the need for more council housing, because that goes without saying. I understand that there are opportunities for Stoke-on-Trent to bid for the new money and I hope that the Minister will encourage that.

I am grateful for the opportunity to raise and flag up these concerns with the Minister. I hope that my debate is timely; that it has come about before he has made any final decisions; and that it will have had a chance to influence him. Above all else, I hope that he will accept my invitation to come to Stoke-on-Trent, to Burslem and to Middleport, and perhaps to celebrate with us what I hope will be agreement by the Government to this much-needed investment.

10.7 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright): I begin by congratulating my hon. Friend the Member for Stoke-on-Trent, North (Joan Walley) on securing this important and timely debate. She has been a tenacious champion of more and better housing not just in her own constituency, but in the wider areas of Stoke-on-Trent and the rest of the west midlands. I have had several meetings with her on these matters, and I am sure that she will recall one such notable meeting that coincided with a fire alarm and subsequent evacuation of the entire building. I do not think that she had anything to do with that: the case was never proven! She has, however, had quite an impact on the Department.

I have been to Stoke-on-Trent several times to examine for myself the issues of housing and regeneration in the area. I greatly enjoyed my time at Weston Heights in the Colville area, having been invited there by another tenacious champion for housing in Stoke, my hon. Friend the Member for Stoke-on-Trent, South (Mr. Flello). Weston Heights is a landmark regeneration scheme in the city, demonstrating great partnership working, led by RENEW, North Staffordshire, which has produced something like £55 million worth of investment, providing 300 modern, good-quality houses for the people of Colville and beyond. This development very vividly shows what can be achieved in Stoke-on-Trent. I look forward similarly to visiting the constituency of my hon. Friend the Member for Stoke-on-Trent, North very soon.

I have mentioned partnership working, and in a well-reasoned and passionate argument, my hon. Friend also mentioned the importance of such working between RENEW North Staffordshire, the Homes and Communities Agency, Advantage West Midlands and Stoke-on-Trent city council in producing co-ordinated and complementary outcomes at both regional and local level, which are also led by the community. She is absolutely right about that, as the relationship between the regional Homes and Communities Agency, the regional development agency and the local authority is the vital key to securing what she referred to as the triumvirate of housing, jobs and skills.

I congratulate my hon. Friend on her recent appointment to the West Midlands Regional Committee. I urge her to use her powers of argument and her membership of that powerful Committee to ensure that the approach that she has advocated tonight is adopted by the various agencies.

My hon. Friend mentioned the west midlands regional spatial strategy. As she said, the RSS is under review. I understand that the examination-in-public stage began only a couple of days ago. In those circumstances, and given the quasi-judicial role of my right hon. Friend the Secretary of State in the process, I hope my hon. Friend will forgive me for not commenting in detail on her points about the RSS.

One of the central elements in my hon. Friend's speech was the importance of housing market renewal areas in rejuvenating communities, and the important role that RENEW North Staffordshire has played in realising her vision for her area. We have made allocations since 2004 totalling £167.5 million for RENEW to create a stronger, more stable housing market, and to provide a better future for communities hit by low demand for property and poor-quality housing. In the current financial year, 2009-10, that represents an allocation of £34.2 million, which, as my hon. Friend said, represents 90 per cent. of the indicative allocation announced in February 2008.

I am keen for RENEW, and indeed all housing market renewal areas, to use the significant local market intelligence that they have acquired over the past few years to help to address the challenging economic conditions that we face. It is important for the Government to provide significant investment to give communities real help

[Mr. Iain Wright]

now. It is also important for that investment to provide direct benefits for people living in housing market renewal areas, and for real and tangible outputs in terms of delivery to ease the current economic conditions now. We, along with the Homes and Communities Agency, want the pathfinders to lead the response to conditions in their areas. We look to them to use their intelligence, to shape local markets, to underpin current activity, and to lead the drive towards effective recovery.

It is in that context that, in 2009-10 and 2010-11, all pathfinders will receive the 90 per cent. level of funding as a base allocation. When pathfinders demonstrate an active response to market conditions, achieve expenditure and make impacts, we will offer further resources up to the original 100 per cent. budget. In RENEW's case that would mean that an additional £3.8 million could be made available this year, which would help my hon. Friend's area. I am keen to allow that to go ahead to provide real help for RENEW's areas of investment.

Arrangements for accessing the additional funds are currently being worked out by the Homes and Communities Agency and by me, and the HCA will notify pathfinders of the outcome in due course. Meanwhile, I am due to meet chairs and chief executives of pathfinders in the next week, when I shall want to set out further our wish for clear and achievable criteria on the basis of which the additional money could be obtained by pathfinders.

I hope that that clear expression of my intention reassures my hon. Friend that money would be available if direct and tangible benefits were provided by RENEW. In the meantime, the £34.2 million already awarded for 2009-10 will enable RENEW to undertake the refurbishment of 700 homes, the acquisition of 220 homes, the demolition of 300 homes that have reached the end of their useful life, and the construction of 150 new homes.

Although RENEW North Staffordshire is an important vehicle for the achievement of regeneration and growth, it is not the only vehicle. The provision of new homes in Stoke-on-Trent, particularly affordable homes, is something that this Government hold dear. That is why, last year and this year, we have already contracted—through the national affordable housing programme, the national clearing house scheme and HomeBuy Direct—for more than £27 million in Stoke to deliver an additional 400 affordable homes for social rent and low-cost home ownership, with more in the pipeline.

My hon. Friend will be well aware of our commitment to delivering affordable homes both despite and because of the current difficult economic conditions. Let me give her an example in her constituency. A major housing development in Greenhead street, Middleport, stalled recently owing to the prevailing economic conditions. We were already involved with the development through the Homes and Communities Agency in the west midlands, providing £2.7 million of gap funding to support the delivery of 320 new homes. We were made aware of the problems in delivering homes on this development, and held discussions with key partners and the developers with a view to helping them during these difficult times, and with the twin aims of keeping people in work and making sure that the homes we need get built. This resulted in a further £2.5 million being provided to the registered social landlord partner, Countryside, through the national affordable housing programme, to support the delivery of much-needed affordable homes. This timely intervention has enabled the development to continue.

This example demonstrates that investment to revive stalled housing schemes can play a decisive role in housing delivery and regeneration. I hope, therefore, that my hon. Friend will welcome the Chancellor's Budget announcement that a further £400 million will be made available to ensure that stalled developments will go ahead. We estimate this will create or safeguard 30,000 jobs in the construction industry and ensure the delivery of an extra 10,000 homes, and I hope my hon. Friend will ensure that Stoke plays a part in that.

Despite the difficult economic conditions, we remain committed to the delivery of affordable housing, and our aspiration is nationally to reach 70,000 homes a year by 2010-11, including 45,000 homes for social rent. To help us deliver this target, we want to give all local authorities, including Stoke-on-Trent, the opportunity to play a bigger role in the delivery of affordable housing where this can be done cost-effectively, and we also want to allow councils to bid for social housing grant from the Homes and Communities Agency should they wish to do so.

My hon. Friend mentioned the important role that local authorities can play in the delivery of housing, and I agree. We have just consulted on new freedoms for councils, which could remove some of the old barriers and disincentives that councils face in building new homes. Specifically, we have consulted on whether councils should keep all the rental income from the new homes they build, and whether they should keep the full capital receipts if those homes went on to be sold under any future right to buy.

I have already mentioned the Budget. My hon. Friend will be aware that an extra £100 million was made available in the Budget to allow local councils to build good-quality, energy-efficient homes.

In the meantime, over the last two years we have also supported Stoke-on-Trent city council's delivery of housing, to the tune of almost £21 million to the regional housing pot. This comprised about £14.5 million for the regeneration of existing housing stock in addition to the previously mentioned allocations to RENEW, and more than £6 million to bring the council's housing stock up to the decent homes standard.

Stoke-on-Trent city council advises my Department that all homes will be decent by 2010, and to help them and other authorities achieve this, as part of the recent fiscal stimulus package we announced the bringing forward of expenditure through the major repairs allowance to sustain and accelerate the decent homes programme. I am pleased to report that Stoke-on-Trent successfully bid to bring forward expenditure worth almost £3 million from 2010-11 into 2009-10, one of only three local authorities to do so in the west midlands.

I am also delighted to report to the House that in the past two years we have fully met Stoke-on-Trent's bids for disabled facilities grant. Let me remind Members that this small but vital grant enables assistance to be given to some of the most vulnerable people in our community, thereby enabling them to remain in their own homes. For Stoke-on-Trent, this amounted to £1.8 million over the two years.

I know that my hon. Friend is very concerned about rounds 5 and 6 of the housing private finance initiative.

She mentioned that Stoke-on-Trent city council submitted an expression of interest for a comprehensive housing-led regeneration scheme, and that it is eagerly awaiting a decision on this. I am afraid I cannot give her the news on that tonight. However, I can say that we received a large number of high-quality expressions of interest in this initiative from various other parts of the country. We are currently considering the Homes and Communities Agency recommendations, and an announcement on the outcome will be made shortly. I shall certainly ensure that my hon. Friend is made aware of any news.

I congratulate my hon. Friend again on securing this debate. I commend her ambition and determination for her area, and I hope that I have demonstrated to her that the Government match her determination and ambition in delivering more and better homes in Stoke-on-Trent. This demonstration has been matched by significant and, indeed, unprecedented investment in housing and regeneration by this Government for her area. In difficult economic times, this investment will continue to provide real help now for people and businesses in Stoke, and to ensure that the city has the housing stock that she knows that it wants and deserves. I look forward to visiting her constituency soon, to see for myself the plans that she has for Stoke-on-Trent. Again, I thank her for the opportunity to debate this important issue, and I look forward to seeing her soon.

Question put and agreed to.

10.20 pm

House adjourned.

House of Commons

Thursday 7 May 2009

The House met at half-past Ten o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

BUSINESS, ENTERPRISE AND REGULATORY REFORM

The Minister of State was asked—

Post Office

2. **Mr. Alan Reid** (Argyll and Bute) (LD): What plans he has for the future viability of the Post Office network. [273161]

The Minister for Employment Relations and Postal Affairs (Mr. Pat McFadden): The Government will continue to support the post office network financially with a subsidy worth £150 million per year until 2011 and, building on the recent allocation of the contract for the Post Office card account, we will continue to work with Post Office Ltd to support new areas of work and new business opportunities for the post office network.

Mr. Reid: I thank the Minister for that answer, but with the banking system in great difficulties and discredited in the eyes of the public, the Post bank proposals give the Government an ideal opportunity to provide local and trusted access to the banking system. The banks have long been closing branches in rural communities, but the Post Office's extensive network has the potential to put local banking back at the heart of our communities and give our post offices a secure future. Will the Government commit to setting up a Post bank?

Mr. McFadden: I agree that banking and financial services are an important part of the Post Office's work, and it is already the leading supplier of foreign exchange services to the public. It also provides savings products and insurances, and millions of bank accounts held with high street banks are also available through post offices. It makes sense for Post Office Ltd to build on those services, and I know that both the company and sub-postmasters are very keen to expand their services in the banking and financial services area.

Mr. Dennis Skinner (Bolsover) (Lab): Does the Minister agree that Post Office and Royal Mail are inevitably linked? Can he comment on the suggestion that the Network Rail system should be used to get over the problem of selling off certain parts of Royal Mail? Will he ensure that there are other ways of developing that idea and that they are discussed later on, including at the national executive committee meeting in a fortnight's time?

Mr. McFadden: I very much agree with my hon. Friend that Post Office Ltd and Royal Mail are linked. There is an inter-business agreement between the two and that will continue under the Government's plans in the Postal Services Bill. As to the issue he raises about Network Rail, the Government do not legislate with a closed mind, as I have said several times this week. However, some of the plans put to us do not meet the test of transforming Royal Mail, and we need a future for that organisation that does not just attract new capital, but provides a convincing plan for transformation. That is what we have set out in the Postal Services Bill.

Mr. Jonathan Djanogly (Huntingdon) (Con): Having slashed the post office network by 2,500 branches, the Minister and Lord Mandelson now say soothingly that they have no intention of supporting further closures. But why should we believe the Government on this, any more than in relation to any of their other phoney economic forecasts?

Mr. McFadden: Unlike the Conservatives, we have supported the post office network financially. As I said, we give a subsidy of £150 million a year to the Post Office that helps to sustain many thousands of branches that might otherwise be under threat. With the Conservatives' new-found enthusiasm for cutting public expenditure, I wonder whether they could guarantee a subsidy of that size. They certainly have not said so, and people would have good reason to doubt whether that would be the case.

Kerry McCarthy (Bristol, East) (Lab): As chair of the all-party group on credit unions, I know that the credit union movement is very keen to be involved in a Post bank if such proposals are on the table. However, various separate discussions seem to be taking place—the Communication Workers Union has a plan, as does the National Federation of SubPostmasters. Can the Minister assure me that he will do what he can to bring together all interested parties so that we do not have several different proposals?

Mr. McFadden: My hon. Friend makes a good point. As she will remember, we have met to talk about credit unions offering services through post offices. Following that meeting, I spoke to the managing director of Post Office Ltd and I understand that discussions are taking place between the company and the Association of British Credit Unions.

John Thurso (Caithness, Sutherland and Easter Ross) (LD): The legislation passing through the other place offers a once in a generation opportunity to give the Post Office a viable future, quite apart from the proposals for Royal Mail. May I again urge the Minister to seize the opportunity when the legislation comes to this House to secure the future of the Post Office by giving it its own board and proper resources so that it can develop a strategy on a Post bank, instead of leaving it as the poor relation of Royal Mail, withering on inadequate subsidies?

Mr. McFadden: Given the hon. Gentleman's question, I think that he will agree that there is much in the Bill that the Post Office can be enthusiastic about. It will have its own board, which will give it an increased standing. With the Post Office card account contract awarded by the Government just a few months ago, as well as a new contract between the Department for Transport and Post Office Ltd on the renewal of driving licences, there is reason to look forward to greater stability in the network. There is a great deal for the Post Office in the Government's plans to reform postal services.

Mr. Lindsay Hoyle (Chorley) (Lab): As a member of the Select Committee on Business and Enterprise, which has been challenged to come forward with a report on the future of the Post Office, I know that we all want it to have a sustainable and viable future that ensures that the network remains in its entirety. We should establish the community bank by using Northern Rock, which has branches throughout the country, in rural and urban areas. That community bank would then pose a real challenge to the high street banks. As he is well aware, the Post Office does not have a banking licence and to set up a bank would cost millions, but the Government already own a bank that my right hon. Friend could use, so will he consider that as a good vehicle for the way forward?

Mr. McFadden: I am happy to work with the Select Committee on its inquiry into the future of the post office network, and I have already met the Committee to discuss that. Of course we want to see the Post Office build on its provision of banking services, but in any discussion of the expansion of those services we must remember the existing agreements with the Bank of Ireland. However it is done, I am sure that banking services will be a major consideration for the future of the post office network.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): Will the Minister take forward the Post bank proposal with more urgency? It is not just about giving the Post Office a new breath of life, but about restoring confidence for individual small savers in a basic simple banking system, where they put in deposits and small loans are made out. The Post bank could restore confidence after the banking crisis.

Mr. McFadden: I assure the House that there is no lack of urgency or energy on the part of the Government about working with the Post Office on securing its future. Only yesterday, I was extolling the Post Office's potential to provide services for the new identity cards, but, sadly, if the Liberal Democrats were in power that opportunity would not be available to Post Office Ltd.

WTO Negotiations (Doha Round)

3. **Tony Baldry** (Banbury) (Con): What steps the Government have taken to seek a successful outcome to the Doha round of World Trade Organisation negotiations. [273162]

The Minister for Trade, Development and Consumer Affairs (Mr. Gareth Thomas): At the London Summit we secured renewed commitment from G20 leaders to concluding the round. Indeed, business groups from around the world, and in particular developing country Ministers continue to welcome the Government's strong support for a successful conclusion to the round as early as is possible.

Tony Baldry: No, the Minister did not secure that commitment. The G20 communiqué says that the G20 is

"committed to building on the progress already made".

That language is even more flaccid than that used by the G20 in its communiqué on the Washington G20 meeting last November. We are moving backwards. Given that everyone reckons that if we could have a successful conclusion to the Doha development round it would be worth about $150 billion to the global economy each year, what are the UK Government doing to help kick-start the Doha development round and to reach a conclusion rather than going backwards?

Mr. Thomas: I have a lot of respect for the hon. Gentleman, not least because of his stint as Chair of the Select Committee on International Development, but with all due respect to him I think that his analysis of the situation is wrong. There has been a commitment to build on the progress that we made in July last year, when Pascal Lamy said that we were some 75 per cent. of the way towards a deal. We have begun the process of engaging with the Obama Administration. Indeed, the G20 summit was the first opportunity to do that. We are obviously waiting to see the outcome of the Indian elections, because India is also a key partner in making progress towards securing agreement on the rest of the round. I agree with the hon. Gentleman that we need to see progress in that round. There are huge potential benefits if we can reach agreement, and that is why the Government remain a strong supporter of completing the round and making progress as soon as we can.

Ms Patricia Hewitt (Leicester, West) (Lab): I welcome my hon. Friend's reference to the Indian elections. Will he ensure that as soon as the elections are concluded and a new Indian Government are in place, the British Government will do everything possible to work with that Government, both to remove the remaining obstacles to the Doha round and to ensure a successful agreement on the proposed India-European Union trade agreement?

Mr. Thomas: My right hon. Friend is absolutely right to re-emphasise India's importance to the Doha round. From her own contacts with this issue in the past, she will be aware of the huge importance that British business attaches to engaging successfully with India through the EU-India free trade agreement. We will, of course, have further discussions with the Indian Government once the elections have been concluded. Indeed, we look forward to a series of discussions with other member states, through international gatherings such as the forthcoming round of G8 meetings.

Peter Luff (Mid-Worcestershire) (Con): It is, of course, a cause of great disappointment that the Doha round is making such slow progress, but we need to recognise that simply joining the WTO and following its rules can have a dramatic impact on individual countries. I am thinking in particular of Saudi Arabia, from where my

Committee has just returned. That impact is not always lost on British business, which is doing very well in Saudi Arabia, but the challenge is to find the resources in UK Trade and Investment to support that effort. We are concerned about that, so will the Minister look at UKTI's resources in countries such as Saudi Arabia, which are opening their markets rapidly through WTO membership?

Mr. Thomas: I welcome the hon. Gentleman's support for encouraging countries that are not WTO members to join the organisation, and I also welcome his strong support for UKTI's work. I hope that the Opposition Front-Bench team continues to listen to him: he may not have noticed it, but further support for UKTI was announced in the Budget, and he might want to encourage his party to endorse that part of the Budget as well.

Mr. Andy Reed (Loughborough) (Lab/Co-op): I am sure that my hon. Friend will agree that progress has been tremendously slow, but that is understandable given that we are trying to get several largely competing vested interests to work in the same direction. He mentioned the Obama Administration, but can he tell us what progress is being made on cotton, for example? The previous US Administration resisted making concessions on that, so might not a change in Administration make a significant difference for some of the poorest countries in the world?

Mr. Thomas: My hon. Friend is right to underline the importance of securing movement from the US on cotton subsidies. Cotton represents a huge potential opportunity for Mali, Burkina Fasso and some of the other poorest developing countries in the world to sell goods into markets in the rich developed countries such as the US and the EU. We need the Obama Administration to move on the issue, and we therefore welcome President Obama's support for the strong language agreed in the text of the G20 communiqué. We also welcome the further positive noises that his trade representative, Ron Kirk, has been making in recent days.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): The question from my hon. Friend the Member for Banbury (Tony Baldry) got to the heart of the matter. A successful conclusion of the Doha round of WTO talks would increase world trade by $150 billion, and the new US trade representative, Ron Kirk, has made the positive comment that we should

"embrace this once-in-a-generation opportunity to forge a strong framework for the future of global trade."

Even so, creeping protectionism is returning to Europe in respect of cars, milk subsidies, steel wire and candles. What positive action can the British Government take to support our American friends and the Obama Administration, and what can they do to take a lead in Europe against that creeping protectionism?

Mr. Thomas: The Government are concerned about the possibility of the creeping protectionism that the hon. Gentleman described, which is one reason why we sought to use the G20 summit to secure agreement that the WTO would monitor what is happening in respect of possible protectionist measures. It will publish quarterly reports on the matter, and so hold a spotlight on what countries are doing.

I am sure that the hon. Gentleman and the whole House will welcome the fact that there has not been a wholesale uptake of new protectionist measures. Indeed, there has been a reduction in some of those measures, most notably in Indonesia and Argentina recently. Most significantly of all, however, the Obama Administration drew back from endorsing a very crude "Buy America" approach to Government procurement, and we warmly welcome that.

Finally, it is a little difficult to take lectures from the Opposition about working with colleagues in Europe, when they seem to have so few friends there—something that I am sure that the right hon. and learned Member for Rushcliffe (Mr. Clarke), who leads for the Opposition on these matters, will acknowledge.

Business Link

4. **Mr. David Kidney** (Stafford) (Lab): What assessment he has made of the performance of Business Link in providing support to businesses in the last 12 months. [273163]

The Parliamentary Under-Secretary of State for Business, Enterprise and Regulatory Reform (Ian Pearson): Business Link is in the front line, providing real help to business. In the past 12 months, nearly 1 million businesses have used the service, with more than 73,000 receiving intensive support. The latest customer survey shows a 90 per cent. satisfaction level with the service.

Mr. Kidney: I am grateful to my hon. Friend. Business Link has certainly been active, and I have received more positive comments than negative comments about the range and quality of its services. However, one thing that concerns some people is the remoteness of the service since the model changed from a local presence to call centre. Could we not overcome that problem by introducing closer working partnerships between Business Link and business representatives, such as chambers of commerce, the CBI and the Federation of Small Businesses, and delivering more services through such representative bodies?

Ian Pearson: As my hon. Friend is aware, Business Link is delivered through several different partners, and in the different regions some close working relationships already exist between Business Link and chambers of commerce, in particular. It is important that Business Link is promoted through those chambers. He makes a valid point, however, and the Government are keen to ensure that Business Link gets people out on the ground, visiting companies, attending meetings and promoting its services. That is part of the business strategy of every Business Link service in every region.

Miss Anne McIntosh (Vale of York) (Con): I could not agree more with the hon. Member for Stafford (Mr. Kidney), because the regionalisation programme, with which the Government persist makes bodies such as Business Link even more remote. We had a perfectly good local model in north Yorkshire, but now it has gone to west Yorkshire. MPs have a role to play, but what is the Minister and his Department doing to promote access to Business Link by small and medium-sized companies at a time of credit crisis?

Ian Pearson: Whenever there is change, there will inevitably be some noise, but, overall, the changes to the Business Link network have led to greater operational efficiencies and the delivery of a better service to business customers. As I said, the latest customer survey shows a 90 per cent. satisfaction rate, and that is something to be welcomed. It is vital, however, that Business Link continues to engage with the small and medium-sized enterprises to which the hon. Lady refers. It does so through a variety of mechanisms, and I find that, these days, SMEs are well aware of Business Link. Its brand recognition is high and SMEs understand how they can access its services via the Business Link website. Again, however, it is a part of every Business Link service to adopt marketing strategies that promote its services to small and medium-sized companies, and to use intermediaries, such as chambers of commerce.

Trade Credit Insurance Scheme

5. **Lindsay Roy** (Glenrothes) (Lab): What eligibility criteria will apply to assistance under his Department's trade credit insurance scheme; and if he will make a statement. [273164]

The Parliamentary Under-Secretary of State for Business, Enterprise and Regulatory Reform (Ian Pearson): In the Budget, the Chancellor announced a £5 billion trade credit insurance scheme to support businesses that have suffered reductions in their level of cover. From 1 May until 31 December this year, businesses of all sizes and in all sectors will be able to purchase six months of "top-up" insurance from the Government if credit limits on their customers are reduced by their insurance provider. The level of cover held under a whole turnover trade credit insurance policy must be in place for at least 30 days before it is reduced, but that criterion has been backdated to 1 April.

To be eligible, the trade concerned needs to take place within the UK, with payment terms of no more than 120 days. Further details of the scheme are on the Business Link website.

Lindsay Roy: I congratulate the Minister on taking that initiative, which has been warmly appreciated by several businesses in my constituency. However, will my hon. Friend clarify whether the scheme applies only to the UK? If so, are there plans to extend it to overseas suppliers and customers?

Ian Pearson: I can confirm to my hon. Friend that the scheme applies only to the United Kingdom, but he will be aware that we are considering a proposal for confirming letters of credit, and we intend the Export Credits Guarantee Department to operate it. The ECGD will consult on the proposal shortly. The plight of UK exporters must be addressed, and that is why we are considering that proposal along with other measures that might be implemented to help our exporters. However, I should point out that we have a very competitive exchange rate, some very efficient UK businesses and some opportunities to take advantage of.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): Back in mid-November, I questioned the Prime Minister about the need for this kind of scheme. He gave me a typically long, convoluted and laborious answer, implying that the issue was already being addressed. Imagine my surprise when I discovered that the scheme came in only last Friday; five and a half months have been lost.

Ian Pearson: I would like to think that the hon. Gentleman would welcome the trade credit insurance scheme, which has been welcomed by a wide variety of business organisations. It will now provide support that, as I said, will be backdated to 1 April. We believe that it will help companies on the margin whose cover has been reduced. It will help businesses, and I would like to think that the hon. Gentleman's party will welcome that part of the Budget.

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): I welcome and acknowledge the help that the scheme is giving UK businesses. However, I want to reinforce the message that has come from other Members about the difficulties faced by exporters. Although I welcome the Government's consultation, may I urge the Minister to carry it out quickly and act as soon as possible, before some companies go to the wall?

Ian Pearson: My hon. Friend comes from the same neck of the woods as I do, and I am very aware of businesses in the black country that are exporting and have found life difficult because of tightening credit conditions. I am keen that we should move on with the proposal on confirmation of letters of credit—consult on it and get it implemented as quickly as possible. The business community has asked for the scheme and it will be of benefit. Obviously, however, there will be a consultation and we want to hear the responses to it.

Miss Julie Kirkbride (Bromsgrove) (Con): As a fellow west midlands MP, the Minister will be only too well aware of the importance of Jaguar Land Rover to the west midlands economy. The company employs more than 14,000 people directly and many more indirectly, and it anchors the automotive engineering business in the region. The Minister must therefore understand the huge concern about yesterday's BBC reports that talks between the Government and Tata, the owner of Jaguar Land Rover, are breaking down. I would be grateful for any update from the Minister that I might relay to my constituents who work at the company.

Ian Pearson: As the hon. Lady will be aware, Tata has denied those reports. Discussions are ongoing. The Government regard JLR as a viable company with good long-term prospects. We want to see the company through difficult trading times and to provide it and its employees with stability. That is why we have been having confidential discussions with JLR and its parent company about both the short-term and long-term financing in its business plans. Those negotiations are ongoing.

It is important that those discussions should be handled professionally and face to face, rather than through the media; handling them through the media is not helpful to the company. We have not yet had any response to the proposal that we put to JLR last Friday, but obviously we would welcome one and we continue to have discussions with the company.

Mr. David Drew (Stroud) (Lab/Co-op): One of the problems is how few trade credit insurance firms there are. We all have examples of how difficult it is for a company that has lost its trade credit insurance to find another trade credit insurance firm to take it on. Given all the current problems, will the Minister give me an assurance that there will be an investigation into the structure of the industry to make sure that there is enough variety of providers and that businesses can get insurance so that they can trade properly?

Ian Pearson: As my hon. Friend is aware, the trade credit insurance market is dominated by three firms—Euler Hermes, Goface and Atradius. The ECGD used to provide short-term credit insurance, but it has not done so for a number of years since it privatised that operation out to Atradius. He is right to point out that many companies rely on trade credit insurance. Our figures suggest that about 14,000 out of 250,000 companies have trade credit insurance, so it is a significant market, and we need to keep under review whether it is functioning efficiently. We have to consider whether there is more that we can be doing sensibly, as a Government, to help our businesses through these difficult times. What we have here is a Government who are actively looking at providing support—real help to business now rather than a party that wants to do nothing.

Small Business (Payments)

6. **Andrew Selous** (South-West Bedfordshire) (Con): What steps he is taking to ensure that small businesses are paid promptly. [273165]

The Parliamentary Under-Secretary of State for Business, Enterprise and Regulatory Reform (Ian Pearson): The Government are committed to paying invoices within 10 days. We have supported the Institute of Credit Management's prompt payment code in partnership with all the leading business representative organisations, and we have launched a series of managing cash flow guides to help small businesses.

Andrew Selous: People running small businesses in my constituency tell me that it is not uncommon for larger companies to decide to pay invoices 60 days after they have processed them. Would the Government be prepared to name and shame companies, or indeed public bodies, that take so long? I am sure that he is well aware that cash flow is vital to small businesses, and failure to act in this area could lead them to fail, thus cruelly adding to the level of unemployment.

Ian Pearson: As a Government we closely monitor the situation, and we are aware of examples where companies are extending payment terms. Clearly, we want to see prompt payment, and we have been leading the way. It is important that we continue to discuss with the industry what measures might be most effective. The hon. Gentleman suggests one proposal. When we talk to industry, people emphasise the importance of maintaining effective working relationships between customers and suppliers, and that needs to be taken into consideration. He will be aware of our late payment legislation, which is available to be used by small companies if they find that large companies are extending their payment terms or not paying on time.

Mr. Ken Purchase (Wolverhampton, North-East) (Lab/Co-op): The Minister will recall that our Government introduced a scheme whereby small firms could charge interest on late invoices. It has not worked, nor did many people think it would. Does he agree that the most important part of the whole issue is that companies need to know how long it will be before their invoice is paid? Could we not have a scheme whereby the average number of days that companies, particularly large ones, take to pay was writ large and audited in any contract that was entered into so that people could plan properly and knew exactly how long the company they were dealing with took to pay?

Ian Pearson: We have engaged an external research company to monitor payment performance, and the latest data suggest that the average payment beyond agreed terms has extended by three days, or 15 per cent., in the past year. That does not help, because companies need their money. By March 2009, nine out of 10 invoices were being paid within 10 days by central Government Departments. We are making progress as a Government, and we want to encourage more companies to sign up to the prompt payment code. However, my hon. Friend makes an interesting suggestion, and I will go away and reflect on it.

Sir Nicholas Winterton (Macclesfield) (Con): I am sure that the Minister agrees that smaller businesses are the heartbeat of this nation. They can respond quickly and, very often, inexpensively. Sadly, however, as the hon. Member for Wolverhampton, North-East (Mr. Purchase) implied, large business still uses small business as a means of cash flow. Is there no way in which smaller businesses could, because of legislation passed by this House, automatically place an additional cost on businesses that delay paying beyond 30 days? A final small point—how often does the Minister monitor the payment records of national Government and local government, who are both very big purchasers of services?

Ian Pearson: We closely monitor Government payment, which is why I was able to say that in March central Government Departments were paying nine out of 10 invoices within 10 days. There are figures broken down by Department.

On the hon. Gentleman's wider point, late payment legislation is in place. Often, companies do not use it, because they are concerned that they will damage their working relationship with their customer. Big companies do not always exploit smaller companies in their supply chain. I can point to a number of examples of big companies paying earlier than they normally would because of concerns about the viability of their supply chain. One key thing to recognise is that in many industrial sectors there is an integrated supply chain, and it is in everybody's interests to have payment certainty. Of course there are some examples of that not happening, and they have been highlighted to a number of hon. Members. We need to consider what more we can do to encourage that payment certainty.

Danny Alexander (Inverness, Nairn, Badenoch and Strathspey) (LD): When I met representatives of the Federation of Small Businesses in Grantown-on-Spey on Sunday, they said that this is the biggest problem that they face, and that some companies are taking

90 days to pay their bills. Will the Minister ensure not only that Government Departments pay their bills on time but that any big company that has a relationship with central Government is forced to pay its bills quickly to smaller firms or lose its central Government contract?

Ian Pearson: The Government are doing all they can to ensure that invoices are paid on time by central Government Departments, and similarly we have been encouraging local government to pay promptly, because it is a big purchaser. We have supported the prompt payment code, and we want more companies to sign up to it. As the hon. Gentleman rightly says, there are some examples of companies stringing out payments to their creditors. That is not necessarily unusual, and it prompted the late payment legislation that was introduced a number of years ago. It is important to highlight these problems where they occur. I am not sure that further Government legislation would be of practical assistance, but we need to ensure that more companies recognise their responsibilities to their suppliers and pay them on time, helping them to remain viable.

Ms Dari Taylor (Stockton, South) (Lab): In October 2008, the Department for Business, Enterprise and Regulatory Reform made the statement that the Government would build on their commitment to pay firms within 10 working days. The Civil Engineering Contractors Association has surveyed local authorities, and it appears that many, if not the majority, are most certainly not paying within 10 days. What discussions has the Minister had with local authorities? If he has had none, will he take on that responsibility? It is essential for small companies that local authorities pay within 10 days—they have the money.

Ian Pearson: My understanding is that the Department for Communities and Local Government leads on ensuring that more local authorities pay on time within 10 days. I believe that this time last year one in 20 local authorities were paying within 10 days, and that now about a third are doing so. There is clearly room for improvement, and we have wanted to encourage local government to ensure that it pays as promptly as it can to support local and regional companies that supply goods and services to it.

Mr. Mark Prisk (Hertford and Stortford) (Con): Further to the question asked by the hon. Member for Stockton, South (Ms Taylor), prompt payment is crucial for small firms, whether from national or local government. According to independent assessors, Conservative councils have the best record on paying promptly. Why does the Minister think Labour and other councils are failing to meet that standard? Is it intentional or just incompetence?

Ian Pearson: I do not agree that there is any party political difference about prompt payment. As a Government, we are walking the walk and making stringent efforts to ensure that we pay invoices on time. We want that to occur in the wider public sector, in not only local government, but the NHS and other areas. We will continue to do all that we can to ensure that those who contract with the Government get their payments on time, within 10 days.

Topical Questions

T1. [273179] **Mr. Andrew Turner** (Isle of Wight) (Con): If he will make a statement on his departmental responsibilities.

The Minister for Employment Relations and Postal Affairs (Mr. Pat McFadden): Our Department is focused totally on working with businesses, and, of course, their employees, through the difficult economic times, as well as—importantly—working with businesses and their employees to prepare for the upturn, when it comes.

Mr. Turner: Recently, Halifax Bank of Scotland prevented a friendly takeover bid for Network Data Ltd, which could have safeguarded jobs at 500 mortgage brokers throughout the UK, including at KISS Financial Services on the Isle of Wight. The taxpayer largely owns HBOS and saving jobs should be a priority. Why did not the bank facilitate the friendly takeover rather than hoarding taxpayers' money and putting jobs at risk?

The Minister for Trade, Development and Consumer Affairs (Mr. Gareth Thomas): The hon. Gentleman raises a specific case, which I am happy to consider and then write to him. However, as the Chancellor of the Exchequer, the Prime Minister and other Ministers have made clear, we expect players in the financial services community, who have received Government help, to continue to operate commercially, as they have done normally in the private sector. We do not, therefore, interfere in individual commercial decisions. The Government are taking a series of measures to help workers, support businesses and protect home owners. Indeed, one of the great differences between our party and the hon. Gentleman's is that we offer "Real help now", while the Conservative party continues to seek to do nothing—indeed, it tries to worsen matters by advocating cuts in public spending.

T2. [273180] **Tony Lloyd** (Manchester, Central) (Lab): My hon. Friends on the Treasury Bench know that, when the Sunday trading laws were passed, it was decided to protect Easter Sunday, when stores would not open. Part of the reason for that was to protect staff working in those stores so that, at least on that day and Christmas day, they would not be forced to work. B&Q closes its stores on Easter Sunday, but insists on staff working, thus breaking not the letter, but the spirit of the law. Will my right hon. Friend look into the matter?

The Minister for Employment Relations and Postal Affairs (Mr. Pat McFadden): We have no plans to change the Sunday trading laws, but I am happy to discuss my hon. Friend's point about stores being open and people working. However, we do not plan to change the Sunday trading laws.

Mr. Kenneth Clarke (Rushcliffe) (Con): The Minister will have noticed that the Leader of the Opposition and I reconfirmed our support for the principle of part-privatisation of Royal Mail and committed ourselves to continuing the supportive and constructive role that our colleagues in the House of Lords played when they considered the Postal Services Bill. Has he noticed that

he has not had the same ringing support from the Prime Minister? Does he believe that it is currently impossible to get any certain position from Downing street? Does that trouble him?

Mr. McFadden: The Prime Minister fully supports and is committed to our plans for Royal Mail. That is clear. We will take the plans forward and not implement the policy, which I think the right hon. and learned Gentleman espoused on the radio the other day, to privatise Royal Mail. We will keep Royal Mail in the public sector, but transform it for the future.

Mr. Clarke: When the Bill arrives, we will have a chance to examine the curious use of the English language, which enables the Minister to keep protesting that he is retaining Royal Mail in public ownership when, as we know, we are considering part-privatisation. I shall repeat my question. The Minister says that the Prime Minister still supports the policy, yet we read daily in briefings that Downing street is considering whether to go on with the Bill and press the policy. Can the Minister get the Prime Minister to say publicly what, as he has just said, he innocently believes to be the Prime Minister's settled position?

Mr. McFadden: The Prime Minister has said publicly on a number of occasions that he fully backs the policy that we have espoused. It is fair to point out that No. 10 was very quick to say that it was not considering some of the ideas that were floating about in the papers earlier this week.

Andrew Miller (Ellesmere Port and Neston) (Lab): Every Member who supports manufacturing industry will support the statements on the vehicle industry that the Prime Minister made yesterday in response to my hon. Friend the Member for Luton, North (Kelvin Hopkins), which can be found in column 169. The publication of the details of the scrappage scheme is imminent, and other changes are being introduced, so will the Minister assure the House that the Government will keep on the pressure and maximise the support for these successful industries, which deserve the support of the whole House?

Ian Pearson: I welcome what my hon. Friend says. The scrappage scheme will be operational on 18 May. It will provide further support on the demand side to encourage people to buy new automobiles—the industry has welcomed that—and will build on the £2.3 billion automotive assistance package that we announced some months ago. The car industry in the UK is of strategic importance to the UK economy, and he will know the importance of the facility at Ellesmere Port, in his constituency, to the region too. We want to do all that we sensibly can to ensure that discussions continue about the future of General Motors Europe, and we are working closely with the German Administration on these issues. We want to continue to ensure that we deliver for the automotive industry the packages of measures that we have announced.

T3. [273181] **Andrew Selous** (South-West Bedfordshire) (Con): Many of my constituents work at the IBC van factory in Luton, which makes the outstandingly successful Vivaro van, or at Vauxhall's headquarters in Luton. They are understandably concerned for the future of their jobs, given the merger talks that are being discussed. Given the Government's support for the LDV factory earlier in the week, what assurances can the Minister give that the Government will do everything in their power to ensure the continuation of the plant and the headquarters?

Ian Pearson: I can assure the hon. Gentleman that the Government will do everything we can to support the restructuring of GM Europe as a viable business for the future. Through the Luton van plant, through the facility at Ellesmere Port and through the Millbrook testing ground, GM is important to the UK economy. I must point out that Vauxhall is important to Opel and GM Europe too, as it accounts for about 25 per cent. of the company's sales. There is no doubt in my mind that we need to continue the discussions that we are having with GM at a variety of levels and with the German Government, who have been approached for funding too. I assure him that those discussions are continuing.

Mr. Jim Devine (Livingston) (Lab): It will soon be three years since the collapse of Farepak, the Christmas hamper company, yet its directors still have not been brought to account. They were due to be in the civil courts earlier this year, but that did not happen. In recognition of how Farepak's collapse destroyed the Christmases of tens of thousands of decent, hard-working families throughout the United Kingdom, will the Minister facilitate a meeting between the liquidators and MPs from all parts of the House who have concerns about this collapse?

Mr. Thomas: My hon. Friend will know from previous conversations that he and I have had, as well as from exchanges on the Floor of the House, that the Government recognise the considerable anger of many of those who suffered as a result of the collapse of Farepak and the concern that has been articulated to Members of Parliament. I recognise, too, the strong campaigning work that he and a number of my hon. Friends have done on the issue. He will recognise that there are some things that I cannot say on the Floor of the House. He has asked me a specific question. I will reflect on the answer and come back to him.

T4. [273182] **Mr. Greg Hands** (Hammersmith and Fulham) (Con): The economy is contracting at the fastest rate in 30 years, yet the Government say that in 2011 the economy will grow at the same accelerated rate as they say it is currently contracting. Does the Minister really believe that British business can rely on the Government's growth figures, either now or going forward?

Ian Pearson: We published our growth forecasts in Budget '09 and we stand by them. As with any forecasts, they are built on the best available evidence at the time. We believe that growth will start to return to the UK economy around the end of this year. I am sure that everybody will welcome that. As for the growth forecasts to 2011 and beyond, it is important to recognise that there is potential capacity in the UK economy as we move out of recession. Through the measures that we have introduced as a Government, such as the fiscal stimulus and the strategic investment fund, which is supporting industry directly, and our competitive exchange

rate in the UK. I believe that there are strong opportunities for the UK to power out of the recession and achieve the growth rates that the hon. Gentleman talked about and that are in the Government's forecasts.

T5. [271183] **Mr. Alistair Carmichael** (Orkney and Shetland) (LD): The Minister will have seen the reported comments of his ministerial colleague Lord Carter last month. He estimates that between 25 and 30 per cent. of the country will not be able to get next generation broadband if it is left to a purely economic case. I have a sneaking suspicion that if those figures are right, the communities in Orkney and Shetland will be in that 25 to 30 per cent. What actions does the Minister propose taking to ensure that we are not left playing catch-up yet again?

Mr. Thomas: I hope that the hon. Gentleman will commend the work that Lord Carter and my right hon. Friend the Secretary of State have been doing in looking at the issues in "Digital Britain". The first piece of work looking at the issues has been published, but further work will be done. The hon. Gentleman's comments about the needs of his constituency, given its remoteness, will of course be taken on board as part of that.

Richard Burden (Birmingham, Northfield) (Lab): Although I strongly agree with what my hon. Friend said earlier about the importance of not trying to conduct detailed negotiations with Jaguar Land Rover through the media, will he reflect on some of the principles involved? The first is that if large amounts of taxpayers' money is to be devoted to reducing the risks for other investors or giving them guarantees, it is reasonable to have mechanisms for monitoring the risk to that taxpayers' money. However, the objective should be to enable that investment to go ahead, rather than getting in the way of it.

Ian Pearson: We want the talks with Jaguar Land Rover to be brought to a successful conclusion to ensure that the company's short and medium-term financing needs are met. The company has said that it is unaware of any breakdown in talks, stating:

"This has not come from anyone and it is as much as a surprise to us as it is to you. We have always said the talks would be difficult, but they are ongoing."

The talks certainly are ongoing. My hon. Friend is right to point out that we are talking about investing taxpayers' money, whether that be through the guarantee to the European Investment Bank or other funding. It is right that we ensure the due diligence that one would expect to ensure value for money for the taxpayer.

ELECTORAL COMMISSION COMMITTEE

The hon. Member for Gosport, representing the Speaker's Committee on the Electoral Commission, was asked—

Polling Day

1. **Mr. Peter Bone** (Wellingborough) (Con): What guidance the Electoral Commission has issued to returning officers on steps to be taken in circumstances where the date of a polling day is changed after it has been announced. [271149]

Sir Peter Viggers (Gosport): The Electoral Commission informs me that it has not issued such guidance to returning officers. Any change to the date of a polling day would require legislation.

Mr. Bone: I thank my hon. Friend for that response, but does he share my concern about what would happen if the swine flu pandemic were to escalate and hundreds of thousands of people were to be ill on 4 June? How could the elections possibly continue in such circumstances?

Sir Peter Viggers: My hon. Friend is on to a potentially important point. The commission advises me that it is in regular contact with the Ministry of Justice on this issue and will keep the situation under review. The commission will consider issuing guidance, possibly in conjunction with the Ministry of Justice, if and when appropriate. Moreover, the commission has issued general guidance to returning officers that emphasises the importance of ensuring that they have general mechanisms in place to identify and manage risks and to develop contingency plans for dealing with such situations if they materialise.

CHURCH COMMISSIONERS

The hon. Member for Middlesbrough, representing the Church Commissioners, was asked—

Cathedral Chapters (Human Resources)

2. **Michael Fabricant** (Lichfield) (Con): What advice services are available to cathedral chapters on human resources matters affecting senior employees. [271150]

The Second Church Estates Commissioner (Sir Stuart Bell): The Church Commissioners do not provide any such advice to cathedral chapters; nor do they provide funding specifically for this purpose. It is for each chapter to determine what human resources it requires. The Church welcomes the announcement by the Department for Business, Enterprise and Regulatory Reform in January that employers will get a one-stop shop for guidance on employment legislation. We expect that cathedral chapters, like other employers, will find that helpful.

Michael Fabricant: I am rather disappointed by that answer. It would be helpful to cathedral chapters if advice were available on how to recruit senior members of staff such as chief executives. The hon. Gentleman might be aware that there have recently been problems in a number of cathedrals over the appointment of senior staff and, when those appointments have not worked out, over the subsequent dismissal of those members of staff. Surely the commission could be more proactive in giving advice in that area.

Sir Stuart Bell: I hope that the hon. Gentleman will be encouraged by the fact that the number of dioceses employing human resources advisers is increasing following the passage of the Ecclesiastical Officers (Terms of Service) Measure 2009, which was passed by both Houses of Parliament and given Royal Assent earlier this year. Those advisers may give advice to cathedrals, but it is up to each diocesan board of finance to determine the

area of responsibility covered by its human resources advisers. Unfortunately, the commissioners' remit does not go as far as the hon. Gentleman would wish.

David Taylor (North-West Leicestershire) (Lab/Co-op): On the human resources department's page on the Church of England's website, the first stated objective refers to the

"development of a diverse workforce and a fair and just workplace".

How can we allow a position in which we constantly experience delays in relation to women bishops? We cannot have a fair and just workplace when really talented women who could successfully fill those jobs are being denied the opportunity to do so, and it is certainly not a diverse work force when we have an all-male bishopric.

Sir Stuart Bell: I am grateful to my hon. Friend for keeping the question of women bishops in the public limelight, and certainly in the limelight of the House of Commons. As I have said many times:

"The mills of God grind slowly, but they grind exceeding small;
Though with patience He stands waiting, with exactness grinds He all."

The Synod is making progress on this issue and, while it might be a matter of regret that the House will not be able to vote on the concept of women bishops in this Parliament, I am sure the matter will come before the next Parliament.

Robert Key (Salisbury) (Con): I declare an interest as a lay canon of Salisbury cathedral. Will the hon. Gentleman consider the trailblazing approach adopted by the cathedral, which has 80 full-time employees and 600 volunteers? It employs a fully qualified full-time human resources manager, who also advises Sarum college, the cathedral school and the diocese of Salisbury, which in turn share human resources management across the region with other deans and chapters. This means that, together, they have a completely professional approach to the issues raised by my hon. Friend the Member for Lichfield (Michael Fabricant).

Sir Stuart Bell: As a canon, the hon. Gentleman will know that he is an office holder, not an employee, so he will not be covered by this aspect of the legislation. He has made an important, encouraging point, and I think that that approach is reflected in cathedrals up and down the land. I am sure that the hon. Member for Lichfield will find that his cathedral is also benefiting from the legislation and the announcement by the Department for Business, Enterprise and Regulatory Reform.

ELECTORAL COMMISSION COMMITTEE

The hon. Member for Gosport, representing the Speaker's Committee on the Electoral Commission, was asked—

Electoral Registration

3. **Simon Hughes** (North Southwark and Bermondsey) (LD): What steps the Electoral Commission has taken to increase levels of electoral registration among non-UK EU nationals resident in the UK to enable them to vote in elections for the European Parliament. [273151]

Sir Peter Viggers (Gosport): The Electoral Commission informs me that its public awareness campaign for the June 2009 elections includes online, radio and press advertising targeted specifically at EU nationals, explaining who is eligible to register to vote and how to register.

Simon Hughes: I am grateful to the hon. Gentleman for his answer and for that information, but I hope he will pass on the message that, given that we are only four weeks today from the European Parliament elections, there is not as much publicity as there should be to ensure the maximum turnout that I am sure we all want. Will he pass on the request that serious efforts be made over the next week or so, so that EU citizens—whether foreigners in Britain or Britons abroad—can participate in ensuring that the next European Parliament will be the most representative ever?

Sir Peter Viggers: Indeed, the Electoral Commission seeks to encourage registration. The hon. Gentleman will know that there are two phases: the first is registration for local elections, and the second requires a statement that the individual will not vote elsewhere in the European Union if he or she wishes to vote here. The hon. Gentleman may also be interested to know that the Electoral Commission does not actually have the number of the 961,681 overseas voters from the EU—excluding Cyprus, Malta and Ireland—who are registered for the European elections, but it intends to collect such numbers after the next election. I would like to take this opportunity to point out that the last date for registration for these elections is 19 May.

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): The hon. Gentleman has reminded the House that EU citizens have to fill in a statement sent to them by the electoral registration officer if they wish to vote in this year's European elections. My understanding is that there is a vast disparity in different parts of the country about when those statements were sent out. In some places, they were sent out before Christmas; in others, they were sent out only in the last couple of weeks. Given that vast disparity and in order to ensure fairness across the country, will the hon. Gentleman suggest to the Electoral Commission that it needs a very urgent advertising campaign to ensure that statement forms are returned before the qualifying date so that people are not disfranchised as a result of slow procedures by some local authority registration officers?

Sir Peter Viggers: Electoral registration officers have no specific statutory duty to seek out such citizens for this purpose. However, the commission informs me that it has recently issued guidance to administrators, suggesting that they send a European Parliament registration and declaration form to those citizens registered for local elections.

Mr. Philip Hollobone (Kettering) (Con): What is the Electoral Commission's assessment of the extent to which EU citizens in this country are wrongly registered as British voters?

Sir Peter Viggers: Almost by definition, the Electoral Commission does not possess such numbers, but in view of my hon. Friend's question, I will raise it with the Electoral Commission and write to him with the answer.

CHURCH COMMISSIONERS

The hon. Member for Middlesbrough, representing the Church Commissioners, was asked—

Agricultural Land Holdings

6. **Mr. Nick Gibb** (Bognor Regis and Littlehampton) (Con): What the Church Commissioners' policy is on their agricultural land holdings. [273155]

Sir Stuart Bell: The commissioners aim for the best possible total return from all their assets, not just from the rural portfolio, within an acceptable level of risk and in accordance with their ethical investment policy.

Mr. Gibb: According to the secretary of the Church Commissioners, the primary objective is to make money. To that end, to the shock and horror of the people of Bognor Regis, the commissioners intend to concrete over 300 acres of beautiful and highly productive agricultural land to the west of Pagham and Bersted in my constituency. The commissioners have also attempted to triple the rents of tenant farmers in the area. Given that the Church Commissioners own the third largest holding of agricultural land in the country, is it not time that this land was put in the hands of a body that has the objective of looking after the countryside and encouraging the production of home-grown food rather than leaving the land at the mercy of an organisation that—

Mr. Speaker: Order. We are already running behind time.

Sir Stuart Bell: I am grateful for your protection, Mr. Speaker; that was a statement, not a question. The hon. Gentleman will be aware of the fact that the commissioners have gone to great lengths to meet and talk to him. He met the secretary, for example, and also representatives of our department that deals with agriculture. The commissioners are always happy to meet Members of Parliament and to discuss issues with them, recognising that they have constituency interests, so it is perfectly proper for the hon. Gentleman to raise this matter. I should add, however, that the commissioners have a legal and moral obligation to their beneficiaries. They aim to hold financial and ethical issues together and I, for one, think that they manage that balance rather well, but they are certainly not willing to ignore their fiduciary duty to obtain the best possible long-term return from their assets, even in the face of the occasional protest.

ELECTORAL COMMISSION COMMITTEE

The hon. Member for Gosport, representing the Speaker's Committee on the Electoral Commission, was asked—

Political Parties, Elections and Referendums Act

7. **Mr. Greg Hands** (Hammersmith and Fulham) (Con): What progress the Electoral Commission has made on ensuring that constituency accounting units are complying with the provisions of the Political Parties, Elections and Referendums Act 2000. [273156]

Sir Peter Viggers (Gosport): In addition to its routine analysis, the commission wrote to all accounting units in March 2009, reminding them of their responsibilities regarding the filing of annual statements of accounts under the 2000 Act.

Mr. Hands: I thank my hon. Friend for that answer. Does he share my concern that the Prime Minister's constituency Labour party appears to have submitted no constituency accounts to the Electoral Commission since 2006?

Sir Peter Viggers: That specific point will, of course, be drawn to the Electoral Commission's attention. Generally, the commission will review the statement of accounts submitted at the end of April 2009, and will assess which accounting unit should be contacted to confirm compliance with the reporting requirement for 2008. Its general philosophy has been to allow accounting units to learn how the system works, and gradually to tighten disciplinary procedures. That is the procedure it will follow in the case in question.

Business of the House

11.36 am

Alan Duncan (Rutland and Melton) (Con): Will the Leader of the House give us the forthcoming business?

The Leader of the House of Commons (Ms Harriet Harman): The business for next week is as follows:

MONDAY 11 MAY—Second Reading of the Equality Bill.

TUESDAY 12 MAY—Consideration in Committee of the Finance Bill.

WEDNESDAY 13 MAY—Conclusion of consideration in Committee of the Finance Bill.

THURSDAY 14 MAY—Topical debate, subject to be announced, followed by a general debate on swine flu.

FRIDAY 15 MAY—Private Member's Bills.

The provisional business for the week commencing 18 May will include:

MONDAY 18 MAY—Opposition Day (11th Allotted Day). There will be a debate on an Opposition motion, subject to be announced.

TUESDAY 19 MAY—Remaining stages of the Policing and Crime Bill.

WEDNESDAY 20 MAY—Motion relating to the appointment of the Comptroller and Auditor General, followed by motion relating to national policy statements, followed by motion relating to the Communications (Television Licensing) (Amendment) Regulations 2009.

THURSDAY 21 MAY—Motion on the Whitsun Recess Adjournment.

I should also like to inform the House that the business in Westminster Hall for 21 May will be:

THURSDAY 21 MAY—Debate on the report from the International Development Committee on the World Food Programme and global food security.

Alan Duncan: I thank the Leader of the House for giving us the forthcoming business. We are grateful that in a few moments we will have a further update on the spread of swine flu. I also thank her for acting on my suggestion last week that we should use next Thursday for a full debate on the matter. With some experts warning that the virus could cause the greatest damage next autumn, it is right that the House has an opportunity to discuss all aspects of that serious issue.

May I applaud once again the courage and determination of the parliamentary ombudsman? Yesterday, she published a second, even more damning, report into what she termed the "unremedied injustice" inflicted on the thousands of pensioners who lost their money in the collapse of Equitable Life. It is an extraordinary document that exposes the casual cruelty of a Government who have become so involved with themselves that they have completely lost touch with those whom they are most supposed to serve.

This is the sixth time that I have raised the issue at the Dispatch Box, and the right hon. and learned Lady seems incapable of telling the House how the Government intend to compensate those policyholders who face destitution in their retirement. The ombudsman has demanded compensation, but the Government are insisting on defying her. Many find that dismissive attitude sick and callous. Will the right hon. and learned Lady promise not to shame herself and her Government even further with another fob-off, and instead to grant the House the urgent debate that I and many others Members have sought for so long? Will she also promise to give us a firm and immediate plan for the compensation that justice requires?

When it comes to justice, we should not need a celebrity campaigner to jolt the Government's conscience. We should none the less take the opportunity to congratulate Joanna Lumley, who has worked tirelessly to challenge the Government's shabby treatment of the Gurkhas. Miss Lumley says that she trusts that the Prime Minister will now do the right thing; let me add that the whole country hopes that it can trust the Prime Minister to do the right thing.

There are already fears that the Prime Minister is rowing back from the apparent change of heart that was announced after his meeting with Miss Lumley yesterday. Let us be clear about this. When will we hear the statement that the Prime Minister promised during Prime Minister's questions yesterday, and when will the Government set out how they intend to make good his promises to Miss Lumley?

As well as fair treatment for those who have served their country, there is the fair treatment to which everyone is entitled under our law. One of the great principles that are supposed to govern our claim to be a civilised society is the principle that everyone is innocent until proved guilty, and is properly treated as such. Keeping someone's DNA on record following arrest when no charges are subsequently brought introduces a cloud of permanent suspicion where none is warranted. Will the Leader of the House appreciate that providing a written statement on something so important just will not do, and that the retention of such records should be discussed either in a full debate or following a full oral statement? In the eyes of many, this is another example of the Government's having too little regard for civil liberty and justice.

The news that 77 Chinese children have disappeared from a London care home over the last three years is totally horrific. One can but ask what on earth is going on. How can such a staggering fact be treated so lightly in the centre of government? The Prime Minister said yesterday that the Home Secretary would be investigating, and would report to the House. When will we be given a full statement about what has gone on?

When will we next have a chance to debate health and safety rules? When we do, might we just be given an opportunity to discuss the absurdity of a police constable's refusal to get on a bike because he had not passed his cycling proficiency test? What does the Leader of the House think that Sir Robert Peel would have thought of this PC PC, and might she perhaps speculate on what Lord Tebbit would have to say on the matter?

Will the Leader of the House also take the opportunity to comment on early-day motion 1356, which concerns the pay of House of Commons cleaners?

[That this House recognises the invaluable contribution made by the House of Commons cleaners; notes that hon. Members depend on the vital services provided by these workers to ensure the smooth running of the House; expresses concern and disappointment that the House of Commons cleaners are receiving an hourly wage below the

[Alan Duncan]

London Living Wage and that they have been waiting months for an agreed 45 pence rise in their hourly rate; and calls on KGB Cleaning and Support Services, the cleaners' employers, and the House authorities urgently to resolve this unacceptable situation and give these workers the pay they deserve.]

Does it cause her any concern for the security of this place and, perhaps, the security of our data that the company in question is called KGB Cleaning?

Ms Harman: As the hon. Gentleman acknowledged, he and all other Members will have an opportunity to hear more about swine flu from the Secretary of State for Health when he updates the House in his statement later today. In response to the hon. Gentleman's request, we have also chosen it as the subject for a general debate next week.

We have agreed that following the mistakes made not just by Equitable Life but by the regulatory regime, financial recompense should be paid. Sir John Chadwick is looking into how the scheme can be put into effect.

Mr. Greg Hands (Hammersmith and Fulham) (Con): Get on with it.

Ms Harman: He is getting on with it. He will update Ministers, and Ministers will update the House, very shortly. We are concerned about the fact that people have been affected by the mistakes made not only by Equitable Life but by the regulatory regime—for which the Government have apologised—and action will be taken.

We did take action on the Gurkhas in 1997, but both the public and Parliament want us to do more, and we will. That has been made clear by the Prime Minister, and was also made clear in the statement at the end of the Opposition day debate last week.

The hon. Member for Rutland and Melton (Alan Duncan) raised the question of the consultation on the keeping of DNA records, and asked whether this was not another example of our having too little regard for justice. I would say quite the opposite: this is us having regard for justice. I will give an example; Abdul Azad was arrested for violent disorder and had his DNA taken in February 2005. He was released without charge, but his DNA was kept. Later, there was a rape in Stafford, 25 miles away from where he lived. It was a stranger rape; the woman had no idea who had raped her, but a man's DNA was under her fingernails. Because his DNA had been kept after arrest for violent disorder, Abdul Azad was arrested and put in prison. I say to hon. Members that this is about justice. The point about rape is that it is often a repeat offence; not only is it important for that woman that justice should be done, but it protects other women. The hon. Gentleman puts himself against justice when he argues against keeping DNA on the database.

On the question of the policeman failing to get on his bike, the only thing I can say is that if the Conservative spending cuts were put into effect, there would be fewer police to get on any bikes in the future.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): Will my right hon. and learned Friend look carefully at what is happening on the east coast main line, one of our premier lines? Ever since National Express took over the franchise, it has systematically run down the quality of the line and put up prices. Surely our Government will not bail them out to the tune of £1 billion. Surely we should take the franchise away from National Express and run it as a national concern.

Ms Harman: Perhaps I might suggest that my hon. Friend raises that issue at Transport questions next week.

Mr. David Heath (Somerton and Frome) (LD): I notice that, on 19 May, we have the remaining stages of the Policing and Crime Bill; one single day, yet again, for a major criminal justice Bill. We have repeatedly argued that the Government simply cannot allow Bills to be taken through the House without key parts of criminal justice being discussed. Will she please look at that again?

Perhaps we should have a debate on the wider conduct of the Home Office; the point, quite rightly, has been made about the way in which the Home Office has chosen, effectively, to ignore a court ruling against it on DNA samples. There is an inability to understand what the word "innocent" means; innocent means innocent. It is not a question of an offender or a repeat offence; it is an innocent person. That is the key to the debate that we should have.

Perhaps we could also discuss why figures reveal that the stop-and-search powers under section 44 of the Terrorism Act 2000 were used by the Metropolitan police on an enormous number of occasions; once every three minutes. Can that be justified?

Last week, Lord Laming produced his progress report on the protection of children in England. It is very welcome, but it is simply a review of what has been happening. Can we have a debate on the future of child protection in this country and how we are going to establish proper and long-term measures to improve those areas that are falling lamentably short of what we expect on child protection, so that we can try to avoid the sort of tragedies that have become only too frequent?

Lastly, could we have a debate to help the Government understand and recognise when they owe a debt of honour? I am still very concerned that the Government do not understand the decision of the House last week in respect of the Gurkhas. The Minister for Borders and Immigration said that he respected the will of the House of Commons. Yesterday, the Prime Minister could only say that the Government would listen to the voice of the House. As one of the co-sponsors of the motion that was passed overwhelmingly in this House, I do not know what part of the word "immediately" the Government do not understand, and that is what the motion said.

The ombudsman report, already mentioned, refers to "an inappropriate attempt to act as judge and jury in its own cause."

Do the Government not understand that their squirming on this issue—albeit it partly involves matters outside their own control—does them no credit at all, and that the ombudsman is right?

Finally, let me turn to the issue of the Iraqi interpreters. I was absolutely against the expedition into Iraq, but I respect the fact that there were people in Iraq who were

prepared to help the British forces by acting as interpreters. We now understand that the Government have peremptorily removed the scheme under which they are given protection and assistance to enter this country; that will come to an end on 19 May. That is no way to repay a debt of honour; the Government need to understand that.

Ms Harman: I have made strong efforts to ensure that we do not overload the Report stage of the Policing and Crime Bill with Government amendments, unless they arise in response to points made in Committee. I will, however, look at how much time is needed for the Bill.

On Equitable Life, as I said earlier, Sir John Chadwick has been asked to look into a number of important questions that will need to be considered for the setting up of a scheme. We hope to have an interim update from him very soon and, after he has reported, we will put in place a scheme that is fair to both policyholders and taxpayers. The complexities involved in this issue are exemplified by the fact that it took about four years for the ombudsman to produce her report. For each individual who has been affected, however, it is not a complex issue; they have lost out, and they need financial recompense. We are very concerned about this, and have taken action.

As I am sure the hon. Gentleman would acknowledge, there was no right to settlement for any Gurkhas before 1997, and we acted. We have listened to public opinion and what the House has said, and we will go further, because that is in line with the public view and the will of the House as expressed in our debate last week.

I will look for an opportunity to debate child protection. As a number of issues come together in this important matter, we might need to have a topical debate on it, and one is available next week.

The hon. Gentleman has also raised the issue of the DNA database, and he has said that "innocent means innocent". Well, let me tell him about another case. *[Interruption.]*

Mr. Speaker: Order. The Leader of the House made that case in a previous answer. As the point has been made, I think that we should leave it at that, because I am concerned about the business of the day; our earlier oral questions ran over their allotted time, and I want to be able to call Back Benchers to speak.

Ms Harman: Therefore, I refer the hon. Gentleman to what I said to the shadow Leader of the House.

Mark Fisher (Stoke-on-Trent, Central) (Lab): Does the Leader of the House accept that the views expressed by the hon. Member for Somerton and Frome (Mr. Heath) about the scrutiny of legislation on Report are shared and sympathised with across the whole House? Large chunks of major Bills—such as the Policing and Crime Bill, which the hon. Gentleman mentioned, and the Coroners and Justice Bill—are passing unscrutinised, and they often include Government new clauses and amendments. Is it not time that we returned to having programme motions by cross-party agreement in advance? We are sent here to scrutinise legislation, but if there is insufficient time on Report, it is impossible for us to do that job.

Ms Harman: This year, we have given two days for the Report stage of two Bills. No Bill passes through this House without scrutiny both on the Floor of the House on Report and upstairs in Committee. Therefore, although there might be an argument about the amount of scrutiny, Bills do not pass without scrutiny, and I would not want my hon. Friend to make that point. We have to balance the need for debate and scrutiny on Report with the need for general debates, topical debates that the House asks for, and regular debates, such as on issues involving Select Committees and defence. We are always looking to ensure that we get the balance right.

Mr. Michael Mates (East Hampshire) (Con): Will the Leader of the House please do something about the falling standards of ministerial replies to hon. Members? This morning, I have signed eight letters chasing Ministers. The Treasury is the worst offender—my correspondence with it dates back to January. For letters from hon. Members to go unanswered for that length of time is simply unacceptable. While the Leader of the House is addressing this matter, will she also try to put a stop to another trend, which is that ministerial replies are increasingly being signed not by Ministers, but by officials? That is simply not good enough.

Ms Harman: As I said last week, I think we would all agree that it is all right for letters from Ministers to hon. Members to be dictated by the Minister but signed in their absence. However, I think there is an issue to do with what is being delegated to agencies, and I will look into that. There should be no official answers to Members of this House from departmental staff; if a Member writes to a Minister, the Minister should reply, because that is part of the nature of accountability. I ask the right hon. Gentleman to copy in the Deputy Leader of the House on this issue, and we will then follow up all the answers he has mentioned. This is not only a question of who answers; there must also be prompt answers. It is very important that information is given at the time that it is asked for; that is a basic, bottom-standard performance indicator for Ministers.

Mr. Jim McGovern (Dundee, West) (Lab): May we have a debate about the state of railway stations throughout the UK? I am sure my right hon. and learned Friend would agree that, for many visitors, railway stations form the first and last impression of a location. Unfortunately, however, the railway station in my Dundee constituency is both an eyesore and unwelcoming—unlike the people of Dundee, who love welcoming visitors to the city. Such a debate would at least allow me to determine who exactly is responsible for the railway station, as National Express, Network Rail, First ScotRail, the Scottish Executive and the separatist Scottish National party-led local council keep passing the buck to each other.

Ms Harman: My hon. Friend makes that point forcefully on behalf of his Dundee constituency, and I suggest that he starts exploring the matter by asking an oral question at Transport questions next week.

John Hemming (Birmingham, Yardley) (LD): Under this Government, we have witnessed the gradual decay of parliamentary democracy, with Opposition Members arrested for embarrassing the Government, constituents

[John Hemming]

banned from speaking to MPs, and insufficient time allocated to important Bills such as the Policing and Crime Bill. Will the Leader of the House give Government time for the consideration of how we can get matters reported to the Standards and Privileges Committee? I have written to her previously about this.

Ms Harman: I do not accept the argument that parliamentary democracy has been eroded. It is a matter for this House to ensure that all hon. Members do their job and hold the Government to account, and it is our responsibility to be accountable to this House.

Helen Southworth (Warrington, South) (Lab): Members of this House are extremely concerned about this week's shocking report on children who have gone missing from what should have been a place of safety. Will my right hon. and learned Friend find time for us to have a thorough debate, in order to make sure that we are protecting children who go missing and are exploited—and, indeed, that we are doing everything possible to ensure that they do not go missing in the first place—and protecting children who are being targeted by predatory adults?

Ms Harman: I know that this has been a long-standing concern of my hon. Friend, and that she has campaigned on protecting children in care. I will look for an opportunity to debate a number of such issues, including child trafficking, child protection and missing children; we might be able to have a debate on all those issues together.

Philip Davies (Shipley) (Con): May I request that we use next week's topical debate slot to have a debate on prison sentences? The Magistrates Association recently called for the end-of-custody licence scheme to be withdrawn and for early release from a custodial sentence to be earned rather than automatic. Many of my constituents are sick to the back teeth of people being let out of prison, not because they deserve to be released or are no longer a threat to the public, but simply because there are not enough prison places. May we have a debate on this subject, which is a great concern to many people throughout the country?

Ms Harman: There was a statement on prison places last week. We always take the views of the Magistrates Association very seriously, and I pay tribute to the many thousands of lay magistrates throughout the country. I will ask the Secretary of State for Justice to write to the hon. Gentleman and say what our response is to the Magistrates Association on this issue.

Andrew Mackinlay (Thurrock) (Lab): May we have a debate consequent on the great events of last Monday, when thousands of migrant workers packed Westminster cathedral and then marched to Trafalgar square, as part of their campaign—supported by many Christian organisations—to advance from strangers to citizens? Part of the problem is the chaos at Lunar house, Croydon, and the inability of the Home Office to regularise the status of people who are entitled to become citizens, so that people are left languishing while they wait for their status to be determined. It is time that the Government got on top of the issue to overcome the anxiety, frustration and poverty that accompany this problem. Thousands of people demand justice and a resolution of their status, as reflected in the events on Monday.

Ms Harman: I agree that tens of thousands of people marched in London on Monday, organised by the Churches and many other faith groups. Migrant workers play an important part in the life of this city. I do not accept that there is chaos at Lunar house. My constituency probably has more immigration cases than any other, and I can say that Lunar house is now making determinations much more quickly and fairly than it used to do.

Sir Michael Spicer (West Worcestershire) (Con): When will the Leader of the House publish her decisions on the two pension matters that are currently before her?

Ms Harman: I issued a written ministerial statement on the question of parliamentary pensions. I obviously keep in close touch with the chair of the parliamentary pension scheme and we will shortly bring the matter to the House for decision. We have made it clear that we do not think that there should be an increase in the Exchequer contribution, and we therefore propose an increase in contributions from Members to protect the Exchequer from having to put more money into our pension fund. That proposal will require the view of the House and a statutory instrument, and we will debate it shortly so that it can be backdated to 1 April.

Keith Vaz (Leicester, East) (Lab): Of course I have the greatest respect for my right hon. and learned Friend's views on the legal matters concerning the DNA database and I welcome the Government's decision to remove the names of some innocent people from it. However, that is not an adequate response to the judgment of the court, which found specifically that the Government were acting unlawfully. The database is growing at the rate of 15,000 names a week, and it is now the largest in the world. May we have a statement or a debate on the issue or, at the least, an extra day to discuss it during consideration of the Policing and Crime Bill? An extra day will not add greatly to the burden of the Government, but will provide us with an opportunity to explain why their position is wrong.

Ms Harman: As I understand it, the issue is not included in the Policing and Crime Bill as it is to do with earlier legislation. The court case to which my right hon. Friend refers deals with the question of what is proportionate and what individuals should have to be prepared to tolerate in the interests of justice and protecting future victims. In the case of Kensley Larrier, it was proportionate to keep his DNA on the database after he was arrested for possessing a weapon. The proceedings were discontinued in 2002, but his DNA was kept and, after a rape many years later, it was available and he could be sent to prison. The database provides a major opportunity to bring rapists to justice that previously was not available. All those who argue against the DNA database have to answer to the victims of repeat offences, and we are not prepared to fail to use that tool as a weapon in the fight against rape.

Mr. John Leech (Manchester, Withington) (LD): Later today a *Manchester Evening News* petition, signed by more than 100,000 people and urging the Government to ensure that the Financial Services Compensation Scheme fully compensates the Christie hospital for the £6.5 million loss in a UK-regulated Icelandic bank, will be submitted to Downing street and Parliament. Will the Speaker arrange for time for a debate on how the Government will fully compensate—

Mr. Speaker: Order. The hon. Gentleman means the Leader of the House. I have a different union card.

Ms Harman: We are concerned about the Christie's charity and about all the other charities doing important work that has been put at risk because they had reserves in Icelandic banks. We are working on getting the money back to ensure that creditors are protected. Ministers have met the Christie charity's representatives, and we will respond early next month to the Treasury Committee's report on this issue.

Mr. Jim Devine (Livingston) (Lab): May we have a debate in Government time on the pensions of the bankers retiring from the banks in which we have a financial interest? I know that the Leader of the House shares my concern about Sir Fred Goodwin walking away with more than £700,000 a year, but yesterday we learned that Mr. Pell, another of the bankers who drove the Royal Bank of Scotland into the ground, will walk away with a pension of more than £500,000 a year. It would take the average nurse 20 years to earn that much. It is a scandal. Those bankers should have been sacked instead of getting pensions totalling £1.2 million.

Ms Harman: As part of the review by the Financial Services Authority of the financial services industry, it is considering questions of corporate governance including financial remuneration at the top, which has in the past rewarded risk-taking, not to mention greed. The particular RBS pensions that my hon. Friend mentions were decided by the RBS board before the Government became a shareholder, but we have now made it clear that there are to be no excessive pensions or rewards for failure.

Mr. Bernard Jenkin (North Essex) (Con): If I recall correctly, we were promised a debate on the Government's statement on Afghanistan and Pakistan last week, but that has been understandably replaced by the debate on swine flu next Thursday. When will we have the debate on Afghanistan and Pakistan? We may be short of parliamentary time for many of these debates, but we are not sitting for very many days this Session. We could always sit beyond 21 July—indeed, I do not recall rising so early for the summer recess before.

Ms Harman: We had a statement from the Prime Minister last week on Afghanistan, and we had a statement on Afghanistan and Pakistan earlier this year. We know that the House wants the opportunity to hear statements and hold debates on this issue, and we will continue to look for opportunities to do so.

Mr. David Drew (Stroud) (Lab/Co-op): My constituency has the misfortune of hosting Dr. Philip Nitschke tomorrow and many of us will be outside demonstrating against him. Given the debate on who should be allowed to enter this country, will my right hon. and learned Friend consult the Home Secretary on whether that individual should be added to the list, given that he openly encourages people to break the law and his views are abhorrent?

Ms Harman: The Home Secretary exercises her discretion on whether to allow people to come into this country and Parliament has laid down the terms of reference for the exercise of that discretion. They include the people who would incite violence or breaches of the law, but it is not intended to stop people coming here to engage in public policy debates. I will ask the Home Secretary to write to my hon. Friend to explain her decision in that case.

Sir Nicholas Winterton (Macclesfield) (Con): Is the Leader of the House aware that her answer to the hon. Member for Stoke-on-Trent, Central (Mark Fisher) was totally unacceptable and unsatisfactory? Bills are going to the other place with large tranches of them undebated in this place. Programming was not designed to prevent discussion on Report. If she receives a request for a second day's debate on Report for a major Bill, will she give it her most sympathetic consideration?

Ms Harman: I have said that I will consider that specific point. However, Bills are scrutinised through the debates on Second Reading, in Committee, on Report and in the House of Lords. Although I think that it is perfectly reasonable for hon. Members to identify particular Bills and to argue that there should be greater scrutiny, it is also important that they should not imply that this House is just rubber-stamping Bills. The public should understand the many hours that Members put into Bills, the hard work that goes into Committees and the difference that that makes as well as hearing that hon. Members want more time.

Derek Twigg (Halton) (Lab): It is absolutely right that we deal urgently with any failings in child protection, as highlighted recently by the baby P case. I recently met a group of front-line children's social workers from Halton social services, which is a highly regarded social services department, and I was struck by their commitment, professionalism and determination to do their job. One thing that concerned them was the fact that the many good stories—the children whom they protect and the lives that are saved—are never highlighted. May we have a debate on the Floor of the House to highlight the importance of social work in child protection and to encourage people to join the profession, which is very important given the need for more recruits?

Ms Harman: I agree with my hon. Friend. If we find the opportunity to debate the protection of children and children in care, perhaps it will be possible for the important work of front-line social workers to be highlighted. I also think that the opening of the family courts undertaken by the Ministry of Justice will allow people to see the important work that social workers do as they ask the courts to take children into care in order to protect them.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): Police reform, prostitution—buying and selling—lap dancing, alcohol and disorder, rendition, extradition, proceeds of crime and police accountability were all

[Dr. Evan Harris]

issues raised on Second Reading of the Policing and Crime Bill by hon. Members who were not going to be members of the Public Bill Committee. The Government added, too late for amendments to be tabled, gang injunctions and the DNA database—clauses 95 to 97 on pages 116 and 117. It is necessary that time to scrutinise the Bill should be available for Select Committee Chairmen and other hon. Members who were not on the Public Bill Committee. I am delighted that the Leader of the House will carefully consider this request and, if she agrees, she will fulfil the Prime Minister's pledge for greater parliamentary scrutiny of the Executive and we will all have our fair say on these important matters.

Ms Harman: I underline to the hon. Gentleman and the House that there are discussions between the parties about the time allocated to Bills. It is true that agreement can not always be reached, but there are discussions. It is not as if we sit there and make a unilateral decision. There are discussions and we try to accommodate the Opposition's views and to strike the right balance. Sometimes the Back Benchers do not agree with the Front Benchers, and sometimes that happens on the Government's side as well as on the Opposition's.

Mr. Michael Ancram (Devizes) (Con): Is the Leader of the House aware that under the European Union marine habitats directive the Spanish Government have designated as such a habitat waters including some of the territorial waters around Gibraltar? Will she arrange for the Foreign Secretary to come to the House to tell us what he intends to do to reassert British sovereignty over British territorial waters around Gibraltar?

Ms Harman: I will ask the Foreign Secretary to write to the right hon. and learned Gentleman and to place a copy in the House of Commons Library.

Mr. John Hayes (South Holland and The Deepings) (Con): It has been a bad week for Education Ministers. On Tuesday, on Report on the Apprenticeships, Skills, Children and Learning Bill we had a brief opportunity—because of the proper strictures of the Chair—to debate the capital funding crisis in further education colleges, which has seen 144 college programmes frozen. Yesterday, in Westminster Hall, due to the good work of my hon. Friend the Member for Hemel Hempstead (Mike Penning), we had the opportunity to discuss a similar crisis in sixth-form funding. This all comes down to the relationship between the Learning and Skills Council and Ministers, as Sir Andrew Foster's report on the subject, which was commissioned by the right hon. and learned Lady's Government, said. However, there has been no chance to debate Andrew Foster's report and no oral statement to the House. Will she facilitate one with urgency?

Ms Harman: The Secretary of State for Innovation, Universities and Skills has made a statement about the Learning and Skills Council in relation to capital funding in further education. The Prime Minister has answered questions on this subject and on sixth-form funding, and so have I. I will consider the suggestion that we should have a topical debate on the subject, along with the other suggestions that have been made today.

Mark Hunter (Cheadle) (LD): The Home Secretary announced this week that Greater Manchester, which includes my constituency, would pilot the Government's flawed and expensive plan for identity cards. Given the estimated £5 billion cost of the scheme and the deteriorating economic outlook since the plans for ID cards were first announced, does the Leader of the House agree that a debate to reassess the proposals, at the very least, would be appropriate before the people of Greater Manchester are once again asked to be guinea pigs?

Ms Harman: The people of Greater Manchester are not being asked to be guinea pigs. The pilot project is entirely voluntary and if nobody wants to avail themselves of the opportunity to prove their identity on a biometric basis, they do not have to do so. As far as compulsion is concerned, there is a requirement that foreign nationals should give biometric details. *[Interruption.]* I would say that that is working very well and it is very important. It speeds up people's ability to get visas, because there can be no doubt about identity fraud when the biometrics are there. That has been a thoroughly good thing; it has helped people to get their visas quickly and has stopped people from obtaining visas under a false identity.

Mark Hunter: Not for airport staff. What about airport staff?

Ms Harman: I know that airport security is being debated with Manchester airport, just as it is with airports in London. Airport travellers would want to be sure that we use all the available weapons—perhaps that is the wrong word. We should use all the available means at our disposal to ensure that air travel is safe. If biometrics can contribute to the safety of air travel, then that is something on which we should press forward.

Sir George Young (North-West Hampshire) (Con): Can we go back to the reply that the Leader of the House gave to my hon. Friend the Member for Rutland and Melton (Alan Duncan) about Equitable Life? A serious constitutional issue needs to be addressed. In her report, "Injustice unremedied", the ombudsman said yesterday:

> "I therefore see no basis on which it can be said that Parliament has approved the approach adopted by the Government."

Is it not therefore incumbent on the Government to provide not just a debate but a debate and a vote to see whether the House supports the Government or, as I suspect that it will, the ombudsman and the Select Committee?

Ms Harman: The Government have accepted responsibility for putting in place a scheme that will provide financial recompense from the public purse for those on whose behalf mistakes were made by the management of Equitable Life and in the regulatory regime. We hope to have an interim update soon. Rather than considering this as a constitutional issue, we should consider it as an issue of people who have lost their money after having put it into Equitable Life in good faith. There were failures that go back to the 1980s. The Government are taking action. We have said that Sir John Chadwick will set up the scheme and there will be an interim update from him very soon. It took the ombudsman four years to produce her report because of the massive complexity of the case. We cannot just snap our fingers

and work out what the compensation scheme should be. We are working on it, because we want to get financial recompense out to people as quickly as possible.

Mr. Richard Shepherd (Aldridge-Brownhills) (Con): It is not far off a year since the right hon. and learned Lady last convened the Modernisation Committee, when it was halfway through its investigation into the governance of Britain and we were poised to consider the Prime Minister's suggestions about dissolution and the powers of Parliament in respect of that. Does she propose to continue with the Modernisation Committee or has she just abandoned it? May we have a statement next week and an amendment to Standing Orders if that is now her position?

Ms Harman: I have no proposal to amend Standing Orders. If the hon. Gentleman wants to suggest issues that he thinks should be taken by the Modernisation Committee, which cannot be taken forward by the Procedure Committee, I would be happy to discuss them with him.

Mr. Alan Reid (Argyll and Bute) (LD): The report on Equitable Life raises a constitutional issue, in that it was compiled by the parliamentary ombudsman, not the Government ombudsman. The parliamentary ombudsman reports to Parliament, so surely Parliament should have the right to decide the matter. Why will the Government not put their proposals to Parliament so that Parliament can vote on them? If Parliament rejects them, the Government must bring forward proposals that are acceptable to it.

Ms Harman: I have nothing to add to what I have already said, at length, to other hon. Members. We are concerned about the matter, and we are getting on with it.

Mr. Michael Jack (Fylde) (Con): The Government have made it clear that they wish to safeguard manufacturing jobs, but recent reports in the *Financial Times* and *The Times* suggest that the Treasury is trying to frustrate the efforts of the Ministry of Defence to secure agreement with the partners and companies participating in the Eurofighter project on the size and timing of the tranche 3 element of the proposal. Will the Leader of the House find time for a statement to the House about precisely what is going on with tranche 3, so as to remove the uncertainty about the matter felt by thousands of aerospace workers in the north-west?

Ms Harman: The Government place a high priority on supporting our manufacturing base. Obviously, there was an opportunity this morning to ask Ministers from the Department for Business, Enterprise and Regulatory Reform about this matter. However, I will ask the Ministry of Defence to write to the right hon. Gentleman about his specific question on tranche 3 of the Eurofighter project.

Mr. Andrew Mackay (Bracknell) (Con): When the Leader of the House put the Government's case on the DNA database passionately, repeatedly and at length, did it not occur to her that that was precisely why there needs to be an oral statement from the Home Secretary? Feelings are running very high on the matter, and there is a lot that needs to be said. Should not the Home Secretary have been dragged to that Dispatch Box to make a statement?

Ms Harman: It is only a consultation paper. My remarks could be seen as a contribution to the consultation, and we could take the remarks of those hon. Members who flatly disagree with me in the same way.

Mr. Christopher Chope (Christchurch) (Con): Can we have a debate on the Cabinet Office guidance to local authorities and regional development agencies on the forthcoming elections? The board of the south-west RDA is meeting on 18 May to decide major cuts to its programmes in the region, but it has now been ordered by the Cabinet Office not to announce the results of the meeting until after the elections on 4 June. The guidance states that the RDA

"must not make announcements or publicise decisions that have the potential to affect voting intentions and therefore election outcomes."

If that is the guidance from the Cabinet Office to the RDA, will it be applied to the Government as a whole?

Ms Harman: The Cabinet Office guidance is designed to make sure that Government announcements do not interfere with local and European elections, and it simply draws the situation to the attention of all relevant organisations. The Government have made unprecedented investment in the regions, year on year, and we are proposing to continue to do so this year and next—

Mr. Chope: They are cuts.

Ms Harman: The Opposition are proposing cuts. The Government are standing by our investment plans for this year and next, but the Opposition would cut public investment at the height of the recession. We say that that would make it longer and deeper.

Mr. James Clappison (Hertsmere) (Con): Can we find time for a debate on early-day motion 1407 on the Potters Bar rail crash?

[That this House notes that 10 May 2009 marks the seventh anniversary of the Potters Bar derailment; and expresses its regret that no form of public inquiry has yet taken place despite the clearly expressed wishes of surviving victims and bereaved families for such an inquiry to be held.]

Is the Leader of the House aware that next Sunday marks the seventh anniversary of the crash, yet there has still been no form of inquiry? Is not seven years simply too long for bereaved families, surviving victims, members of the travelling public and others to have to wait for answers to their questions?

Ms Harman: I think that that is something that the hon. Gentleman could raise at Transport questions next week.

John Bercow (Buckingham) (Con): May I reiterate the eloquent pleas from hon. Members on both sides of the House for more time for consideration on Report of the Policing and Crime Bill? It has 10 parts and addresses a welter of contentious issues, which the hon. Member for Oxford, West and Abingdon (Dr. Harris) has already

[John Bercow]

listed. There is a certainty of no fewer than 10 groups of amendments, and a possibility of 20 or such groups. We are at a late stage but there is still time for the right hon. and learned Lady to concede an additional day for consideration. If she does, will she take it from me that her willingness to listen and adapt will be greatly respected?

Ms Harman: I thank the hon. Gentleman for adding his views to those of other hon. Members on all sides of the House. I will reflect on them. It was only the provisional business that I announced earlier.

Mr. Paul Goodman (Wycombe) (Con): My hon. Friend the Member for Banbury (Tony Baldry) has done great work in his constituency by helping to set up a job club, and other Members of this House are looking at establishing similar initiatives. Will there be an opportunity in the reasonably near future for a debate on unemployment and employment, so that hon. Members can consider practical ways to help their constituents during these extremely difficult times?

Ms Harman: We have spent a number of days debating the Budget, and one of them was focused on employment and unemployment. We were able to make the point that we hope that all the capital and investment that Government initiatives have put into the economy will mean that fewer jobs will be lost than would otherwise be the case. The investment of £1.2 billion in jobcentres will mean that those who lose their jobs will get prompt help and have a better chance of getting work in the future.

Mr. Nigel Evans (Ribble Valley) (Con): In April 2004, just weeks before European elections and with the Labour party dipping in the polls, Tony Blair had the brainwave of offering a referendum on the constitution. Shamefully, he withdrew the offer shortly before he swanned off, but here we are again—just weeks before European elections and support for the Labour party is haemorrhaging. I know that that has been a huge distraction for the Leader of the House, but could she possibly arrange for the Prime Minister to come to the Dispatch Box next week and re-offer the British public the referendum taken away from them so cruelly by Tony Blair?

Ms Harman: The Prime Minister comes to the Dispatch Box every Wednesday. If the hon. Gentleman wants to ask him that question, he can.

Mr. Tobias Ellwood (Bournemouth, East) (Con): Will the Leader of the House join me in paying tribute to the British tourism industry? It is our fifth biggest industry, and Britain is the sixth most visited country in the world. Millions of Americans come here, but one—the DJ Michael Savage—has been banned from the UK because of the stupid inflammatory remarks that he has made. He has told his audience of 10 million people not to come to the UK, so does the right hon. and learned Lady have a message for him? Does she have another, more positive message for the many Americans who might be thinking of coming to holiday in the UK?

Ms Harman: I do have a message, and I am sure the whole House does, for the many hundreds of thousands of Americans who visit this country every year, and it is that they are very welcome tourists. The tourism industry is very important, and has been made more competitive by the change in the value of the pound, which has meant that holidays in Britain are even better value for money.

Mr. Peter Bone (Wellingborough) (Con): The very sad news over the weekend that the Leader of the House had ruled out ever becoming Prime Minister gives rise to a constitutional problem. If the Prime Minister became ill, had an accident or was accidentally stabbed in the back, who would take over? Could we have a statement on that—or will the right hon. and learned Lady reconsider her position, as many Opposition Members would like?

Ms Harman: That is not a matter for business questions.

Testing and Assessment

12.28 pm

The Secretary of State for Children, Schools and Families (Ed Balls): With permission, Mr. Speaker, I shall make a statement on the report of the expert group on assessment that has been published today.

Over the past 10 years, thanks to increased investment and great teaching, there has been a significant rise in standards in our primary and secondary schools. Testing and assessment have played a vital role in bringing about those improvements, and they continue to do so. However, the system is not set in stone. In my statement to the House in October, I set out three key principles that guide our approach. They are that we have to give parents the information that they need, to enable head teachers and teachers to secure the progress of every child, and to allow the public to hold national Government, local government and governing bodies to account.

Having also studied the Select Committee's report on testing and assessment, my right hon. Friend the Minister for Schools and Learners and I concluded, on the basis of those principles and the key role that GCSE results play in secondary school accountability, that we would end key stage 3 national curriculum tests for 14-year-olds. I also said that the national curriculum tests at the end of key stage 2 provide the only objective measure of attainment during primary school, and that they are therefore essential to giving parents, teachers and the public the information that they need about the progress of each primary age child and of every primary school. However, I also said that I take seriously the concerns that some have raised about key stage 2 testing and accountability, so I announced the establishment of an expert group to advise us on the future of testing and assessment and its role in school accountability.

Over the past six months, the group has widely consulted head teachers, teachers, parents, subject associations and academics, as well as schools engaged in our stage not age single-level test pilots. I have now received the group's final report, and I have placed copies of it and my reply in the Libraries of both Houses. I should like to thank the group's members for all their hard work.

The expert group has recommended that we improve the transition between primary and secondary school, including through stronger links between schools, an extended project and a new primary graduation certificate that recognises each child's achievements; intensify our focus on catch-up learning during years 7 and 8 for those who fall behind during primary school, including through developing a progress check for those children at the end of year 7; strengthen the quality of teacher assessment, including in IT; continue to make key stage 3 tests available to all secondary schools, including the 75 per cent. of schools that have requested them this year; use a national sample test to ensure that standards are maintained; and strengthen the school accountability system by introducing a new school report card.

On key stage 2 national curriculum tests, the expert group has made a clear recommendation about English and maths. The group says:

"Externally marked and validated tests play an important role in the accountability system",

and, it concludes that

"removing externally marked Key Stage 2 tests now, and replacing them with teacher assessment only, would represent a step backwards for pupils' learning and for school accountability."

So, it recommends that

"Key Stage 2 tests in English and maths should remain as a key accountability measure for all primary schools".

The group also recommends that we continue and extend our trials of stage not age tests; and that we move the key stage 2 test back from May to mid-June, so that there is continued learning to the end of year 6 and the role of teacher assessment in the transition to secondary school is strengthened.

On science, the expert group concludes that we can improve the teaching and assessment of the subject, and reinforce its critical role in the new primary curriculum, by replacing the externally marked test with enhanced teacher assessment that better recognises whether pupils have a firm grip of the practical nature of science and the skills to develop and apply scientific understanding.

I can confirm that I will accept the expert group's recommendations in full and now consult on their implementation. We will now move forward with our stage not age test pilots and trial, replacing the standard key stage 2 tests with single-level tests in maths for pilot schools next year. In addition, because the expert group rightly stresses that the importance of science will only grow, I intend to ensure that there is externally validated accountability for national standards in science by introducing a new sample test at key stage 2—going beyond the expert group's recommendations. I am pleased that the Royal Society, the Science Community Representing Education—SCORE—the Science Learning Centres, the Association for Science Education, the Wellcome Trust and the Gatsby Charitable Foundation have all agreed to work with us to design that national sample test and to strengthen the teaching and assessment of science in our primary schools.

The issue of key stage 2 tests is controversial and, as the expert group says,

"some schools, teachers and educational organisations are concerned that the use of the outcomes of external tests for purposes which are 'high stakes' for schools can lead to unequal attention to all pupils' needs, and to pupils being put under undue pressure".

That is why the expert group has asked us to provide new guidance to schools to ensure that preparation for key stage 2 tests is proportionate and educationally appropriate. However, the expert group also concludes:

"Many concerns about testing arise not from the tests themselves but from the uses to which the test data is put, and the impact this can have on school and teacher behaviour."

I agree that that wider issue of accountability is at the heart of concerns about key stage 2 tests.

Parents currently find published league table information easy to understand, but by focusing only on the performance of the average child, those tables do not challenge schools on whether they are stretching their most gifted and talented pupils or helping those who have fallen behind; they do not recognise the extra challenges that some schools face in helping children from disadvantaged backgrounds to succeed; and they ignore discipline, attendance, parental satisfaction and the vital contribution that schools make to children's wider development. That is why the report card will, for the first time, provide easily accessible information on all those aspects

[Ed Balls]

of school performance. It must be fair to all schools and help parents and others to make meaningful comparisons between schools.

Although some have said that league tables should be banned, that is simply not an option, as all the data are rightly in the public domain and will continue to be. It is therefore essential that the school report card provide a better balanced and clearly superior alternative to old-style league tables. I know that there are strong views about whether the report card should be based on a single grade, or on a combination of grades measuring attainment, progress and well-being, but without an overall score or grade on the report card it is very hard to see how it can allow between schools appropriate comparisons that both take account of the range of schools' work and are as compelling and easy to understand as those provided by old-style league tables. We will now consult further on that issue in advance of our forthcoming schools White Paper.

Others have called for us to drop key stage 2 tests entirely, but the expert group is clear that to drop them entirely would be the wrong thing to do. Furthermore, independent surveys of parents show that the clear majority value the information that the tests provide. I know that head teachers take their statutory responsibilities and position as role models to young people extremely seriously, and I know that they want nothing less than the best for the children in their schools. However, as the expert group says,

"the most successful and most trusted organisations, including outstanding schools, colleges and universities, welcome high levels of accountability as they seek constantly to improve what they do."

That is true professionalism and the responsible road to take. So, I urge all those who put the interests of pupils and parents first to continue to work with us to reform the testing and accountability system.

Continuing key stage 2 tests in English and maths, alongside the wider reforms we are announcing today, is vital to give parents the information that they want and need; to enable head teachers and teachers to secure the progress of every child and their school as a whole; to allow the public to hold national and local government and governing bodies to account for the performance of schools; and to raise standards for all children. I commend this statement to the House.

Michael Gove (Surrey Heath) (Con): I thank the Secretary of State for advance notice of the statement and the chance to read some of the expert group's recommendations. I also join him in thanking the expert group for its work and commitment, which I know he shares, to doing everything that it can to improve state education for all children.

Today's statement follows the fiasco of last year's standard assessment tests—SATs—when the Government presided over a comprehensive shambles. It was both an administrative disaster, for which some have paid the price, and a challenge to all of us to think about how we can improve the testing and assessment regime in our schools. The Secretary of State was right to say that the regime that he inherited should not be set in stone, but, even as we constantly strive to improve how we assess our children, does he not agree that we should also ensure that the assessment process is built on certain enduring principles?

Last October, the Secretary of State said that it was right that all the tests at key stage 2, including science, should be subject to external assessment. He specifically said that in his judgment,

"parents want the same certainty at key stage 2...that they currently get with GCSE".

That is the certainty that externally set and marked tests provide. He argued then against sampling, because that would deprive parents of

"objective evidence on the performance of an individual school"

and would not deliver for "every parent" a reliable guide to their child's progress. Further to that, he argued:

"Asking schools to take on the burden"

of teacher assessment would add to the bureaucratic load on teachers and simply

"would not be the right thing to do for parents." —[*Official Report*, 14 October 2008; Vol. 480, c. 684-90.]

That is why he rejected the road of teacher assessment for English, maths and science at key stage 2. What has changed to make him abandon those principles now? Why should parents not have the certainty that external assessment in science provides? Why should parents now have less objective information about their children's progress? Why should they now lose out on valuable information with which they can measure the performance of individual schools? Crucially, if teacher assessment is right for science, why is it not right for English and maths? I am delighted that the Secretary of State has the support of the Royal Society and others in designing a new, improved science test for key stage 2. However, if the new sample test is so good, why is every child not allowed to sit it?

Improving our performance in science education is crucial to improving our economic performance as a nation and vital if the next generation are to grow up as rational, questioning and informed citizens with the knowledge and skills to master the challenges of an ever more complex world, but today's announcement comes against a backdrop of declining faith in the rigour of the science education that we offer young people. In GCSE science, students are asked whether people look at stars with microscopes or telescopes and whether the fact that nuclear power stations provide jobs is an argument in favour of nuclear power or against it. They are asked whether seat belts are a safety feature in cars, whether the sun orbits around the earth and whether battered sausages are healthier than grilled fish. Many of the questions are not tests of scientific knowledge and involve only straightforward English comprehension.

The Royal Society of Chemistry has said that changes to the science curriculum have been "a catastrophe". Just last week, the Government announced the downgrading of science in the primary curriculum as part of a broader relegation of the importance of subject disciplines. Is now not precisely the wrong time to downgrade science and move away from rigour? Should the Secretary of State not be outlining ways in which assessment of all children, and not just a sample few, is to become clearly and unambiguously more authoritative, rigorous and stretching?

As the Secretary of State knows, parents want more rigour and better information about how their children are doing. That is why we welcome the principle of a report card that outlines in greater detail how schools are performing, so that parents have a more rounded picture of achievement. However, if it is right for there

to be more information overall, how can it be right to have less information on how children are doing in science? If it is also right to ensure that we better reflect how children are stretched and challenged and how the less able are helped to improve in primary school, should that not apply to GCSE league tables as well? Should we not move away from the current focus on the C/D borderline so that we have a measure of testing how schools perform that rewards those that stretch the most able and also those that encourage less able children to do even better? I hope that the Secretary of State will be open-minded about such a change.

Like many, we share the Secretary of State's concerns about teaching to the test, but is not the answer to improve the quality of the externally set tests rather than to abandon them? If the Government are really concerned about teaching to the test and about narrowing the curriculum, why are they pressing ahead with their plans for what they have called single-level tests? Would their plans not mean that, instead of a one-off measure of real performance, children would be sitting tests again and again throughout primary school, as schools strived to improve their league table performance? Would they not mean that teaching and learning would be crowded out by tests and cramming to prepare for the growth in testing?

We know that parents support clear, rigorous and transparent testing at the end of primary school. According to the Government's own statistics, three quarters of parents believe that externally marked tests in every subject at the end of primary education are accurate and worth while. We need the most accurate possible information about how our children and our schools are doing. At a time of economic upheaval and transformation, we need a stronger emphasis on science in our schools, and we need the sharpest possible accountability in every area of academic performance. Sadly, I fear that by declining to stand up to outside pressure and by retreating on the principle of external assessment, the Secretary of State has failed the test of ensuring that he defends what is best for our children.

Ed Balls: I have been trying to work out from the hon. Gentleman's reply whether he supports or opposes what we are doing today; to be honest, I have ended up a bit confused. We are taking forward robust assessment and testing of children through the continuation of key stage 2 tests, and we are going to introduce a report card designed precisely to ensure that primary and secondary schools are judged on the achievements of all their pupils, and not just on those of their pupils on the C/D borderline. As I said, I struggled to understand what the hon. Gentleman was saying in much of his response, although I think that, in the main, he was supporting what we are doing.

Jim Rose's report last week made it absolutely clear that science is at the centre of the primary curriculum. However, the expert group on testing which I set up last autumn has said:

"We have consulted widely with science education bodies, learned societies and others, and have concluded that unlike in English and mathematics, the summative assessment of the Key Stage 2 science curriculum is not best done through an externally set and marked written test. The difference in value of the test is illustrated in part by the fact that Key Stage 2 English and mathematics results better predict later achievement in science than the Key Stage 2 science test does. In place of the science test, high quality supported teacher assessment should be used."

I have accepted the advice of the expert group on the basis of its consultation with a range of experts from the science community, including the Association for Science Education, the Wellcome Trust, the Royal Society and many others. They will work with us to take forward what they believe is the right way to strengthen science and its assessment. Once again, the experts and the widespread community will work with me to take forward the proposals in the teeth of opposition from the shadow Secretary of State, who is isolated on this point.

The issue of whether I have changed my position since the autumn has been raised. The fact is that in the autumn the shadow schools Minister said in an Adjournment debate that it was essential that we kept key stage 3 tests. A few days later, the shadow Secretary of State changed his mind and completely contradicted that, supporting our position. I am rather hoping that, when he reflects on the issue of science, he will also decide to change his position.

We are moving forward on the basis of enduring principles: doing the best by parents, pupils, teachers and head teachers to make sure that they are properly accountable. The expert advice is that we should proceed in that way. That is what I am doing, consistently with my principles. The idea that I am backing down on the issue is complete nonsense. We will ensure that we continue with key stage 2 tests in English and maths, as the expert group recommends. We will make sure that there is proper accountability through the report card. I hope that the shadow Secretary of State will reflect a little and decide to change his mind and support us.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): As my right hon. Friend may remember, the Children, Schools and Families Committee produced its report on testing and assessment a year ago next week. I congratulate him on having listened to the Committee's recommendations and to the expert group that he set up. I welcome much of what he said today, as will many members of my Committee.

May I push the Secretary of State on the issue of report cards? He knows that the national curriculum, public and educational accountability, and the method of testing all hang together. I hope that he will look very soon at our recent report on the national curriculum in the same positive way as he has looked at testing and assessment. There is one particular concern about report cards—

Mr. Deputy Speaker (Sir Michael Lord): Order. Other Members want to ask questions about the statement.

Mr. Sheerman *rose—*

Mr. Deputy Speaker: Order. The Secretary of State can respond to the hon. Gentleman now.

Mr. Sheerman: Why is it that in this House—

Mr. Deputy Speaker: Order. The hon. Gentleman must not challenge the Chair.

Mr. Sheerman: The Chair is wrong.

Mr. Deputy Speaker: The statement has started, and there is a second statement after this one. In the Chamber, we can seem to have plenty of time one minute, but the next minute hon. Members are very cross because they

[Mr. Deputy Speaker]

have not been able to get their chance to question the Secretary of State. I am sorry that the hon. Gentleman feels as he does, but that is the position.

Ed Balls: I very much appreciate the work done by my hon. Friend the Chairman of the Select Committee over the past year on these issues. He is right to say that the primary curriculum, testing and accountability all hang together. It has been helpful to us that Sir Jim Rose has been doing the primary curriculum review and sitting on the expert group. My hon. Friend is right to point out that we must ensure that the accountability system works to reflect both the curriculum and the testing regime in a way that is fair to all schools. I hope that in the coming weeks before the White Paper we will have the chance to explore these issues, particularly the report card, in greater detail in the Select Committee. It is very important that we get this right. I hope that I have allowed more consultation on the report card and the difficult issue of a single grade so that we can go into this in depth. I appreciate my hon. Friend's contribution.

Annette Brooke (Mid-Dorset and North Poole) (LD): First, may I pass on the apologies of my hon. Friend the Member for Yeovil (Mr. Laws), who is unable to be here today? I thank the Secretary of State for prior notice of the statement. I also thank the expert group for its work.

We welcome the scrapping of the key stage 2 science test in its current form, but we query the timing of this statement. If the test is useless, what message does that give to children who will presumably be taking it in the next week or two? Notwithstanding the Rose review's areas of learning, we seek assurances that science will not be squeezed out of the primary curriculum.

On single-level tests, how many schools are participating in the pilot? How long does the Secretary of State expect the pilot to run? Does he share our concerns about increased testing?

The expert group used the phrase

"unequal attention to all pupils' needs".

That seems to be code for teaching to the test. The Select Committee and Ofsted have expressed concern about teaching to the test, and the Secretary of State says that he is going to issue guidance. I understand that there is already a memorandum. What is the difference between a memorandum and guidance?

What steps is the Secretary of State going to take to increase on-screen marking? What consideration will he give, and has he given, to more teacher assessment with external moderation? We agree that we need some external moderation at key stage 2, and, potentially, external sample testing. It is important to get the basics right. It is a scandal that one in three children is leaving primary school not having reached acceptable standards in literacy and numeracy. Along with the basics, I want rich experiences for primary school pupils to give them a real joy in learning and stimulate them to creativity. Most of all, I want us to have a firm foundation so that further down the line we will get excellence in all subjects, but particularly a good flow of students taking and expanding their studies in the STEM subjects—science, technology, engineering and mathematics.

Ed Balls: I entirely agree with the hon. Lady's desire to ensure that all children enjoy and are stretched by the primary curriculum. I hope that she welcomes the Rose review, which is designed to achieve precisely that. I can assure her that it places science absolutely at the centre of the curriculum. Far from downgrading science, the reason this has been proposed by the expert group and supported by all the scientific expert organisations that I listed is that they know that it will strengthen young people's enjoyment and achievement in science.

The hon. Lady is right that we must build on the progress that we have made. Ten years ago, 63 per cent. of young people in primary school were getting to the right level; that has gone up to 81 per cent. after years of stagnation with the Conservatives. In maths, the figure has gone up from 62 to 78 per cent. We need to ensure that every child succeeds, but only through our investment and our support for teachers and the progress of every child have we achieved these huge rises in standards after years of under-investment and stagnation with the Conservatives. We must not go back to the bad state of education in those previous years.

About 300 schools are working with us in the single-level testing pilots, which are about trying to ensure that tests are truly designed for the progress of every child. We have said—and the expert group says very clearly—that we will not move forward to any wider implementation of single-level tests until we have seen the evidence, particularly where that becomes the main focus of accountability, which will happen next year in schools where we will use the single-level test instead of the key stage 2 test for mathematics.

The hon. Lady is right that teacher assessment has an important role to play. Through the report, we are strengthening the role of teacher assessment in the transition from primary to secondary school. She will not like this, and nor will the Liberal education spokesperson, but the expert group says that there is no evidence to give us confidence that moderated teaching assessment can provide the objective measure of performance in primary schools that we need. That is why, I am afraid, it rejects the proposal to extend teacher assessment that the hon. Lady and her party support.

Of course we must not have teaching to the test, and the best schools do not do that. The way to avoid it is to ensure that we have not only great teachers but the right accountability system. That is why the report card is so important in focusing on the progress of every child. Although the hon. Lady did not mention it, I hope that she will welcome that when we publish our White Paper in the coming weeks.

Kerry McCarthy (Bristol, East) (Lab): The other day I met in Parliament a primary school teacher from Bristol who raised with me several concerns about the testing regime. I am sure that he will welcome some of the Secretary of State's announcements, although he may feel that they do not go far enough. One of his concerns was about how much of the school budget is spent on extra support for pupils who are just under the cusp of passing the test to ensure that they get through it, and whether that means that children who do not stand any chance of reaching the required level are left by the wayside. What assurances can the Secretary of State give to teachers and to the parents of such pupils

that children will not be abandoned because there is not much chance of their reaching the level of the test in the time scale required?

Ed Balls: I can give this assurance. We are changing the nature of school accountability away from the current focus on the performance of the average child, which, as my hon. Friend says, incentivises focusing on children just below that level, to give schools proper credit for the progress not only of the most talented children but of the children who fall behind. The report card is the right way to do that. As teachers, head teachers and parents look at our proposal in detail in the coming weeks, they will see that that situation, rather than the testing regime, needs to be changed in order to ensure that we achieve the outcome for every child that my hon. Friend supports.

Mr. James Clappison (Hertsmere) (Con): Notwithstanding the reams of statistics that the Secretary of State mentioned and the learned groups and experts whom he prayed in aid, does he accept that there is a widespread public concern, which my hon. Friend the Member for Surrey Heath (Michael Gove) expressed, about the degree of rigour in education and the level of attainment in difficult subjects such as sciences and languages, which goes right the way up to university level, is often found by employers, and is reflected in university applications? Will the Secretary of State bear that in mind, or does he think that it is completely ill founded?

Ed Balls: We recently had an international and independent report, the Tymms study, which showed that in maths and in science, English education is now right up there with the best and ahead of our European partners. Instead of listening to the rhetoric of his Front Benchers, he should study the facts, where he will find real progress and rising standards year on year, internationally verified. We are legislating to introduce the independent body, Ofqual, to try to give greater assurance to parents and teachers that standards are rising and to find an antidote to the continual attempts by Opposition Front Benchers to talk down the achievements of teachers and children in our country.

Mr. Brian Jenkins (Tamworth) (Lab): I welcome my right hon. Friend's statement; no doubt his report card will say "Reasonable progress to date". However, when he refers to student learning and school accountability, is he sure that he does not mean student learning or school accountability? Student learning comes with a report card on the progress that a student has made; school accountability comes from the summation of the added values for those children shown by their report card. He is up to date, but so that he is not fixed in stone, will he keep an open mind in future as regards getting rid of these set tests, finding a way of spot-checking the progress children make in our schools, and reinforcing school accountability?

Ed Balls: We have shown over the past few months that we are willing to reform the system on the basis of the best expert advice and try to build a consensus on the way forward on testing and accountability. As the expert group says, many of the concerns are not about the tests themselves but about how they are then used. My hon. Friend is right that as well as focusing on average attainment in the class, we must look at the progress that children make and the disadvantage that they start with and experience while learning, as well as the views of parents and children and their wider well-being. All those things are what parents value in a school and what head teachers want to deliver for all the children in their school.

I am not seeking to abolish old-style league tables—that would be the wrong thing to do. I want to put in place a simple and compelling report that compares school by school but does so fairly on the basis of some of the issues that my hon. Friend raises. That is the biggest reform that we can achieve, and I hope that we will have support not only from Labour Members but from the Conservatives—although I will not hold my breath.

Mr. Nigel Evans (Ribble Valley) (Con): Clearly the Secretary of State's report card would say, "Shocking; could do better; should be kept back a year" or something along those lines, because his explanation today has not been very good. My hon. Friend the Member for Surrey Heath (Michael Gove) asked him what the major difference was between maths and English and science that meant they were being treated differently. I agree that there should be enhanced teacher assessment, although I rather hope that that is what good teachers would be doing in any event, because they would want to know where the deficiencies were with any of their youngsters, but we must still have the important external rigour and independence.

Surely part of the problem, as my hon. Friend said, is the simplicity of some of the questions that youngsters are now being asked. They are hardly challenging. They cannot be, because even I could answer some of the questions that my hon. Friend read out—not all of them, but some, and I am not good at science. Surely we ought to be trying to enthuse our youngsters into being attracted to science not only in primary school but in secondary school and on to university. Sadly, over the past few years university science courses have shrunk, and—

Mr. Deputy Speaker: Order.

Ed Balls: I fear that the explanation for the hon. Gentleman's self-confessed lack of progress in and understanding of science is that, unfortunately, he almost certainly went to school under a Tory Government. Today, young people going to school under a Labour Government are getting a quite different experience of science education. If he would like some remedial learning, I can absolutely have that arranged.

The expert group makes it clear that:

> "The practical nature of science and the importance of learning science by inquiry…make it distinct."

It explains why science learning and understanding is better suited to a different type of testing from that for English and maths. I am sure that the hon. Gentleman will study the report.

The hon. Gentleman mentions being held back. There have been a number of Opposition proposals on testing and assessment. About a year and a half ago, they proposed that 11-year-olds who do not make the grade in primary school should be held back for a further year. We do not hear much about that from the hon. Member for Surrey Heath (Michael Gove), although it was his party's leader who set that out in *The Sunday Telegraph* in September 2007. The reason why the

[Ed Balls]

Opposition do not talk about it is that it was roundly condemned by head teachers, teachers and parents, who were horrified at the prospect that a child in year 6 would suddenly be with a whole load of pupils who had been held back for another year. The hon. Gentleman says that people should be held back, but that was a Conservative proposal that was rejected by parents, although the Opposition Front Benchers have not yet withdrawn it. Maybe they will do that today.

Ms Dari Taylor (Stockton, South) (Lab): I warmly welcome my right hon. Friend's statement, and I am pleased to hear that continued consideration will be given to the effectiveness of testing and assessment. I should like to put it on record, and I should like him to acknowledge, that in Stockton we have seen seriously improved assessed standards in primary schools, driven by highly professional teaching staff and head teachers.

During the conducting of this valuable study, did any teachers or head teachers make the statement that their teaching now lacks creativity as a consequence of testing and assessment?

Ed Balls: I am sure that there are some head teachers and teachers who believe that the way they approach testing in year 6 reduces creativity. I do not find that that is the general pattern, and in fact the best teachers and outstanding leaders know that the way to get pupils to succeed, including in their tests, is to inspire them and have a creative curriculum. The reason for the rise in standards in recent years has been in part great teaching but also the focus and accountability that the tests bring. I pay tribute to the schools in my hon. Friend's constituency, because after years of stagnation under the Conservative party, standards have been rising because of investment and great teaching. We want to keep that investment flowing in future years, so that standards can keep rising for her constituents.

Mr. Graham Stuart (Beverley and Holderness) (Con): The chief inspector of schools told the Select Committee on Children, Schools and Families yesterday, when asked who she thought would write the school report cards, that she was not sure. When pushed, she said that she assumed it would be the Department, and then said that really she had no idea. Can the Secretary of State tell the House who will be writing and signing off school report cards? If he does know the answer to that question, will he explain why he has not shared it with the chief inspector of schools?

Ed Balls: I hate to chastise a member of the Select Committee, but one would have thought that he might read some of the published documents and discussions about the school report card. If he had, he would not have asked a question that was so far off the mark.

The school report card, as we set out in the autumn, will be compiled on the basis of a series of different data sources, all of which need to be objective and externally verifiable. They will include data on attainment, progress, the views of parents and children, education outcomes and health outcomes. My right hon. Friend the Secretary of State for Health and I are working together closely to ensure that progress on the health of children will be reflected in the school report card.

The report card will not be written; it will be compiled from a series of externally validated data sources on the basis of clear, widespread consultation. That will be done through statute, which will be brought to the House, and on the basis of an agreement that we believe can be reached consensually. As I said, the report card will be published for every school based on those external data sources, according to a formula that we will consult on and agree. We will bring forward proposals for that formula in the White Paper. It will be externally verifiable, but it will be done school by school—

Mr. Stuart: By whom?

Ed Balls: By the school, of course.

Mr. Deputy Speaker: Order. Has the Secretary of State completed his remarks? *[Interruption.]* No, no, I am not insisting, but he is taking interventions from a sedentary position. Is he happy to finish there?

Ed Balls: Well, I have not answered the question.

Mr. Deputy Speaker: With respect, the Secretary of State has already spent quite some time doing that.

Ed Balls: I was instructed that it was quite important that I took a bit of time, Mr Deputy Speaker.

We will ensure that this is done in such a way that each school will be able to produce its own report card in the public domain, based on objective criteria on which we will consult widely and which will be independently verified. Each school will be able to produce and publish it. Of course that will be done in consultation with Ofsted and Ofqual to ensure that is objective and done properly. The reason why I was rather surprised by the question is that if the hon. Member for Beverley and Holderness (Mr. Stuart), who is a member of the Select Committee, had studied the reports properly, he would not have asked such a ridiculous question in the first place.

Mr. Deputy Speaker: Well, I think that we can now move to the next statement.

Swine Flu Update

1.8 pm

The Secretary of State for Health (Alan Johnson): With permission, Mr. Deputy Speaker, I would like to make a further statement on swine flu. The World Health Organisation alert remains at phase 5, which means that although the current outbreak is not yet classified as a pandemic, it could become one at any point as the disease develops.

At present, there are 1,518 confirmed cases across the world, and 29 deaths from swine flu have been confirmed in Mexico and two in the United States. The Health Protection Agency will announce this afternoon that there are currently 34 confirmed cases in the UK, but there is not yet evidence of sustained person-to-person transmission—that is to say, people in the community who have no obvious link with each other catching this disease.

Ten people who are not known to have travelled to Mexico caught the virus in the UK from other infected people who are close contacts. We can reasonably expect the number of such cases to increase considerably over the coming weeks.

Of the UK cases, 13 are children. Following expert assessment, four schools closed on the advice of local health protection officers to contain any potential outbreak. A fifth school and a linked nursery decided to close of their own volition after two pupils at the school were confirmed to have the disease, though they had not been at school when symptomatic. I can confirm that one of the two additional cases announced today is a child at that school.

We recognise the enormous disruption that school closure can cause pupils, parents and staff. I would like to reassure parents that my right hon. Friend the Secretary of State for Children, Schools and Families has well established plans, including procedures to handle any disruption to exams.

Although the overall number of cases in the UK is still relatively low, the situation remains serious and could rapidly escalate. Our current approach is one of containment while preparing for a further phase when that is no longer possible.

As I announced to the House last week, we have taken steps to increase our already substantial stocks of antivirals to enable us to cover 80 per cent. of the population, although I stress again that we do not expect anywhere near those numbers to be affected.

We are also increasing our stockpiles of antibiotics, which are essential for treating any potential complications caused by swine flu, so that we have enough to cover 30 per cent. of the population by September. We have ordered an additional 227 million surgical face masks and 34 million respirators, which, if used properly, can prevent transmission to NHS staff who are in close and frequent contact with patients.

As the World Health Organisation has made clear, one of the critical elements of any country's response to the situation is how the public are kept informed of developments, the steps they can take to protect themselves, and what they should do if they or a family member fall ill.

A mass public health campaign has begun with print, television and radio advertising. Leaflets are being delivered to every home with information about the outbreak and the preventive measures people can take. Recorded information is available on the swine flu information line: 0800 1 513 513.

The evidence so far shows that the message is getting through, not only in making people generally aware of swine flu, but, critically, in conveying the importance of good respiratory hygiene. The response from the public has been both responsible and proportionate, as, indeed, it has generally been from the media, which also have a vital role to play.

I turn now to the steps that we are taking to contain the current virus, all of which are based on the best scientific evidence. We can be thankful that we know a great deal more about these issues than Governments who had to deal with pandemics in the last century. However, we still do not know enough about the nature of this specific virus. Leading scientific experts in this country and across the world are urgently studying whom the virus is most likely to affect, whether it will mutate, and the possibility of its re-emergence in the autumn as a more dangerous strain.

While it seems that those who developed the disease outside Mexico have generally experienced only mild symptoms, there has been a second death in America, of a woman who apparently had chronic underlying health conditions. The Health Protection Agency and the scientific advisory group on emergencies, which is jointly chaired by the Government's chief scientist Professor John Beddington and by Professor Sir Gordon Duff, chair of the scientific pandemic influenza advisory committee, are clear that it is still too early for confident predictions about the possible severity of the flu in the UK.

The current containment phase means that all those who contract the virus are given antivirals to aid recovery, and close contacts, whether they have symptoms or not, are given antivirals prophylactically to reduce their chance of developing the disease and spreading it further. That strategy has been adopted because there is good scientific evidence that, in the early stages, it will stop some outbreaks and delay for as long as possible the establishment of an epidemic.

However, through that approach, we can hope only to delay a more widespread outbreak; we cannot stop it altogether. Once the virus becomes more established, providing antivirals prophylactically will be a less effective strategy. People who take antivirals who are not ill, and then cease taking them, could still contract the disease, and we would risk depleting our precious antiviral stockpile. There is also some evidence to show that widespread use of antivirals may drive the development of a resistant strain of the virus, making our major weapon in the fight against the disease less effective.

We will therefore need to consider moving beyond the current strategy of containment, in which antivirals are provided to all contacts, to a strategy of mitigation. At that point, we will need to take a view on how best to use our stock of antivirals to treat and limit the spread of illness. However, we would consider such a measure only if there is clear evidence of sustained transmission within communities and on the advice of the scientific advisory group on emergencies and the Health Protection Agency. I expect to be able to report to Parliament if and when such a change of approach becomes necessary.

[Alan Johnson]

Scientists are now much closer to developing a vaccine strain from the virus. Although the first strain of the vaccine may be ready in a matter of weeks, developing it into an useable vaccine will take several months. The UK Government and the devolved Administrations already have agreements in place with manufacturers to supply stocks of a vaccine as soon after production begins as possible. In the meantime, we will continue to get expert advice on the most effective vaccine strategy, and what would best protect us if the virus returned in a more virulent form in the autumn. We also need to assess the effects on the availability of the seasonal flu vaccine this winter.

To make sure that we can distribute antivirals effectively, we are working to get the flu line up and running as quickly as possible, and it will be ready by the autumn. In the meantime, we are finalising plans for an alternative system, which we aim to use in the short term, should the virus become more widespread more quickly.

The interim arrangements that we are putting in place mean that people with symptoms can be assessed quickly, and antivirals made available so that they can start treatment within 48 hours of symptoms developing, without having to leave their home. We will co-ordinate local arrangements with primary care trusts for assessment and collection, web access and also the potential for phone services. It is critical that any system is robust and as thoroughly tested as possible before it is made operational.

Prescription-only medicines such as Tamiflu can currently be supplied to a patient only by a doctor or other qualified prescriber. In the community, they can be prescribed to patients only from registered pharmacies. That is enshrined in statute. Statutory instruments will be laid in the House this afternoon to enable us to make the necessary legal changes to support any interim arrangements so that people can access antiviral drugs quickly, should they need them.

Even with the best available scientific evidence at our disposal, it is impossible at this stage to give a cast-iron prediction of how the virus might develop over the coming months. However, with the preparations we have made, the hard work of our exceptional scientists, and, above all, the dedication and commitment of NHS staff, I can reassure the House that we are doing everything possible to protect our citizens against any eventuality that might emerge in the coming months.

Mr. Stephen O'Brien (Eddisbury) (Con): I thank the Secretary of State for advance sight of his statement. The House will be grateful to him for the further update.

As we discussed last week, there were grounds for optimism, which appear to have been justified. The severity and spread of the virus are much less than we might have feared. It is therefore a good moment to express our appreciation of the work of NHS staff, and staff in the Health Protection Agency, the pathology services and the Department on achieving such containment. We do, of course, still have a long way to go, and step one is to increase our knowledge of this virus and its clinical impact on those affected. Including Mexico, the case fatality rate is below 0.2 per cent., so this is broadly equivalent to a seasonal flu. However, the hospitalisation rate in the US is about 8 per cent., which is at least twice what we might have expected, although more precautionary measures are being taken at this stage.

As the House will know, the flu virus is capable of rapid mutation, and past experience has seen flu come in a number of waves with the later ones having significantly different clinical attack and fatality rates. We therefore support an aggressive containment strategy while we gather information and analysis on the virus. Subject to that, it may be desirable to maintain counter-measures to delay the spread while the vaccine is developed. Alternatively, it may be that our response should be more in proportion with that to a seasonal flu epidemic. A judgment to be made—not yet, but in the coming weeks—will be whether to continue with the production of a seasonal flu vaccine or to shift production capacity to a pandemic flu vaccine, at the risk of leaving us overexposed to seasonal flu as we enter the next winter. Will the Secretary of State undertake to include those issues for debate in the House next Thursday, once further analysis of the virus is available?

Can the Secretary of State confirm that the Government's approach is to close schools where a case is confirmed in order to stop the spread of the virus? The Centers for Disease Control in America has changed its guidance from advising closure to a policy of keeping symptomatic students and staff out of school while they are ill and recovering. That is based on the evidence that the virus is circulating widely in the US, whereas that is not the case in the UK. It is debatable whether isolating symptomatic students and staff is as effective as closure, as a combination of household prophylaxis and school closures appears to reduce significantly the spread of the virus. However, if the virus is mild and the impact of school closures is significant, not least during this exam period, it may be better to follow the US line.

Given that some schools in the UK—the five named schools that the Secretary of State mentioned—are closing and others are simply restricting year groups coming into school, can he clarify whose advice schools should follow? If schools do close, should that be for one week, which is the period adopted in the UK generally by the five schools affected so far, or for two weeks, which is the time scale advised in the US? Alternatively, should schools close for three weeks, which is the period denoted in the strategy, or 10 days, which is what is indicated for a virus such as this, whose characteristics—the ones known so far—are a 48-hour incubation period followed by an infectious stage of two to three days? Can the Secretary of State outline in what circumstances the school exam timetables and arrangements would need to be changed? Would it be fair, either to pupils forced to stay at home or to those still attending school, to use coursework in place of an exam in order to test and grade students—reports have suggested such an approach—rather than use, for instance, the retake system?

As regards other preparations, beyond bringing forward the distribution of the phase 6 information leaflets to UK households, TV and radio advertisements, and regional and local authority civil contingency preparations—I had a very constructive meeting with the leader and the chief executive of Cheshire East council on Friday, which confirmed their preparedness—I am glad to note that the Government have ordered

extra antivirals, face masks and antibiotics, as we have asked them to do repeatedly over the past four years. Will the Secretary of State confirm that the use of Tamiflu for NHS workers and, equally crucially, for those working in the social care services—I noted that he mentioned only NHS staff in his statement, whereas in response to a question following his previous statement he said that this did extend to social care workers too, so I hope that he will be able to reconfirm that today—will occur only if people in these front-line jobs are symptomatic?

As the Secretary of State knows, I first asked a written parliamentary question about the important subject of the national flu line as far back as November 2008, in order to ascertain the Government's preparedness for a pandemic. In the light of the answers from the Minister of State, Department of Health, the right hon. Member for Bristol, South (Dawn Primarolo) last year, which revealed and admitted to the delay from last autumn to early this year and now until autumn this year, can he explain why the contract was held up for some months last year by the Office of Government Commerce and the Treasury? Can he also explain why the Department told the Select Committee in the Lords just in March that the national flu line would be available in May, when in fact it will now not be effective until the autumn?

Will the Secretary of State explain how NHS Direct will be able to scale up, to be the means through which symptomatic patients can access antivirals within hours? The plans would call for the national pandemic flu line to be brought into operation at World Health Organisation phase 6. Is that still the Government's intention? If so, how many of the planned 7,500 call centre seats will actually be available?

We have been receiving reports that there is a degree of confusion both among general practitioners and among pharmacists: when a GP gives a prescription for Tamiflu, pharmacists are not in a position to fulfil the prescription, as the Tamiflu is held effectively by the health protection unit. The confusion lies in the protocols, so who is to advise and authorise the administration of Tamiflu locally? I noted something additional in the Secretary of State's statement that was not in the bit faxed to me earlier: he added that with doctors only prescribing and pharmacists only dispensing, he will be laying statutory instruments before Parliament to ensure that the necessary legal changes can be made. That may be a partial answer to my question about authorisation, which is now on the minds of many GPs and pharmacists.

Finally, can the Secretary of State reassure us on our concern about the potential deep disparity between the resources available to respond in the US and Europe, and the impact on populations in the least developed countries. Flu is a dangerous enemy and we must be vigilant, as even this virus, in the absence of antiviral drugs in many countries, may prove very damaging. What further steps will our Government therefore consider to offer assistance through the WHO to combat the spread to the most vulnerable populations across the globe?

Alan Johnson: I am grateful to the hon. Gentleman for raising those points for clarification, and I confirm my understanding that a debate will take place in this House on 14 May, when we will consider all these issues. By then, I hope we will be in a much better position on the science to answer some of the questions that at the moment are just imponderables.

The hon. Gentleman asked about school closures. Our policy remains that the Health Protection Agency and the health protection unit in the area should be the authoritative voice on whether or not a school needs to close. In one case, they decided that because the child, who was symptomatic, did not develop those symptoms at the school but did so when they were away from school, the school should remain open. They have taken different approaches in respect of other schools, but the length of time has always been the same—seven days. Paignton community and sports college is on two sites, so they kept one part of the school open. The decision depends on whether the pupils who have the symptoms have mixed in the same eating area as other pupils and whether they have the same restaurant facilities as other pupils—a number of measures need to be taken into account. At Alleyn's school, the pupils are all in one building and there is no separation between the different annexes of the school. The decision needs to be taken by the HPA, in conjunction with the local education authority and the school, based on the circumstances.

The HPA's advice is that this virus has an incubation period of seven days and that has therefore driven our approach on seven days. There is some evidence from the WHO that the period may be less than that, but that is where the seven days approach comes from. It is kept under review, and if at the end of that seven days the HPA decides that it can keep a school open for longer, it does so.

On the question of exams, which is tremendously worrying for pupils and parents, I refer the hon. Gentleman to the statement that Ofqual made on 1 May and the subsequent information that came from the Department for Children, Schools and Families. There has been a practised approach to this—most recently, it was used successfully in my constituency after the floods in Hull to deal with the problems—so it is not as if we are in uncharted territory. However, it is important that the information reaches parents and pupils as quickly as possible.

The hon. Gentleman raised the issue of the flu line and said that for the past four years he had asked for face masks and so on to be ordered. This is not the place or the time for political point scoring, although doubtless there will be a look back at what has taken place. I ask him and other hon. Members to recognise that we are well prepared, but that when we take the decision, as we have done in the framework, to order face masks, to increase the stock of antivirals and of antibiotics, we then need to go through the process of an outline business case, a full business case and proper procurement. In the case of flu line, the problem has been that this is a completely untested revolutionary system, and we have had our problems in the past with revolutionary IT systems that have not been tested and probed sufficiently.

I can think of no worse occasion than a pandemic for us to put all our eggs in one basket and then to fail, so a perhaps more cautious approach has been taken than in other areas of new technology. We signed the contract with BT in December 2008 and it will be ready in October, having been fully tested. We are not willing to take the risk of running the system any earlier in those

[Alan Johnson]

circumstances. My noble Friend Lord Carter, the Minister responsible for telecommunications, has done a tremendous job in bringing together the current interim measure, which I shall say more about at the right time.

NHS Direct can double its capacity within 10 minutes. It is an amazing organisation, as the Prime Minister and I saw last Friday, and it is working extremely efficiently in the current circumstances. However, the interim arrangements—the pre-flu line arrangements, which I hope to say more about in next week's debate—will not rely just on NHS Direct, because it deals with all the other things that happen, such as people ringing about heart attacks and so on. We are not using up all of NHS Direct's capacity, but it will play a part, as I hope to explain next week.

As for the statutory instrument, I apologise to the hon. Gentleman. I realised after we had sent a statement across to him that we were due to lay statutory instruments this afternoon, to ensure other channels of distribution. It would have been quite wrong of me not to mention that to the House in this statement, so I added it at the last moment.

Finally, the international position is of course important. The World Health Organisation is co-ordinating help for less advantaged and poorer countries, so that they can have access to protection. I know that France has sent a supply of antivirals, and we have given money to the same extent—we have not put medicines in, but we have given £4 million to the World Health Organisation pandemic emergency fund through the Department for International Development. We have also given an amount to the UN contingency fund, which may or may not be necessary. We remain fully alert to the dangers, as the House would want us to be, and we are ready to help other countries. Thankfully, the problem has so far not spread to sub-Saharan Africa, but if it does, we need to be ready to counter it there, too.

Nia Griffith (Llanelli) (Lab): In talking to people about how we can prevent the spread of infection, I have been surprised to find out how few people know that a sneeze can be prevented by licking the roof of the mouth. Putting the tongue firmly against the top of the mouth can stop a sneeze coming out or at least stave it off long enough to get a handkerchief out. Will my right hon. Friend consider including that idea in advice to people about how to prevent the spread of infection?

Alan Johnson: My hon. Friend helpfully passed me a note about that after the statement last week, which I passed on to the clinicians. I had never heard of it before. All I can say is that I have road-tested it, as has the Minister of State, my right hon. Friend the Member for Bristol, South (Dawn Primarolo), and it does not work, so perhaps we need some instruction from my hon. Friend.

Norman Lamb (North Norfolk) (LD): I join others in thanking the Secretary of State for early sight of the statement. I also thank him and the chief medical officer for the briefings that they have conducted away from the Chamber and join others in thanking staff across the NHS for their hard work in preparing for the potential pandemic.

There were reports last weekend of concerns contained in a Department of Health document about capacity that hospitals, including intensive care units, could be overwhelmed. What assessment has the Secretary of State made of current capacity, particularly in parts of the country where hospitals are operating at close to capacity, if not full capacity, and what are the potential risks?

There is reference in the same document to the potential for 10 times as many people requiring ventilators than the NHS can supply, owing to complications such as pneumonia. What plans, if any, does the Secretary of State have to increase the supply of ventilators? There have also been reports of GPs struggling to get access to swabs. Can he provide an update on that?

As for the use of antivirals prophylactically, the Secretary of State mentioned the potential for a change of strategy. It will obviously be difficult to persuade people who are potentially affected of the case for a change. Is that dealt with in the planning document? How will the judgment be made and how will it be communicated to people who will obviously be suffering considerable anxiety?

What assessment has the Secretary of State made of local preparedness around the country? There have been reports of PCT board minutes showing quite a variable picture around the country. Would he be prepared to publish every PCT's assessment of its current preparedness?

I note what the Secretary of State said about the flu line business case, but it took the Treasury 32 weeks to approve it. Does he share the frustration that was felt by NHS Direct at board level at how long that took? What pressure was his Department putting on the Treasury to speed things up? The statement refers to the fact that we now need to make alternative plans because the flu line is not ready. How much will those alternative plans cost? Surely that cost and inconvenience has been caused by inertia in the Treasury.

Finally, concerns have been expressed about action at EU level. There are reports that EU Health Ministers failed to reach agreement on the right strategy for travel bans and on plans for a European drug bank for flu remedies and vaccines. Can the Secretary of State update the House on the current position? Is he satisfied that the Council of Ministers is getting its act together and that there is a coherent action plan across the whole EU?

Alan Johnson: On capacity in hospitals, we are sure that the plans are in place to deal with that. We are a long way from that stage yet, which will mean dealing with complications when we have a full-blown pandemic, which is the same reason why we need the antibiotics. In those circumstances, hospitals would delay non-essential operations and change their whole mode of operation to concentrate on that priority.

Compared with 1969 and 1957, fewer beds are available in hospitals. In 1950, the average stay in hospital was 45 weeks; now it is 4.5 weeks, so we do not need the number of hospital beds that we had then. However, I am assured that we have the capacity in beds and, in particular, intensive care beds out there to deal with the problem, and the same goes for ventilators.

With swabs, however, there was a problem. We are talking about one of those issues where we can have the best framework in place and everything can be set at the national level, but then we find glitches in the system. The British Medical Association was very helpful to us on that, as were others, and we have resolved the problem, which was one of the reasons why Ian Dalton has been appointed. I do not like the title that some of the newspapers have given him, but we need to bring him down from the north-east to look at the role of co-ordinating all the different systems. That was something that we planned to do later in the national framework, but which we are doing immediately.

An important point that the hon. Gentleman raised is how we explain moving from containment to mitigation. That is partly why I mentioned the issue today—to get us thinking about it, as it will certainly be an important element of the public health messages that we give people. I think that the public will understand that, whereas we can currently give this precious resource, Tamiflu, when people do not have symptoms and may not even develop them, when the problem becomes much more widespread, the help will still be available. We would still use household prophylaxis and post-exposure prophylaxis for NHS workers, but we would need to ensure that we got that to people within 48 hours, which is the essential time scale, only if they were symptomatic. That is the best way to use that resource. I agree with the hon. Gentleman that we need to explain the trigger points that move us from containment to mitigation, although I am sure that we will explore that much more in next week's debate.

I am not going to go through every cut and thrust of our discussions with the Treasury, but it has an important job to do. The Treasury needs to be absolutely sure that we are spending taxpayers' money on the right thing—that is, on something that will do what it is supposed to do and work properly—and it put us through a rigorous process. I think that Her Majesty's Treasury would do that under any Government; it is right that it should do so. This was a huge expenditure, and I have no complaints about that—no complaints that I am willing to mention publicly, anyway.

On the issue of action at the European Union, it is not the case that the EU failed to agree. The Minister of State, Department of Health, my right hon. Friend the Member for Bristol, South, was there taking a prominent role, and there was agreement after what I am told was a pretty amicable meeting. There was no move away from the importance of the EU acting within the World Health Organisation's international co-ordination role, which it does very well—without removing the oversight that each member state must have for its own arrangements, of course. Reports of rows were greatly exaggerated.

John Battle (Leeds, West) (Lab): I thank the Secretary of State for his statement, and I thank him and his colleagues for the calm and collected manner in which they, the Department and the PCTs have responded to this crisis. Some commentators have suggested that action to search for vaccines will jeopardise the provision of the flu vaccine in the winter. Will my right hon. Friend reassure pensioners, in particular, that the traditional flu vaccine will still be available to them in the winter months, when it is needed?

Alan Johnson: That is our objective. Our objective is to use our sleeping contracts to get the vaccine for this particular virus in place without damaging the capacity for producing the seasonal flu vaccine. It is a difficult situation out there, because countries all around the world—particularly America—are trying to get protection for their own people as well, and there is only so much capacity in the system. But that is our objective, and I hope to be able to reassure the House on that, or at least explain why I cannot reassure the House on it, as developments move on.

Mr. Nigel Evans (Ribble Valley) (Con): It is right that we should not be complacent about what we are facing, as this flu virus seems able to mutate very quickly. The Secretary of State will have read over the weekend about the appalling incident involving an out-of-hours GP who came into this country. The consequence, sadly, was two deaths. Has the right hon. Gentleman assessed the impact that a pandemic could have on this country? Clearly, we would not be able to access doctors from other countries in such an event, because the pandemic would affect their countries as well. Will he tell us what procedures are being put in place to ensure that proper medical staff will be available in this country to provide the vaccines to patients?

Alan Johnson: We have plans in place, including GPs returning to practise who have retired but who, of course, still have a wealth of knowledge. The important point about planning for the pandemic, however, is that people should go home and stay at home. The whole distribution system is based on people not clogging up their GP's surgery and not calling out their GP to go to them. It is about ensuring that they have someone who we have been calling a flu friend—we might want to change that terminology—who can go and get the antivirals for them and take them to their home. We should never detract from that message. This is not about needing to produce loads more GPs because the GPs' surgeries are being swamped. If that happens, we will have failed in our approach, but we are planning for the kind of complications that the hon. Member for North Norfolk (Norman Lamb) mentioned. If we get to the stage at which more serious complications emerge, we have plans to put extra medical staff in place.

Mr. George Howarth (Knowsley, North and Sefton, East) (Lab): I, too, congratulate my right hon. Friend's Department on the manner in which it has dealt with this worrisome issue so far. I particularly want to thank the Minister of State, Department of Health, my right hon. Friend the Member for Bristol, South (Dawn Primarolo), for giving me notice of a case that was reported in my constituency last Friday. Will the Secretary of State give us an assurance that those who might be more vulnerable to a second wave, such as pensioners, the very young and those whose medical condition would make the impact of the flu worse, are under consideration by the Department, and that plans will be brought forward in due course to deal with those particular problems?

Alan Johnson: I can give my right hon. Friend that assurance. Of course, at the moment we do not know whom it will hit first. The evidence from Mexico is that the people who were dying were aged between 25 and

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50, which is extremely unusual. It is usually the older population and the very young who are the most vulnerable. Until we know the characteristics, we cannot decide that question, but we are certainly thinking ahead to the vaccination programme and about whom we should vaccinate first, because the vaccine is likely to come on line over a period of time. Once we know who the most vulnerable groups are—they could well be the elderly and the very young—we will ensure that they will be first in line to be vaccinated.

Mr. Graham Stuart (Beverley and Holderness) (Con): The Secretary of State has said how important it is to deliver antivirals within the appropriate time window. There is public concern about the delays in the implementation of the flu helpline. Will he tell us what capacity that helpline will have, and what level of epidemic would be required to overwhelm it?

Alan Johnson: We are working on an interim system that would replicate the flu line. There would be one number to ring—although there is apparently a different system for people who are hard of hearing—and one website to contact. An algorithm would then spark off the collection of the antiviral from a distribution point. The system is predicated on perhaps 28 to 30 per cent. of the population having the virus at the height of a pandemic, and on their being able to order their antivirals and to receive them within a maximum of 48 hours, and preferably within 24 hours. That is the system that we are planning. It is not as though we are giving up on the previous scale of ambition and saying that we will have to scale down to something different. We are maintaining that scale of ambition, and we think that we are close to replicating what we would have had with the flu line—without some of the more sophisticated elements, it is true, but still with the same coverage and in the same time scale.

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): I reiterate the compliments paid to the Department by other Members on how this matter has been handled. I also thank the Minister of State, Department of Health, my right hon. Friend the Member for Bristol, South (Dawn Primarolo), for notification of the case in my constituency yesterday, which seems to have been handled very quickly and effectively by the local PCT. My concern, which I am sure other Members share, is that unnecessary fears are perpetrated by reports of such a case. Will the Minister outline how press relations and publicity are being handled when a case is reported in a constituency such as mine?

Alan Johnson: I thank my hon. Friend for his comments. I think that my Department, and the NHS in particular, have done tremendously well, but this has been a cross-Government approach, and other Departments have been extremely helpful. I mentioned the noble Lord Carter in regard to telecommunications, and I should also mention the Under-Secretary of State for Transport, my hon. Friend the Member for Poplar and Canning Town (Jim Fitzpatrick), in relation to transport, as he is sitting beside me, and my right hon. Friend the Secretary of State for Environment, Food and Rural Affairs, as well as others. This is a cross-Government effort.

On the issue of how we publicise this matter, we are careful not to publicise information on a case until the parents and those close to the person have been informed. That is why there is sometimes a delay between people on the ground hearing about a case, as the information spreads through rumours, and our being able to announce it publicly. However, I think that this is the right thing to do. If we get to the next stage and this becomes more widespread, it will obviously be more difficult. At the moment, the Minister of State, Department of Health, my right hon. Friend the Member for Bristol, South, is seeking to advise Members of Parliament on both sides of the House of any outbreak in their constituency, but that might be difficult to maintain as the system goes ahead. At the moment, however, we are trying to ensure that there is no publicity until the parents have been informed, and we try to inform the local constituency MP before the information is made public as well. We will do our very best to keep to that procedure for as long as possible.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): I should like to ask the Secretary of State about the importance of those making public statements sticking to a clear consensus expert view. One hon. Member has said on her blog, in relation to schools and nurseries closing, that

"it is madness. The Minister for public health should stop schools from closing. Far better everyone catches the virus now, and builds up their own anti-bodies whilst it's still relatively weak, and presents as nothing worse than a cold."

She goes on to suggest that children will be better off in the long run if they catch the virus now. She does say:

"Viruses are much cleverer than we are."

Apart from the obvious problem of the threat to the immuno-compromised and the frail of the virus becoming widespread, there is also a danger of viral reassortment within the human population if it goes wide. Will the Secretary of State give his view on whether it is wise to put out public statements such as that one?

Alan Johnson: I am glad that the hon. Gentleman raised that matter; I did see it. I will give not my view, but that of the experts, including the chief medical officer—it is that such advice is totally irresponsible. We do not yet know enough about this virus; it is novel and we do not know its characteristics or how it mutates. It would be utter madness to tell people that their best bet is to get this virus and build up some immunity. Immunity from what? If it mutates, that will be an immunity from a previous phase. I have discussed this idea—it seems to be a piece of cracker-barrel philosophy that is going around—with all the clinicians and they say, without any hesitation, that it is totally irresponsible. I am glad that the hon. Gentleman has given me an opportunity to put that on the record.

Kerry McCarthy (Bristol, East) (Lab): I repeat the congratulations to the Department on its handling of this situation. I apologise in advance for asking a slightly obscure question, but I understand that the vaccine that is being worked on involves the use of eggshells, as does the current flu vaccine. That means that it is not suitable for people who are allergic to eggs. Some people are so allergic to eggs that they cannot even touch the outside of the shell without breaking out in a reaction.

Is there any way of getting around this problem so that we can develop a flu vaccine that is suitable for everybody?

Alan Johnson: My hon. Friend has gone well past the limits of my knowledge on these issues. She is quite right that eggs are used to grow the vaccine—*[Interruption.]* "Eggs are eggs" as has been said. I have not heard the issue concerning people who are allergic to eggs; I will look into it and perhaps write to her separately.

Mr. Roger Williams (Brecon and Radnorshire) (LD): It appears that this particular virus at this particular time is producing relatively mild symptoms, but the Secretary of State is right to say that it could easily mutate. What we do not know is where and when it might mutate. I am sure that the WHO has a worldwide observatory for the influenza virus and that it takes samples continuously to try to identify any new variety that might emerge. In less developed countries, however, it probably does not have facilities for taking the samples, getting them to the laboratory and carrying out the tests. Will the UK put more resources into that vital work, because identifying any new mutation and getting a vaccine ready for it will be absolutely essential to containing what could become a much more serious disease?

Alan Johnson: Yes, the WHO has the necessary focus on this. One of the first statements made by Margaret Chan was that the WHO's major role was ensuring that once the vaccine was produced, we could get it to countries that do not have the resources that we have. That will be an important element of what happens. On the general point about the vaccine, both in this country and in America, GlaxoSmithKline and Baxter are working very hard. They have already identified a strain here, and we are well on the way to getting the vaccine, but as the hon. Gentleman and all Members know, getting it through the manufacturing stage and getting it delivered involves months rather than weeks. The vaccine will not come quickly, but when it becomes available, the WHO has plans in place to ensure that it is distributed around the world. There is nothing worse for developed countries than to resolve this pandemic among themselves, only to find that it is still prevalent elsewhere—and therefore still an international threat.

Andrew Mackinlay (Thurrock) (Lab): I, too, congratulate the Secretary of State on his stewardship of this matter. I hesitated before getting up to speak, but one thing troubles me—patient confidentiality, which it seems to me has been breached. Once the storm broke, people had their photographs put in the newspapers. Vulnerable people facing a time of great crisis were harassed by journalists to produce photos, or their loved ones were asked, and so forth. Such people need some protection, and surely NHS staff need to be reminded of the law under the Data Protection Act 1998. Will the Department take these matters up with the Press Complaints Commission and with editors to ask for some restraint, as it is grossly unfair and deeply harrowing for people to have their medical conditions put on to the front pages of newspapers?

Alan Johnson: On the whole, as I said in my statement, media coverage has been responsible, but I agree that some individual cases are worrying. I have heard about instances in Dulwich, for example, of a stigma being attached to children who have this illness, leading to problems with bullying. That is very worrying. Parents have contacted us about the issue. I will try to ensure that the press plays its role in dealing with this problem and that the responsibility that it has shown in general at the macro-level is repeated at the micro-level.

Point of Order

1.55 pm

Mr. Christopher Chope (Christchurch) (Con): On a point of order, Mr. Deputy Speaker. For the umpteenth time today, we have seen contempt shown for Mr. Speaker and the occupants the Chair by the Government, who have defied Mr. Speaker's repeated requests that statements should be made to this House first, before they are made to the world outside. The SATs statement was rehearsed on the radio this morning and the written statement to the House on DNA was all over the newspapers and in the media late last night. What is the point, Mr. Deputy Speaker, of Mr. Speaker making rulings unless they can be enforced?

May I make a modest suggestion to Mr. Speaker: if, in future, there are Ministers—I am pleased to see the Home Secretary in her place on the Front Bench—who defy Mr. Speaker's rulings, they should be arrested and have their DNA taken from them, and that that DNA sample should be destroyed only when we have received a proper undertaking and public apology from the Minister responsible?

Mr. Deputy Speaker (Sir Michael Lord): I say to the hon. Gentleman that Mr. Speaker does indeed feel very strongly that, before statements to this House are disclosed or discussed elsewhere, they should be made to this House. I am sure that Mr. Speaker will take note of the hon. Gentleman's points, but as to whether he will follow up the hon. Gentleman's suggestions, I cannot be quite so certain.

Intelligence and Security Committee

Motion made, and Question proposed,

That this House has considered the matter of the Annual Report of the Intelligence and Security Committee for 2007-08, Cm 7542, and the Government's response, Cm 7543.—(*Mark Tami.*)

1.57 pm

Dr. Kim Howells (Pontypridd) (Lab): I have had the privilege of chairing the Intelligence and Security Committee since October last year and this is the first opportunity I have had to talk about the work of the Committee before the House. I believe that this is the first time that such a debate has been opened by the Committee Chairman.

I have been asked by my right hon. Friend the Secretary of State for Foreign and Commonwealth Affairs to offer his apologies for being unable to attend this debate. He is representing the Prime Minister at the Eastern Partnership summit in Prague. While we wish the Foreign Secretary well at that conference, I am sure that all present are delighted to see my right hon. Friend the Home Secretary participating in today's debate.

On behalf of the Committee, I wish to put on record our thanks to my predecessors: my right hon. Friend the Member for Torfaen (Mr. Murphy), who was Chairman until January 2008 and my right hon. Friend the Member for Derby, South (Margaret Beckett), who was Chairman until October 2008. I am grateful to them for their excellent leadership.

In the period covered by the annual report, the Committee held 26 formal meetings and 25 other meetings—51 in total—and undertook a number of visits. Its members attended the vast majority of those meetings—well over 90 per cent.—so I want to thank them for their hard work and the constructive approach they brought to the Committee's work. I have certainly never served on any other Committee where attendance has been so high or its members have been so expert—an issue to which I shall return.

The Intelligence and Security Committee has a statutory remit to examine the administration, policy and finance of the UK's security and intelligence agencies. We report on these annually to the Prime Minister and meet him to discuss the details of the report. The report covers the period from December 2007 to November 2008. That is the period that we are looking at today.

Our most time-consuming task during that period was the completion of our review of the intelligence on the London terrorist attacks of 7 July 2005. That was the subject of a separate, detailed report, which was sent to the Prime Minister in July 2008. It could not be published then for legal reasons. A trial going on at the time has now concluded, and reporting restrictions have been lifted. To reflect recent developments, the Committee has updated the report—not in a rewrite, as some have suggested, but in a separate, additional annexe. We sent that update to the Prime Minister yesterday, and I am informed that he will publish both the report and update on Tuesday 19 May. I will not comment further on the report during this debate.

As the annual report makes clear on page 44, during 2008, the Committee also began investigations into a number of other areas—investigations that were continuing when the annual report was published. Some of the

investigations have now concluded, and we will report on them in our next annual report. Properly, the annual report deals mainly with the nuts and bolts of the agencies' operations: their administration, policy and finance. I will provide an overview.

A wide range of threats, both terrorist and non-terrorist, continues to be posed to the United Kingdom.

Mr. Tobias Ellwood (Bournemouth, East) (Con): I do not wish to distract the right hon. Gentleman, but he draws attention to the report of one of his predecessors, Baroness Taylor. Back in 2002, she wrote that there remained a huge problem in the comparison between the compensation received by people affected by terrorism attacks in the UK, and that received by those affected by such attacks abroad. Sadly, I lost my brother in the Bali bombing, and the report made clear the double standard: families of those killed or injured in the UK were compensated through the criminal injuries compensation scheme, whereas no such support is provided in relation to those killed or injured abroad. Will the right hon. Gentleman consider whether too much time has passed—seven years—for that discrepancy to continue?

Dr. Howells: Every time I think of the hon. Gentleman, I think of his brother, who was so cruelly taken from his family by the terrible bombing in Bali. It is not the Committee's place to comment on compensation, but I assure him that a great many of us think about the subject, and I would like to see some of the unjustified disparities reduced.

The current threat from international terrorism is assessed as severe: there is a continuing high level of threat to the United Kingdom, and a high likelihood of a terrorist attack in this country. The threat of international terrorism comes from a diverse range of sources, including al-Qaeda and its associated networks, and those who share its ideology but do not have direct contact with it. Al-Qaeda and its followers are certainly not short of ambition. We have ample evidence of their willingness to carry out indiscriminate terrorist attacks, and the threat that they pose is likely to persist for a considerable time. That places great pressure on our intelligence and security agencies, together with the police, Government Departments and other key partners, all of whom are working to find those who are planning attacks and prevent them from carrying them out.

Counter-terrorism work is demanding and often dangerous for those involved. It is no exaggeration to say that they put their lives at risk to protect this country. They have achieved notable successes over the past year, with plots disrupted and individuals brought to trial and convicted. I record our thanks to them for all their hard work—not only the successes that are known about, but those that cannot be publicised. All three agencies, especially the Security Service, have continued to receive substantially increased resources earmarked for counter-terrorism work. Discovering plots and pursuing terrorists is vital, but the Security Service cannot guarantee to stop every plot; it is often playing catch-up.

Although the primary focus of the United Kingdom's intelligence and security agencies is necessarily on counter-terrorism work, a good deal of which has international links, they also dedicate resources to countering threats posed by the proliferation of weapons of mass destruction, regional instability, espionage, cyber attack and other challenges. In addition, the agencies continue to provide unprecedented operational support to United Kingdom military operations.

Andrew Mackinlay (Thurrock) (Lab): I pored over my right hon. Friend's report, and it contains no mention of cyber attacks, or what is known in the firm as "patriotic hacking". That is among the most serious threats to the United Kingdom and the west. Why is there no mention of this? Has the Committee not examined the threat? Why is it not being reported to the House?

Dr. Howells: I agree entirely with my hon. Friend about the gravity of the threat of cyber attack—*[Interruption.]* If he will contain himself for a moment and not explode on his bit of the Front Bench, I will tell him that we will report on cyber attack in our next annual report. I am sure he will be satisfied with that.

The Committee expressed concern that the necessary focus on counter-terrorism work has resulted in a reduction in the proportion of effort directed to non-counter-terrorism threats, possibly to our future detriment. In the Government's response to the Committee, they acknowledged that the proportion of work on other intelligence and security requirements has been reduced as a result of the continuing focus on counter-terrorism. The Government state that the agencies are nevertheless investing considerably in better IT and other capabilities, but it remains a source of great concern to the Committee that we might be storing up problems for the future if we neglect other areas of work, and we are adamant that more must be done.

In addition to examining work on counter-terrorism and on non-counter-terrorism threats, the report looks at administrative challenges: how agencies allocate resources; and how we can ensure that they provide value for money, and have effective business continuity plans and effective security procedures such as vetting. Although the Committee's remit covers the Security Service, the Secret Intelligence Service and GCHQ, it is clear that it cannot work in isolation. Given the challenges it faces, constructing close partnerships with the wider intelligence community is essential.

In overseeing such agencies, the Committee must also examine the work of the wider intelligence community. In addition, as the only parliamentary body allowed, by virtue of the Official Secrets Act, to access secret material, it is the only body that can hold the agencies and bodies dealing with such material to account: they include the Defence Intelligence Staff, some areas within the Office for Security and Counter- Terrorism in the Home Office, the intelligence structure in the Cabinet Office including the Joint Intelligence Committee and the assessments staff, the joint terrorism analysis centre and the Centre for the Protection of National Infrastructure.

The Committee also addresses issues that affect the intelligence community as a whole. For example, we have expressed our dismay—the word is used carefully—that phase 2 of the SCOPE IT system has been scrapped. I assure the House that the ISC takes its job of holding the agencies to account very seriously. If we cannot always provide the detail of that in public, that does not mean it is not being done. The ISC remains completely objective in its deliberations on the issues and cases it chooses to examine. That is the only way members

[Dr. Howells]

of the Committee know how to win and retain the trust of Parliament, the security agencies and the wider world.

Fiona Mactaggart (Slough) (Lab): My right hon. Friend talks about the importance of the Committee gaining the trust of the wider world. As he points out, the Committee is the only mechanism that Parliament has to hold the security agencies to account. There is widespread anxiety among the public that information obtained by UK security services has been used by other countries in committing torture against espionage suspects. Will he report to Parliament his Committee's view of such allegations?

Dr. Howells: I thank my hon. Friend for raising that issue. I shall deal with her point in a moment, if she will be patient.

It is important to note that the membership of the Committee reflects the full range of attitudes taken by most people who think about intelligence and security matters. The Committee's members bring to its deliberations something additional and, in my view, something special. All of them are experienced, long-serving and well-respected Members of this House and the other place. Often, but not always, they have served as Ministers or shadow Ministers. Sometimes, but not always, they have served in Departments or on Committees that gave them first-hand experience of intelligence, security, defence and policing matters. Without exception, they bring with them the benefit of diverse experiences as parliamentarians, and, of course, as individuals who had important careers before entering either House.

Mr. David Winnick (Walsall, North) (Lab): I do not intend this to reflect in any way on the Committee's present or previous membership, but will my right hon. Friend comment on the Prime Minister's statement of 19 March 2008? In that statement, the Prime Minister spoke of a more "public role" for the Committee, and said that such a role should be

"more akin to the practice of Select Committees". *[Official Report*, 19 March 2008; Vol. 473, c. 926.]

While I realise that, as in the case of any democratic country, the bulk of the Committee's work will be done in private, has not the time come—as the Prime Minister has himself suggested—for some public hearings about the work of the security agencies?

Dr. Howells: Yes, and I can tell my hon. Friend that the Committee is thinking very seriously about how we can conduct such public sessions. It will not be easy. If we ask questions about operations or intelligence which, by their very nature, are secret and must remain secret, we shall certainly not be able to do so in public, and if we ask questions that do not relate to such matters and that can be asked by any Select Committee, we shall be accused of asking whoever is before us patsy questions. However, there are subjects involving the intelligence and security agencies that we may be able to employ in order to hold public hearings that will be useful and meaningful, rather than serving merely as decoration.

Andrew Mackinlay *rose—*

Dr. Howells: I will not give way again, because I know that many right hon. and hon. Members are waiting to speak.

In referring to the Committee's membership, I have given some of the reasons for the fact that it is the least leaky Committee, and the least prone to allowing party politics to colour the commentary on its reports and its albeit rare public pronouncements. I hope that I shall be allowed to depart for a moment from what has been protocol in the introduction of debates such as this. The material handled by the Committee is extraordinarily sensitive, and very important to the country's security. Three members of the Committee are not privy councillors, but ought to be because of the distinguished way in which they have served it. I refer to my hon. Friends the Members for Stockton, South (Ms Taylor) and for Wirral, South (Ben Chapman) and the hon. Member for Croydon, South (Richard Ottaway). I hope that the Prime Minister will consider that carefully, because it is something of an anomaly and I think it should be rectified.

The ISC has constantly to win and retain the trust of all sides in an area which, by its very nature, is prone to the most extreme forms of public speculation and concern, rumour, criticism, paranoia and conspiracy theories. It has to work within the circle of secrecy—*[Interruption.]* Will my hon. Friend the Member for Thurrock (Andrew Mackinlay) allow me to finish? It has to work within the circle of secrecy, and yet convince the Prime Minister, Parliament and the public that the often clandestine systems, behaviour and operations that are important elements of the business of the agencies that we examine are organised and undertaken according to the laws laid down in this country. That applies to operations regardless of where in the world they are conducted.

There are additional difficulties. There is a tendency for some of those who are most often heard giving voice to the speculation, concern, rumour, paranoia and conspiracy theories that I mentioned a moment ago to assume that the ISC is there simply to prove them right—or, if we decline to do that in our reports—to whitewash the agencies and the Government. Let me state here and now that, as one who served as a Minister for more than 11 years and served nearly six years on the Opposition Front Bench—as well as on three Select Committees, including a particularly fearsome Public Accounts Committee—I have never encountered a more rigorous, tough and independently minded investigative Committee than the ISC.

Like any other organisation, the ISC has its weaknesses and limitations, not least the fact that it is under-resourced. It is served by a superb, hard-working secretariat, but one that is small in numbers and frequently tested to the limit in undertaking its duties. The ISC needs more money and staff, especially if it is to continue to undertake additional investigations of difficult and complex issues such as the London bombings of July 2005.

There is, of course, a body that exists to undertake investigations of individual cases. It is called the Investigatory Powers Tribunal, and consists of very senior members of the legal profession who are appointed by Her Majesty the Queen. It is guided by Lord Justice Mummery, its president. I hope very much that it will make its distinguished membership and its remit better known to the media and the public than they appear to be at present.

The Investigatory Powers Tribunal will proceed with its vital work, but I have no doubt that pressure will continue to be applied to the Intelligence and Security Committee to undertake investigations of all manner of contentious issues, including the role and conduct of serving officers of our intelligence and security services in interrogating suspects and prisoners held overseas. That brings me to the question asked by my hon. Friend the Member for Slough (Fiona Mactaggart).

Over the past five years, as well as its annual reports, the Committee has produced a report on rendition, published in July 2007, a report on the London terror attacks of July 2005, published in May 2006, and a report on the handling of detainees by UK intelligence personnel in Afghanistan, Guantanamo Bay and Iraq, published in March 2005. As I said earlier, its second report on the July 2005 London bombings will be published on 19 May. If it is to continue to do justice to difficult and complex subjects of that kind, as well as fulfilling its remit to monitor the intelligence and security agencies, it needs adequate resources. I urge No. 10 to consider that plea carefully and sympathetically.

Inevitably, the Committee's agenda beyond its formal remit will continue to be influenced by events, reports and wider debates about intelligence and security issues. There will be themes that demand its attention. Let me briefly touch on one of those themes. It concerns issues that have arisen, for example, as a consequence of the allegations made by an individual who was not a British national, but who resided in this country for some time. Claims have been made that that individual was arrested in Pakistan and questioned by the Pakistani authorities and by the Americans before eventually being incarcerated in Guantanamo Bay. Subsequently, the individual was released back to the United Kingdom without being formally charged by the Americans with having committed a terrorist offence.

The individual's lawyers allege that, before being flown to Guantanamo, the person was treated very badly by his captors, and that British intelligence was aware, at the very least, of aspects of that treatment. It is alleged that the individual was subjected to interrogation techniques that were contrary to the Geneva conventions and to the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment. It is also alleged that the individual was subject to extraordinary rendition to a third country where torture allegedly occurred and where questions were put to the individual—questions which, allegedly, could only have come from the United Kingdom.

Those allegations have been the subject of rigorous and dispassionate examination by the ISC, and I do not intend to comment on them here in any way. What I want to do, very briefly, is draw attention to a fact that will, I am sure, be obvious to any serious and objective student of intelligence and security matters. It is this: the possible ramifications of recent cases, such as the one I have just described, on the future operational capabilities of our intelligence and security agencies could be very significant.

Paradoxical as it may seem in a world normally described by the likes of John le Carré and many other authors and filmmakers as one mired in betrayal and duplicity, in fact a high degree of mutual trust is required for intelligence services to be sufficiently confident to exchange their information across international frontiers. Where there is no trust, there will be little useful exchange of intelligence. Some of that intelligence—in the past, now and in the future—will have been gathered in the streets, police stations, prisons and holding camps of countries and conflict zones where Governments and regimes do not normally enjoy reputations as firm upholders of the Geneva conventions.

If our security agencies are informed by one of the security agencies of these countries that they have in their custody a detainee, or that they have information obtained from a detainee that could be crucial to protecting British people from a terrorist atrocity, what are they to do? Do they despatch officers to these places, knowing that subsequently they might find themselves subject back in the United Kingdom to a charge of being complicit in the serious maltreatment of the detainee? How ready will our agencies be to deploy officers to countries whose Governments are implicated in human rights abuses and torture, or even to admit that they have co-operated with the intelligence agencies of those Governments, given that there can be very few countries in the world that are able to offer cast-iron guarantees that terrorist suspects, detainees and criminals are protected from mistreatment of any kind as they are protected by our laws in the United Kingdom?

Should British agencies co-operate with countries that have been found guilty of breaking international conventions against torture? It might be instructive, before replying to that, to recall that Sweden, a nation justifiably well regarded for its human rights record, was found guilty of violating the international convention against torture in 2001 after extraditing to Egypt a terror suspect, Ahmed Agiza—a former member of Islamic Jihad—having refused to grant the man asylum. The UN Committee against Torture ruled in 2005, less than four years ago, that Sweden should have known that Egypt advocated and consistently practised the widespread use of torture methods against detainees. Can we guarantee that all our NATO partners, including our most important partner, the USA, are completely free of UN criticism? I doubt it.

The ISC visited Ottawa recently and learned that Canada—another nation properly held up as a paradigm of virtue when it comes to the humane treatment of suspects and detainees—was forced to pay more than 10 million Canadian dollars in 2007 in compensation to a Syrian-born Canadian citizen, Mr. Maher Arar. He had been arrested in the USA on allegedly misleading intelligence supplied by the Canadian security authorities. The Americans in their wisdom flew Mr. Arar to Syria, where he alleges that he was beaten repeatedly and subjected to many months of inhumane prison conditions. Canada is one of our most trusted and steadfast allies. It has a robust judiciary that is every bit as ready as ours to uphold human rights and civil liberties.

Where do such examples leave us politicians, who are in Parliament to ensure, among other things, that our intelligence and security organisations undertake properly and lawfully the necessary tasks required to keep our streets safe from atrocities perpetrated by terrorists? As Chairman of the ISC, I can guarantee that the Committee will not flinch in our investigations and our reports will properly inform the Prime Minister and, with him, Parliament and the country at large, wherever and whenever we believe that laws have been broken and human rights have been abused. We will help to ensure that the guidance and advice given to our officers meets all our international obligations.

[Dr. Howells]

As Committee members, we are as aware as anyone in this country that those responsible for helping to ensure the safety of our citizens from the activities of those who would perpetrate terrorism and destruction must themselves act within the laws of the United Kingdom. That is how we prove to the rest of the world that the values that we uphold and fight for are civilised and humane. Few things can do this country's reputation more damage than being seen to be abusing human rights and tarnishing the values for which we stand. That was the great harm wreaked by the photographs and reports that emerged from Guantanamo Bay and Abu Ghraib, among other places of detention and interrogation.

I believe that there are no circumstances where torture can be justified; nor am I convinced that the intelligence that emerges from torture cells is sufficiently reliable to warrant even that most equivocal of justifications—the one that says that torture is valid if it tells us how to find or defuse the ubiquitous ticking bomb.

We know also, however, that in this increasingly mobile world—in which people, plans, weapons, explosives, detonators and intelligence move and are made available with such speed—it is vital that the intelligence and security agencies of this country and those of its civilised and trusted allies are properly empowered to co-operate and exchange intelligence. As long as they do that within the laws laid down to guide their work, they should not have to live with the dread that, by the very act of co-operating with a close ally who may subsequently find themselves mired in a human rights abuse scandal, they might be tarred with the same brush. Living with such a dread is not a recipe for the efficient exercise of intelligence and security operations as central as ours are to preventing terrorist atrocities in this country.

That is why the work of examining exhaustively the allegations laid against intelligence and security agencies and officers must remain a priority. It is why the examinations should continue to be carried out within a political context that leaves no one in any doubt whatsoever that the United Kingdom Government's current refinement and consolidation of rules and guidance issued to intelligence and security officers will result in the maximum possible clarity. That is vital if we are to dispel all suspicions and allegations that our agencies and, by implication, our Government have been complicit in torture.

The men and women who work for our intelligence and security agencies are among the brightest and, sometimes, the bravest people that I have ever encountered. Their work is vital to keeping this country safe from the often murderous intentions of those, inside and outside these islands, who wish to harm us. Because of its very nature, much of that work must be secret. Its great worth often cannot be the subject of reporting or celebrating, even in the most broad fashion.

Mr. Michael Ancram (Devizes) (Con): I totally support what the right hon. Gentleman is saying. It is very important to stress again that none of us would condone mistreatment and, in particular, torture. Does he agree that in our investigation of that we must respect the rules of confidentiality with other agencies abroad with which we share intelligence? Sharing intelligence is not a contractual matter; it is based entirely on trust. If that trust is either undermined or broken, we will not know that we are not getting the intelligence—because, unless we get it, we do not know what intelligence is available—but that could greatly damage the national security interests of this country.

Dr. Howells: I agree with every word of the right hon. and learned Gentleman's analysis. He is absolutely right, and that issue of trust is central to the points I am making.

Fiona Mactaggart: Is our trust in our partner agencies not dependent on them? My right hon. Friend has highlighted a number of Governments who have inadvertently breached the human rights of certain people, but is not our trust in the sharing of information with other countries undermined if they consciously use that information in a way that abuses the human rights of suspects?

Dr. Howells: Yes, that is absolutely true, although I do not believe for one minute that any of this is cut and dried and crystal clear, because it never is. There are intelligence agencies across the world that we believe we can trust, but which for whatever reason—my hon. Friend used the term "inadvertently"—have been guilty of contravening some of the Geneva conventions. That has indeed sometimes been inadvertent. I spent a large amount of my time at the Foreign Office helping to negotiate the possible future extradition to their home countries of people who were being held in places such as Belmarsh. We might have been given every possible reassurance that those people would be safe, but our courts frequently did not believe those reassurances, so our attempts to send those people back home to their own countries were often stymied. These are very difficult areas, and there is no rule that says that, because we do something in this country with the best of intentions, it will not be contravened or broken somewhere else in the world.

I believe that the people who work in our intelligence and security agencies deserve the very best guidance, both political and practical, and that that guidance must be as clear and unambiguous as possible. It is this Parliament, and this Government, who must provide it.

2.31 pm

Chris Grayling (Epsom and Ewell) (Con): May I begin by offering two different sets of thanks? The first is to all the people who work in our security services. I am sure every Member of this House would agree that they do a magnificent job for this country. We depend on them enormously at what is a time of great threat and great difficulty, and it is right and proper that our gratitude should go out to them. My second set of thanks is to the right hon. Member for Pontypridd (Dr. Howells) and his colleagues of all political parties who serve on the Intelligence and Security Committee. They too do a very important job of work for us; they carry out a challenging and important role on our behalf. That fact is underlined by the scale of the redacted information in this report. That inevitably makes it difficult for this House to have a full discussion about the scale of our commitment to the security services, so we rely on the ISC to be our eyes and ears in

the security world, and I am grateful to the Chairman and his Committee for what they have done. I am sure we would also want to pass on our thanks to the right hon. Member for Derby, South (Margaret Beckett) for her work on the Committee during the course of the year.

There is, of course, one element missing from the report. We have an annual report to consider, and we will spend today's discussion focusing on a document that has been thoughtfully put together, but which inevitably lacks some of the detail that might enable our debate to be more informed. Obviously, for security reasons key information cannot be made available to us. We can certainly discuss the role of our security services in the battle against terror, but one issue that I know will be followed from outside this House is the work carried out by the Committee on the London 7/7 bombings, to which the right hon. Gentleman referred. We know that the research it conducted and the assessments it made have remained under lock and key because of the trial that has recently concluded. Even given the fact that that trial has now ended, we would all fully accept that the Committee has been given access to some of the most sensitive information in relation to what happened and that it will not be possible to make that information fully public.

However, I think Members in all parts of the House will be aware that there is an expectation among the families of those who were killed or injured that the report will be published in some form, and I think they will welcome the announcement the right hon. Gentleman has made today. They are certainly hoping that the report will give them some further explanation about what happened, and in particular what was known about the bombers. I have a clear sense from talking to some of those involved that they do not want there to be a blame witch hunt against anyone who may have made mistakes, but they do want clear evidence that lessons have been learned and procedures improved. All of us in this House can understand that desire, and we can only have the greatest admiration for the way in which the surviving victims and their families have dealt with the appalling situation they faced.

Mr. Michael Mates (East Hampshire) (Con): I must be careful about what I say, but I can tell my hon. Friend that we have made huge efforts in this report to cut redactions to a minimum for the express purpose of trying to give as much information as we possibly can to the families and relatives he was talking about.

Chris Grayling: I am grateful to my right hon. Friend for those comments and I am sure they will be welcomed by the families, who are certainly seeking reassurance that everything possible is being done to ensure that no one has to face a similar tragic situation in the future. There is a duty on us to provide answers for those people as far as we can, with the caveat that we cannot compromise the future ability of the security services to combat the threat we face. I am sure that the families will be reassured by my right hon. Friend's comments, and I am delighted to hear that the Committee will be able to press ahead and publish that report. I hope that it provides the families with some of the answers they seek.

Andrew Mackinlay: Before the hon. Gentleman gets carried away in mutual congratulations between Front Benchers and prospective Privy Counsellors, I draw his attention to page 25 of the report, which states:

> "SIS has now implemented the new civil service retirement age of 65 with the exception of senior staff…where the retirement age remains ***."

I find it incredible that that detail was of such importance to national security that it had to be left out. That is absurd, and it insults Parliament. I imagine some sort of Miles Malleson or Wilfrid Hyde-White character still in post at 106, and they are too embarrassed to say so. That is the only logical conclusion to draw.

Chris Grayling: The hon. Gentleman makes a very good point and I was about to mention the scale of redaction. I remember dealing with a constituency case a few years ago in which an experienced counter-terrorism officer was being expected to retire because there was a set retirement age. At a time when we face a significant international threat, it is clearly bonkers to lose expertise unless people really want to retire—

Andrew Mackinlay: How old was this guy?

Chris Grayling: I am sure that the hon. Gentleman will have a chance to ask the Home Secretary or a member of the Committee whether they can give him some hint on that.

Because of the need to avoid compromising the ability of our security services to defend the safety of our citizens, the detail in the report will always have to be limited, but we need to ask serious questions about the scale of the redactions. It is impossible for Parliament sensibly to debate value for money as most of the figures are replaced with asterisks. On page 13 there is even a footnote for the asterisks that explains helpfully:

> "This relates to GCHQ's various activities ***."

That is not very helpful or enlightening. On page 9, a whole table is printed showing the overall resource and capital spending projections for the different agencies, but no amounts for each agency. I can see why it is important that information that is a threat to national security is not placed in the public domain, but I wonder whether the degree of redaction in this report allows Parliament to fulfil its role as examiners of the public purse. That is especially true given that the agencies are costing more and more to run.

For GCHQ, the SIS, the Security Service and what are termed "Additional elements", spending over the five years to 2011 will almost double from £1.2 billion to just over £2 billion. In total, spending on counter-terrorism will increase to £3.5 billion. What was originally a relatively small item of Government expenditure is expanding steadily to the point where it is close to the size of a small Department on its own. Clearly, we should not know or expose the full detail of that expenditure, and we face new challenges—the report rightly points out that the increased use of the internet by terrorists has become a priority for GCHQ, which will create a whole new set of challenges, requirements and investment needs. We accept also that the security services are operating in a difficult environment, but there are legitimate questions to ask about the overall value for money being obtained by them.

Mr. Winnick: Perhaps the Chairman of the Committee believes that I would like to see much of its work done in public, but nothing could be further from the truth. Is it the Opposition's view that there is a public role for the Committee, including justification for some public hearings, to make it—in the words of the Prime Minister—more akin to a Select Committee, while recognising that we face an acute terrorist danger and much of the Committee's work must, by the very nature of such things, be private?

Chris Grayling: We certainly support as much transparency as possible but while still allowing the Committee to work effectively, and in a way that does not compromise our national security and the work of those who are, in very many cases, putting their lives on the line to defend us. It is a delicate balance. I look to the Committee to try to push the margin as far as it reasonably can. It is closest to the information with which we are dealing and involves representatives from both sides of the House. I hope—I suspect that this is the wish of everyone in the House—that we will push the envelope as far as we can to achieve a sensible balance.

Mr. Ancram: For four years, I made the same speech as my hon. Friend is making from that Dispatch Box. I too used to run through the redactions and ask how we could possibly do our job in Parliament when we could not see the figures. I have now served on the ISC for three years and have been taken through the reasons for the redactions, and so, without giving anything away, may I say to him that I think they are justified?

Chris Grayling: I accept my right hon. and learned Friend's word in these matters. However, I am sure that he and his colleagues on the Committee will continue to make every effort to bring into the public domain matters that can be brought into it.

We know that a considerable amount of investment is taking place in IT across the security services, for reasons such as the increased use of the internet to which I have just referred. We also know that the Government have, on occasions, got things spectacularly wrong in IT across all different aspects of the public sector. The report quite rightly raises serious questions about the SCOPE project, which has clearly been another example of an unsuccessful major IT project. It is clear that that is a situation in which it is helpful for the House to hear as much as possible about how the Committee ensures that money is spent wisely and that we genuinely secure value for the investment, as well as what we do when things go badly wrong. I await with the interest the report that the right hon. Member for Pontypridd talked about putting together later in the year.

Therein lies the rub. I hear what my right hon. and learned Friend the Member for Devizes (Mr. Ancram) says, but people standing at this Dispatch Box—including him and my predecessor, my hon. and learned Friend the Member for Beaconsfield (Mr. Grieve)—have argued that there is more scope to provide information to support the value for money issues, that not all the information needs to be classified and that we could demonstrate to the House and to taxpayers how we are securing a proper return for the taxpayer in what is inevitably now proving to be a fast-increasing investment for the taxpayer.

There is a balance to be struck. If we publish breakdowns that are too detailed, it gives those who are hostile to this nation information about where and when budgets are squeezed and about the areas in which we are investing and those in which we are not. Yes, there is a risk that we might give an indication of where the soft underbelly lies. Clearly, we do not want to do that, but I still suspect that more information could be provided without exposing us in that way. Of course, if we understand where there are pressures in the system and where there are financial issues, it makes it easier for right hon. and hon. Members to apply pressure and to ensure that soft underbellies do not appear to the extent that they might otherwise.

Let me now turn to some of the other detail of the report, which seems to confirm what my colleagues and I have said all along: the Government's national security strategy is in danger of simply being a descriptive laundry list and the Prime Minister's National Security Committee and National Security Forum are in danger of just being talking shops.

The Committee's report makes it clear that the Government have not taken the recommendations of the Butler report seriously, which could negatively affect the functioning of the central intelligence machinery and our analytical capability. It worryingly calls into question the Government's ability to find a way to allow intercept evidence to be used in terrorist trials—we have argued for that in order to reduce our reliance on the control orders regime. The report also highlights the costly failure of the SCOPE project, as I mentioned earlier, and reinforces our calls for a full, evidence-based review of the Prevent strategy.

Let me deal with some of the criticisms in turn. First, the Committee placed a question mark over the value of the national security strategy, saying:

> "We have questioned whether the strategy will achieve any benefits in real terms or whether it is simply a paper exercise...The National Security Strategy does not create new areas of responsibility for the Agencies or the wider intelligence community. The Heads of the Agencies have indicated that they were consulted about the strategy and are broadly supportive of it, but that they do not envisage that it will result in any significant change in direction for them."

Then there is the National Security Forum. The Committee is clearly ambivalent about its role. It states:

> "How the role of the National Security Forum will develop, and what value it will add, remain to be seen."

Then there is the issue of the Joint Intelligence Committee. The ISC welcomed the separation of the roles of JIC Chairman and Government adviser on intelligence and security matters. However, it said that it was

> "disappointed that the grade of both posts was now lower than it had been when they were combined and effectively the position has reverted to its pre-2005 grade".

The Committee criticised the decision to subsume the role of the head of professional intelligence analysis within the role of JIC Chairman. It said that, given the importance of that role,

> "we are very concerned by the plan to subsume it within the Joint Intelligence Committee Chairman's post as this may actually lessen the priority given to this crucial role."

Andrew Mackinlay: The hon. Gentleman is referring to paragraphs 134 and 135, which deal with the professional head of intelligence analysis. Paragraph 135 states:

> "We are therefore very concerned that the post remained vacant since Jane Knight (the first post-holder) retired in...2007."

I found it breathtaking that that was not redacted, for reasons of data protection and also because every spook in London now knows who first held the post of professional head of intelligence analysis. The Committee puts that in, but when I ask for the name of the Clerk of the Committee, the Prime Minister says that I cannot be told—even though the name is in the civil service yearbook. These people are bonkers. Bonkers!

Chris Grayling: The hon. Gentleman makes an interesting point. We look forward to his speech, if he manages to catch your eye later, Madam Deputy Speaker.

The Committee rightly says that it is "appalled" by the decision to scrap phase 2 of the SCOPE system. It says:

"We sincerely hope that lessons have been learnt from the failure and that they will be used when plans for the future are being drawn up."

The Government must address that as a matter of urgency because, yet again, a major IT project has gone wrong, this time in a secure environment.

On intercept evidence, the Committee says:

"We welcome the fact that the Chilcot conditions meet our concerns that the Agencies' capability must not be damaged should their intercept material be adduced in court. We are concerned, however, as to whether it will be possible to met these conditions."

I think that there is a clear case for doing everything we can to ensure that intercept evidence can be used in court, when appropriate, especially given the pressures of the control order regime. We may need to re-examine the conditions to see whether they are right for the circumstances. I appreciate that this is a difficult matter, but it is one in which we should aspire to deliver results and make as much information as possible available, where it is possible to do so.

Finally on the criticisms in the report, the Committee refers to the need to improve understanding of '"the path to extremism"', and it

"welcomes the establishment of a new team analysing open-source and academic material in this field."

However, it also raised questions about where that sits within the Joint Terrorism Analysis Centre, and expressed concern about JTAC's capabilities being diluted by the change. I hope that the Government will look at that very carefully.

My worry, when I look at the Government's response to the report, is just how limited it is. So many of the responses to the points raised in the report are cursory. Of 17 recommendations, 11 get only a one-line response.

Of course, there are limitations to how much the Government can say in response to the points raised, but surely their response to point F on flooding could be a little more detailed without sacrificing too many secrets. In point H, the Committee considers how oversight of the agencies' work might be improved, but could the Government not do better than the one-line response that is given? Point N deals with the failings of the SCOPE project: the Government say that they will co-operate with the next report, but could they not say a little more about that?

On the Committee's final point about intercept evidence, the Government's response reflects the lengthy process that is being undertaken to enable them to make a decision about its use. The matter is, of course, complex, but it is a shame that the Government did not start the process a long time before they did. If they had, we might have reached a resolution by now.

Briefly, I shall set out for the House some of the areas in which we think improvements need to be made, and where we hope the ISC will apply its efforts to securing improvement. We remain concerned that the "National Security Strategy" is a descriptive document. A proper strategy would set the overall framework and direction for security policy across Government.

We have argued for a proper national security council, rather than an amalgamation of existing Committees. We think that such a council would provide strategic direction and drive national security policy. We need to look carefully at the role and grading of the JIC chair and the security adviser, who both need to have the requisite authority to carry out their important roles.

Richard Ottaway (Croydon, South) (Con): While my hon. Friend is on the question of reform, may I invite him to comment on reform of the Intelligence and Security Committee itself? His predecessor but one, my right hon. Friend the Member for Haltemprice and Howden (David Davis), said that the Committee should be chaired by a member of the Opposition. Is that still our party's position for the future?

Chris Grayling: First and foremost, I should not wish to cast any aspersions on the role of the current Chairman or his work. My hon. Friend makes a strong case, however, and given that there are a number of Committees that are non-partisan, include Members from all parts of the House and seek to do a proper job for the country, there is a case for having an Opposition Member lead them. I have no particular intention of deviating from the views that my predecessors set out; there is a strong case for what my hon. Friend says. In 12 months' time, of course, that view may permit the existing Chairman to carry on in his current role.

Although I understand the Government's aims for the preventing violent extremism programme, my colleagues and I have significant doubts about the effectiveness of many projects and the mechanisms for distributing and monitoring funding. There needs to be a full, evidence-based review of those prevention projects.

Let me conclude as I started by thanking the Committee and our security services for their work. They play a vital role in defending our citizens at home and abroad, and the money that we spend on them is vital. The Committee's work to ensure that we do the right thing and spend the money in the right ways and places is exceptionally important, but Parliament should be trusted to a greater extent with information about how that is done, even though that move should happen only within clear limits. Fundamentally, however, we will depend on a team of Members from all parts of the House serving on the Committee to ensure that we achieve value for money on behalf of this country's taxpayers. The Committee members' role is highly responsible, I thank them for what they have done and I commend them for it.

2.52 pm

Mr. George Howarth (Knowsley, North and Sefton, East) (Lab): I hope to be fairly brief and to cover just two points, because my right hon. Friend the Member for Pontypridd (Dr. Howells), the Committee Chairman,

[Mr. George Howarth]

made most of the points that the Committee would want aired in today's debate. I congratulate him on the leadership that he has shown, and the Minister for Housing and the Secretary of State for Wales on the leadership that they gave to the Committee. Indeed, I do not know whether my right hon. Friend the Member for Pontypridd will be available to chair the Committee after the general election. The pattern seems to be that the Prime Minister recalls Members to the Government after they have chaired it, so my right hon. Friend may find himself a Minister again. That, of course, is when we win the next general election.

I shall cover two issues. First, there is the oversight of the agencies' finances. As the hon. Member for Epsom and Ewell (Chris Grayling) rightly said, when a series of organisations have had large budget increases such as they have had since 2005, great care must be taken to ensure that the money is spent appropriately and wisely. Like my right hon. Friend, I did a brief, and in my case probably undistinguished stint as a member of the Public Accounts Committee. One similarity with how the Intelligence and Security and Public Accounts Committees work is that they both take advice very strongly from the National Audit Office. The NAO provides us with a good brief when we interview the agencies, so that we can question them closely about how money is spent, and the hon. Member for Epsom and Ewell was right to draw attention to the fact that, at a time of expanding budgets, the Intelligence and Security Committee and the Government themselves must be careful to ensure that money is being spent properly.

My right hon. Friend mentioned the difficulty concerning intelligence relationships with the United States and the intervention of the courts in certain cases in this country. The issue concerns how the courts treat intelligence shared on the understanding that it may never be used in any public way, not even in a court case. The judgment of Lord Justice Thomas and Mr. Justice Lloyd Jones on 5 February 2009 dealt with that issue, which had arisen from a case to which my right hon. Friend has already referred. The judges concluded:

> "In the circumstances now prevailing, the balance is served by maintaining the redaction of the paragraphs from our first judgment. In short, whatever views may be held as to the continuing threat made by the Government of the United States to prevent a short summary of the treatment of BM being put into the public domain by this court, it would not, in all the circumstances we have set out and in the light of the action taken, be in the public interest to expose the United Kingdom to what the Foreign Secretary still considers to be the real risk of the loss of intelligence so vital to the safety of our day to day life."

On occasions, I have been a critic of the courts, and sitting on a Committee with quite a number of judges for a while last year only confirmed my criticisms. However, the judgment that I have just quoted was very sensible. I say only that these issues are bound to continue and we know that more potential legal actions are pending. The matter is difficult. The judgments so far have been sensible in that they take into account the interests of justice balanced against those of national security and the need for a strong intelligence relationship with the United States. However, we need to be vigilant in making sure that the line is held as far as possible.

I have a further point to make. As my right hon. Friend said, the Committee recently visited Ottawa. We also went to Washington, where we met representatives from counterpart committees and some of the agencies. Without revealing too much about what was said to us on a more or less confidential basis, I can say that it is clear to me that these issues have exercised the American agencies, to the extent that future co-operation between us and the United States is being held open to question by them. I will not put it more strongly than that; I do not want to be alarmist. However, as the judgment made clear, if that relationship were to fracture and the important intelligence started to dry up, the risks would be enormous.

My right hon. Friend referred to the "ticking time bomb question", a phrase used by the Americans; in the UK, the more usual phrase is the "Canary Wharf question". Whatever it is called, the question raises serious issues. Hon. Members who have now left the Chamber raised the matter of potential collusion in torture. In no way would I justify any kind of torture; I agree with every word that my right hon. Friend said about that. However, we have to pose the ticking time bomb or Canary Wharf question. What if any one of us were a desk officer in one of the agencies, and intelligence came in saying that within the following 24 hours a major explosion or other incident would probably take place in a major city or town in this country and that the intention was to kill hundreds of people? Are they going to stop and question whether somebody, somewhere along the line, might have been subjected to sleep deprivation in order to arrive at that judgment? I will leave that as a question mark. It is an issue that we are working hard on and have some thoughts on, and I think that the intention is that we will publish something in the not-too-distant future.

This is a huge question. It is all too easy to say that one should never have anything to do with any intelligence unless one can be absolutely certain that it has been arrived at by the best possible means and meets all the very highest standards. In some circumstances one is, frankly, grateful for the information that one gets without asking too many questions about the circumstances in which it was produced. I accept that that is a factor in certain circumstances where it is possible to believe that somebody may, because of what they have been subjected to, said something that would not stand up to scrutiny. I also accept that there are all sorts of qualifications surrounding the question that I have posed. However, we sometimes need to be a bit more rigorous in the way that we think such questions through, as opposed to the yah-boo politics that sometimes applies. That is not intended as a point for the Opposition: it applies in all parts of the House.

The Committee is the only committee on which I have ever served where party political loyalties play hardly any part at all. I have as much praise for Opposition members of the Committee, including the Liberal Democrat Member, the right hon. and learned Member for North-East Fife (Sir Menzies Campbell), as I do for my right hon. and hon. Friends. It is hugely important that we function in that way, not only for the benefit of the House, but for the benefit of the country; and long may we remain to do so.

3.2 pm

Tom Brake (Carshalton and Wallington) (LD): I thank the right hon. Member for Pontypridd (Dr. Howells) for introducing the debate in very careful terms. I join other Members in thanking members of the intelligence services

for the essential role they play in ensuring our security and protecting citizens here and abroad. I pay tribute to members of the Committee for the essential work that they are doing, particularly my right hon. Friend the Member for Berwick-upon-Tweed (Sir Alan Beith), who served on the Committee and has now been superseded by my right hon. and learned Friend the Member for North-East Fife (Sir Menzies Campbell), who is not in his place. I am sure that he, too, will play a very significant role on the Committee.

I apologise on behalf of my hon. Friend the Member for Eastleigh (Chris Huhne), who is unable to be here to lead for the Liberal Democrats in this debate. When he did so last year, he underlined the importance of debating these matters on an annual basis; on that occasion, there had been an interval of nearly two years. I welcome the fact that the annual cycle appears to have been resumed. These matters are so significant that we need to have an opportunity to discuss them regularly.

I welcome the fact that, during the period covered by the report, the Committee focused on 7/7, which clearly had very tragic consequences for those who were involved. I suspect that most, if not all Members will have been to a much lesser extent affected by what happened on that day, and will remember where they were in London and whether they were able to get into Westminster. I hope that the Committee's work on that—I look forward to the report being published on 19 May—will provide as many answers as possible for the families affected, given the limitation on putting into the public domain information that should be kept secure.

I shall not go over the ground that the spokesman for the official Opposition covered on redaction, but I reinforce his point about the difficulty for Members who are not on the Committee of making any assessment of the value for money of what is proposed. Explanations have been given of why it is necessary not to provide a certain level of information, but I hope that it might be possible to do so without revealing any confidences and that we will be given a little more flavour as to why it is not possible to give Members an understanding of expenditure at a high level.

I understand that if expenditure were broken down to such a level that it identified, for instance, that nothing is currently being spent on monitoring messages via Facebook or those being dispatched via Twitter or any of the other new technology that is available, that would be unhelpful to our security services and helpful to our enemies. I am sure that no one is suggesting that information should be made available to Members at that level of detail. However, it should be possible to provide us with some more information, or, if that is not possible, to explain why not. I cannot quite understand what our enemies would be able to extrapolate from high-level figures that did not break down expenditure to a lower level.

Andrew Mackinlay: I wonder whether the Committee's Chairman might take cognisance of the following suggestion. There needs to be an indication of whether redactions are done by the Committee itself or by the Prime Minister. Perhaps there ought to be separate symbols that would indicate if the Committee thought something was okay but the Prime Minister objected. That should be indicated to us at the very least.

Tom Brake: I thank the hon. Gentleman for that helpful intervention. I do not know whether it will be possible for the Chairman to make any general comments, perhaps in an intervention, to clarify that point.

Mr. George Howarth: To enable the debate to continue properly after the intervention by my hon. Friend the Member for Thurrock (Andrew Mackinlay), I am not aware of any occasion on which the Prime Minister has asked for the redaction of anything. The process of redaction is one of agreement between the various agencies involved in the Committee.

Tom Brake: I thank the right hon. Gentleman for that intervention.

Mr. Mates: What the right hon. Member for Knowsley, North and Sefton, East (Mr. Howarth) says is absolutely correct. Just so we all understand it, the system is that we produce a full report, which goes without redaction to the Prime Minister. When it goes around the agencies and, if necessary, to Ministers, they suggest some redactions.

Andrew Mackinlay: And you acquiesce?

Mr. Mates: If the hon. Gentleman will just shut up for a minute, I will explain what happens.

It is then the Committee's job to go through those suggested redactions and ensure that every one is justified. In every case that I can remember, we have had the agencies back in and said to them, "Justify this. Justify that. Justify the other." They then withdraw their objections to some things, which are published.

The real point is that we have a deterrent. It has never happened in my 15 years on the Committee, but if there were a redaction with which we disagreed because we did not think it was about national security, we would put in the report, "We wished to publish this, but the Government refused to allow it." I do not think that any Government could live with that, and I am not making a party point. It is done by agreement, but we look rigorously at the whole issue.

Tom Brake: I thank the right hon. Gentleman for that intervention, which has provided some clarity. My reading of the report therefore suggests that there has not been a redaction in this particular annual report that the Committee felt was inappropriate and that it sought to challenge. I see that the right hon. Member for Pontypridd confirms that by nodding.

I would like to make some specific remarks about the Committee's recommendations and the Government's response. I was interested to note the comments about ethical counsellors and referrals to them. Around 12 referrals have been made since 2006. Footnote 56 on page 19 of the annual report refers to concerns about

"whether there were sufficient controls for sharing information with countries that do not comply with international standards for the treatment of those in detention and whether guidance for staff on these matters was sufficiently accessible and understood."

I doubt whether we will get more information about that, but it would have been helpful to know the response to that approach to an ethical counsellor, and whether there was deemed to be a problem.

[Tom Brake]

It is also interesting to note that a complaint was made to an ethical counsellor about

"whether it was ethical for the Government to seek to alter the ideological views of its citizens (as part of its counter-radicalisation strategy)".

Today, Gallup published an interesting opinion poll, which states that 77 per cent. of Muslims identified with the UK—a much higher figure than that for the general population. That statistic is relevant to referral to an ethical counsellor.

Other hon. Members have referred to retirement age policy. Like the hon. Member for Thurrock (Andrew Mackinlay), I am confused about the necessity to hide the current age at which retirement is set.

Recommendation F states:

"Following the floods in the summer of 2007, the Agencies have reviewed and improved their business continuity and resilience planning."

There is a little more information on page 27, which states:

"The Director General also told the Committee that he remained concerned that the Service's existing business continuity plans had not been fully tested and so a series of major exercises were planned for 2008."

Is it possible to say whether those exercises were successfully completed?

The hon. Member for Epsom and Ewell (Chris Grayling) referred to SCOPE. Clearly, lessons have been learned from failure and I hope that it might be possible today to explain precisely what they are, and what, if anything, has been implemented to try to ensure that the problems do not recur, given the unfortunate history of large IT projects going somewhat awry. One hoped that lessons had been learned from previous projects and implemented in projects such as SCOPE, but that has clearly not been the case so far. What lessons have been learned and have they been acted on already?

The Committee welcomed the fact that the Chilcot conditions

"meet our concerns that the Agencies' capability must not be damaged should their intercept material be adduced in court."

We have been supported the Chilcot review and the need to ensure that intercept evidence is available for use. There are several deadlines by which action was to be taken on that. The current deadline is June, by which time,

"testing the framework that has been developed to ensure that the Chilcot tests will be met in practice"

should have been completed. If it is appropriate, can hon. Members be updated today on whether that target has been reached? That would be helpful. Recommendation Q states:

"The Committee considers that maintaining the capability to intercept modern communications is of critical importance to the national security of the UK."

I am sure that all hon. Members agree with that.

I hope that in response the Government might explain what dialogue exists between the different commercial players in that field. I am aware that there is perhaps not a clear method for companies such as Microsoft to raise issues relating to the privacy implications of some of the developments that it is bringing to market. We might need to consider who such companies talk to about some of the issues relating to intercepting modern communications.

An issue that has been raised in Westminster Hall is technological developments and how the Government, the security services and others keep abreast of things such as Facebook. People have discussed whether sufficient co-operation, dialogue and exchange takes place between the commercial companies developing such technologies and the Government to ensure that if issues relating to security, or its counterpoint, privacy, need to be addressed, they are examined and dealt with as soon as possible and way before, or at least shortly before, any such technology is made more widely available.

The final point that I wish to raise relates to what the Committee had to say about rendition. Its Chair, who is not in his place, referred in some detail to a case. I checked with my right hon. and learned Friend the Member for North-East Fife (Sir Menzies Campbell) whether there was any bar on referring to Binyam Mohamed and I understand that there is not, given that much of the case has been debated in open court. *[Interruption.]* The Chair has now returned, so perhaps he could intervene to explain why he did not feel able to mention Binyam Mohamed by name; I wonder whether there is a slight tendency to be over-secretive about a matter that is well and truly in the public domain and has featured prominently in many of our national newspapers. Some serious allegations have been made, and it was not clear to me whether the Chair said that the Committee's investigations into that matter are now complete or whether there are still further, ongoing inquiries. The report clearly states that there is further work to be done, but the Chair sort of indicated that things might be complete. I hope that he will intervene to clarify that point.

Dr. Howells: I would not like to clarify that.

Tom Brake: No clarity will be given then. If there are still matters to be debated and inquired into, I hope that such work will progress, so that we get to the bottom of what happened and of whether there is any truth in the serious allegations, and that the Committee will report on them in the near future in a way that is appropriate to the need both to protect confidentiality and provide security.

I wish to bring my remarks to a conclusion by saying that the Committee has clearly done sterling work in the past year or so, but there are many significant issues, such as what happened to Binyam Mohamed, that I hope it will continue to investigate to ensure that, as a nation, our citizens and communities are even better protected than is the case now.

3.19 pm

Ms Dari Taylor (Stockton, South) (Lab): I wish to start, as I believe I have done in every debate on the Intelligence and Security Committee's reports, by putting on the record the fact that we owe a debt of thanks to the agencies. The absolute fact is that they are under considerable pressure to know the individuals who are actually or potentially involved in plots against our communities and to have adequate knowledge to prevent those plots from being carried out. Counter-terrorism is a highly pressurised and dangerous world—it is a 24/7

world—and it is particularly problematic for all who are on the front line. That debt of thanks is more than well deserved.

I also want to put on record the fact that, over the past year, the intelligence and security agencies have achieved a number of notable successes, disrupting plots and bringing individuals to trial and conviction. When we say where we are and when we say that the terrorist conditions are problematic and severe, it is critical that we hear the facts. There were 46 terrorism convictions in the first nine months of 2008, in 15 significant terrorism cases. We report that in our annual report. Since January this year, there have been 11 terrorism convictions, in six trials. Those are serious figures. We know that plots are disrupted and we know that we do not talk about them—we are a security Committee, and it is critical that we maintain our silence on some of the information that we know.

The fact for us all is that the current threat to the UK from international terrorism is assessed as severe. That means a continuing and high level of threat and supports the belief that there is a high likelihood of a terrorist attack in this country. It is daunting to say that, but it is important that we realise and accept it. In saying that, I am sure that some may accuse me of peddling the politics of fear. I am not. I am quoting the risk assessment—an assessment, I believe, that the majority accept and that the majority know requires adequate resourcing for our security agencies.

I intend to speak about the SCOPE project, as I have in two previous debates. In my first two speeches on SCOPE, I was enthusiastic and cautiously optimistic that, should it work, this effective IT system would be of serious value to the security of our country. Today my contribution will be less enthusiastic; it will be critical. The House will remember that SCOPE was set up as a major cross-government IT programme, with the aim of improving the intelligence community's secure communication. The first stage is working—secure information held by all the agencies can now be accessed by all agencies in the UK—but the second stage is not. The aim was to include all the user Departments and widen access to the international intelligence community.

The Committee, consistently and in a focused manner, asked all about the workings of SCOPE. We expressed concern that partner Departments lacked preparation, which we were convinced would put at risk the successful delivery of the project. Sadly, our Committee's concerns became a reality. We were told in 2008 that considerable work had been done to reduce the risk of further delays and that SCOPE II would be operational in late 2008 to early 2009. It is difficult to say that to the House, because hon. Members could ask, "What were you doing as a Committee? Didn't you think that you should've put stop processes in place?" However, we could not do that, because that is not our role. Our role is to question. The fact is that SCOPE II was abandoned. New routes of secure communication for the international members of the intelligence community are now being worked on. SCOPE II has been a mess.

The reason I have spent time detailing that is that it is important that the House knows that we were focused in our questioning. We were concerned to achieve an understanding and a sense of reality about whether the project would work. We know that international terrorism is assessed as severe. We know, too, that communicating effectively and securely in the current environment is a must. The risks are assessed as high. Consequently, we need to know whatever information would prevent an attack from taking place. That is essential. The Committee was told that secure international communication is necessary and deliverable. It is clearly necessary, but frankly, at this stage, it is not deliverable. We need to be very focused and to try to understand what we are talking about, because it involves complex technology.

The second reason why I am talking in these quite angry terms is that tens of millions of pounds have been spent. I expect that hon. Members know the actual figure—or the probable figure—involved, but I am simply going to talk about the tens of millions of pounds that have been spent on a project that has been scrapped. Seriously good scientists who had worked in IT for years were involved in it, yet we have ended up coming to the House asking, "What have we got from this?" The answer seems to be that lessons have been learned, and that when we plan future communications of this order, we will use those lessons. That is not good enough. We required stringent controls, financial accountability and more competent management, as we stated in our 2007-08 report.

Perhaps I have dwelt on the matter long enough, but it has been a costly and damaging experience, and there are further words to be added. We are talking about highly complicated communications technology and seriously complex science, and an absolute requirement that the system should be secure. I am using these words not as an excuse for failure but as a text for future success. The Committee will of course investigate further the reasons for this serious failure, and we will report on the matter in the forthcoming year.

My second task in the debate is to speak, perhaps in a confident way but certainly in a persuasively supportive way, about the Office for Security and Counter-Terrorism. The Contest and prevent strategy has more to it than we might be prepared to accept at present. We all want to know what its value is, and whether we can make judgments and determine its effects. The fact is that we are looking at an extraordinarily complex set of value judgments. We are trying to understand what causes the belief in some people in Great Britain today that the only way in which they can express their opposition is though radical, violent extremism. We need to do better than that, however.

Those involved in the contest and prevent strategy say that they want to drive cohesion and to see greater strategic capacity in the fight against terrorism. They want principles to inform the approach that is being taken towards being inclusive and integrated, and they want to see the policies working together. Is this just sweet language? I think that it is valuable language that tells us that Great Britain is a tolerant nation. We are a nation of people who want to understand, and we want to reduce violence in our communities when that is possible. I am not going to understate the value of that strategy.

The Committee is awaiting an update on the outcomes of that work, and we will be interested to see how, and whether, the new counter-terrorism public service agreements are working and what they are achieving. We will ask those questions and look at the development of a new capability to see whether we can detect emerging and future threats. This is valuable work. We have

[Ms Dari Taylor]

entered an extraordinarily complex era, in which we must understand difference and try to influence the outcome of the battle for ideas and beliefs. That is not easy, and I commend the Home Office for taking this work on board. It is an important part of the strategy to prevent radical extremism.

We speak regularly to those in the communities that we represent. I have a small Muslim community, which makes up about 2.7 per cent. of my constituency. I know that some of those people feel a sense of guilt that they are living a life that people back home in Pakistan think is an easy life. Those people in Pakistan have very difficult lives. There is frustrated anger, and some young people believe that the thousands of deaths of innocent people were a consequence of our deploying and that we deployed, in their terms, only because we were seeking preference or something better for our country. Invariably, they cite oil. Well, deploying in the Balkans was anything but that, yet it remains difficult to get those people to understand that we did not spark Iraq, suicide bombers and sectarian warfare. That debate is an important and valuable one. I see some of the youngsters in my community understanding that perhaps they do not have all the answers.

One of the most important elements of the prevent strategy is to look at the way in which many of the Muslim community come to believe that they are treated as lesser people who are valued less. That may or may not be a fact. As a woman in the labour movement, I have always been convinced that far too many white men in suits are in control, so perhaps my Muslims are thinking along exactly the same lines. It is important to understand that when people feel lesser or that they are an undermined minority, they might well want to kick against that.

As I said, this is a very complex bit of kit that the Government have put together and the Committee will be looking to see what it achieves. We will attempt to see whether the pilots for young people, women and seniors in our different ethnic communities contribute to change by allowing, for example, young people to be angry. The fact is that Muslims are often keen to say that young people do not have a right to a voice; of course they have. My father and mother could not possibly shut me up even as an 11-year-old who was demanding equal rights; and I am quite a diminutive young woman, as Members know. The Muslim community has a very clear set of ideas about who should or should not be speaking, so it is important to persuade them to allow us all to hear the anger when it is expressed. This project is all about reducing violent extremism, challenging the ideology behind extremism and supporting the mainstream. Let me say that among the 400 of my Muslim community I met last Sunday, about 99 per cent.—if not 100 per cent.—in the room were mainstream.

Patrick Mercer (Newark) (Con): I am extremely interested to hear what the hon. Lady—the diminutive young lady opposite—has to say. All that we have heard about in the debate about Project Contest so far is the prevent strand, while the other three strands have not been mentioned in any detail whatever. What makes this House so obsessed with that strand? Is it because it is politically correct; is it because it is immeasurable; is it because it is nice, soft and easy? Why do we not talk about the other three strands, particularly the parts that are harder to pursue? Why has the hon. Lady chosen to concentrate so much on that strand?

Ms Taylor: I have concentrated on it because that is what our report concentrated on. It is important that I have integrity and reference what the Committee has done, although the hon. Gentleman has raised important questions. We make it clear in our report that both contest and prevent are important, and the hon. Gentleman provokes the thought that even now, as a Committee, we should see how and in what way we could take evidence relating to pursue. I agree that we must look at the strategy as a whole. Of course, I cannot tell the hon. Gentleman that the Committee will do that; I can only try to persuade that it should. The Committee believes that all this is work in progress and the report states that the strategy is on a sounder footing and that we will monitor its progress.

In conclusion, I believe that the Committee is led very well. My right hon. Friend the Member for Pontypridd (Dr. Howells)—known in the locality, of course, as Ponty—leads with a serious and robust determination to achieve the best. I also want to put on record my belief that the whole Committee is not only hardworking, but has a very clear focus on what it is doing, which it believes is serious and important. It commands from all of us the commitments that we give. It is a privilege to be on the Committee and it is a privilege to tell the House today that I believe that our security agencies are the best.

3.35 pm

Mr. Michael Mates (East Hampshire) (Con): I congratulate our new Chairman, the right hon. Member for Pontypridd (Dr. Howells), on his thoughtful and thorough introduction to today's debate. It is good that we are having the debate in this form for the first time. Those of us who have served on the Committee for a while will remember the long opening ministerial speeches in previous debates, which were nothing like as focused as our Chairman's introduction has made this one. I also thank our staff, who are a smashing lot, and work very hard for us. I have had the privilege of chairing two Select Committees for 10 years, and the excellent service that we have always expected and received from the Clerks in this place is matched by that of the dedicated civil servants who work on the Intelligence and Security Committee.

I have been a member of the Committee since it started 15 years ago. As the Committee's dinosaur, perhaps I can put in perspective the demands that we hear from around and about, but mostly from the usual suspects, although one of them is clearly satisfied, as he has gone home, and I have no doubt we will hear from the other—

Andrew Mackinlay: At length.

Mr. Mates: I never doubted that either.

I want to put in perspective how much change has taken place over the past 15 years. Acts were passed in the early '90s, and when the Committee began in 1994, the process was very tentative for both sides, especially the security services, which had not even been acknowledged

before that moment. GCHQ happened to employ half of Cheltenham and occupy an enormous piece of real estate by a main road, but it did not exist. We have moved from that to a position in which accountability—I am not being complacent, as it must improve further—is so much better. The first time we had the head of ISIS before us, he almost would not tell us his name. Now the security services are as pleased with the arrangement as they were initially suspicious of it.

I cannot remember for how many years—seven or eight—the National Audit Office refused to pass GCHQ's accounts. It could not find its equipment, did not know where its computers were, and had a lousy accounting system. Year after year, we questioned GCHQ, with the result that no fewer than three directors general have told us that without the Committee holding its feet to the fire, it would not have got it right. That is a concrete example of the good the Committee can do, although it does it in secret. The fact that the hon. Member for Thurrock (Andrew Mackinlay) cannot see the figures is neither here nor there. The fact is that the accounts and procedures are right, and the figures have been passed by the NAO and scrutinised by us. If he does not want to take our word for it, at least he ought to take the NAO's, because that is the only way it can be done.

The changes in the other services have been just as huge. It sticks in my memory that the chief of the Secret Intelligence Service told us in a meeting that one of the questions it asks itself now when planning an operation is, "If this goes wrong and it gets out, what are we going to say to the ISC?" Previously, he might answer to the Foreign Secretary, but not to anybody who would report to the House. The fact that the services must now do so is a constraint on them, first, to obey the law, secondly, to take the right proportionate action, and thirdly, to be thoroughly ethical in what they do. All those things have been achieved because the Committee exists.

We will never satisfy the many people who want us to look like a Select Committee. If we looked and acted like a Select Committee, we could not do the job we do. The two things are in contradiction—

Andrew Mackinlay: The Prime Minister—

Mr. Mates: When the Prime Minister came into office, he said that he wanted to see some changes. I was going to come to that, but I will do so now, as the hon. Gentleman keeps trying to interrupt.

Yes, we would like to be more open. Yes, we would like to hold public hearings. Yes, we would like to be able to publish more. In each case, however, we must ask ourselves just one question: will what we do enhance or damage our national security? If it will damage our national security, with regret we do not do it; if it will enhance our national security, we try to do it.

Other Members may have their own views and their own observations to make about the question of public hearings. The right hon. Member for Pontypridd referred to it, as did the right hon. Member for Knowsley, North and Sefton, East (Mr. Howarth). There is a wide range of views in the Committee. We would all like to hold public hearings. Some of us think that it will be harder than others do; some think that we must do it regardless of how difficult it is, because it is what the Prime Minister has asked us to do. We shall try to reach a conclusion, but I will say now that it would be pointless if we did it just as a PR exercise.

When we were discussing the issue, someone from outside the Committee whom we had invited to join our discussions said, "Of course, you could always rehearse it with the heads of the security services." Does any Member think that that would wash with our friends in the media for more than two seconds—that they would believe it was not a carefully staged exchange before we closed the doors and threw everyone out? In my view, it would be thoroughly counter-productive. We will try to find a way, but I cannot tell the hon. Member for Thurrock or anyone else whether we will succeed. It is not that we do not want to do this; it is just that there are some real practical difficulties, although if we can overcome them we will.

The next issue to discuss is where we are going. I am trying to demonstrate to the House that we have made some progress. Things are changing all the time, although, being a bit of a cynic, I must add that it may be a case of "Plus ça change, plus c'est la même chose."

The objection was raised—by, I think, the hon. Member for Thurrock—that the Prime Minister had hand-picked the Committee, and that we were the Prime Minister's puppets. Well, as one of the present Chairman's predecessors said rather tersely when that was put to her by a journalist, "Some of us were hand-sacked by the Prime Minister as well." There are two sides to every coin.

What happened, I believe, was that the usual channels produced a little list and gave it to the Prime Minister, and that produced the Committee. Now, because we have changed things, the usual channels give a little list to the Committee of Selection, the Committee of Selection gives it to the House, and the House approves it. So what has changed? We all know in our heart of hearts who runs the business of the House and our parties. It is run by the usual channels, which Enoch Powell once described as the parliamentary sewers. There was nothing rude about that—sewers are clean; it is what goes through them that is objectionable. But I do not think I shall go any further down that road.

The change has been made, and it seems to have pleased some people. If it has, so much the better. We are now having an annual debate, and we can have more than one. I hope that the House authorities will find that there is enough in our report on the 7 July bombings to warrant at least a half-day debate, so that Members outside the Committee can air their views. I issue a plea to the Government to try to make some time for that.

We can look forward to the possibility of evidence resulting from communications interceptions being made available to the courts. Others have referred to the Chilcot strictures; I merely say that it will be an extremely difficult exercise, not just because we cannot produce intercept evidence in court today, however it has been obtained, but because we—or they—are working on the next generation. The people who are responsible for trying to obtain our intelligence must keep ahead of the advance of technology. What could not have been dreamt of five years ago is now available to the terrorists, and we had better ensure that it becomes available to us damn quickly so that we know what is going on.

I have to tell my hon. Friend the Member for Epsom and Ewell (Chris Grayling) and the House that the faster things move and the more the technology develops, the harder it will be to allow intercept evidence to be produced in court without someone asking "How did you collect it?" That, of course, is the key because

[Mr. Mates]

terrorists and any criminal organisation must communicate and they do so in ways that they think are safe. As has been shown by recent trials, the ways they think are safe are not necessarily so. It is the job of our security services to make sure that they are not, but not to tell them what it is we are using to catch up with them, keep up with them and get ahead of them.

As we move forward and change, we must have security at the front of our minds. Tempting though it is for someone in Parliament and public life to say we should be more open and push the door a bit so that the public can know more, there are times—I know that this is not a good time to say this—when our politicians have to be trusted. We are very fortunate in the Committee in that there has not been a leak in 15 years and we are trusted by the security services, by Government Ministers and, I hope by extension, by the House. We are not party political; because we sit in private, there is no point in anybody grandstanding or making a speech. If that were to happen, half of us would go to sleep; it just does not happen.

Perhaps I can finish on a light note. When we were abroad, the Committee was entertained to dinner by an ambassador at his house and the conversation came round to party politics. We were asked whether we were a party political Committee. The Chairman of the day asked the ambassador to try to identify us. The ambassador, who should have read his brief more closely, got 90 per cent. of us wrong and I had to go through the rest of the visit having been called a socialist by one of Her Majesty's ambassadors, which I found a little difficult to take from my colleagues.

We must try to be more open and to make progress but above all we must ensure that our national security, which is so brilliantly looked after by our security services, is not damaged.

3.47 pm

Ben Chapman (Wirral, South) (Lab): It is a pleasure, albeit a daunting one, to follow the right hon. Member for East Hampshire (Mr. Mates). It is a pleasure to work with him and with colleagues from both sides of the House on the Committee. It is also a particular privilege to work under my right hon. Friend the Member for Pontypridd (Dr. Howells). The precedent set today of the Chairman opening the debate is shown to have been as well judged as his remarks in doing so. I add my congratulations to our staff and of course to the agencies on their work.

It is not the most exciting subject under the sun, but I wanted to spend a little time on the finances and expenditure of the agencies. The hon. Member for Epsom and Ewell (Chris Grayling) stressed the importance of that, as did my right hon. Friend the Member for Knowsley, North and Sefton, East (Mr. Howarth). It has to be the Committee that does the job of overseeing the expenditure and finances of the agencies, not least because it has a statutory responsibility so to do, but also because it involves, as has been said before in the debate, having access to highly classified secret material to do the job. We are assisted in our task by DV'd—DV is developed vetting—officers of the National Audit Office. Our resource, albeit a rounded one in terms of the experience of Committee members, taken with the excellent officers of the NAO, is none the less very limited, and in this respect and in others we could do with more resources.

The expenditure of the agencies, which has become a large sum and increased relatively over the years, could, especially in an organisation that operates largely in a covert way, become a very high-risk business. It could become the trigger for waste and inefficiency, and the Committee must try to ensure that that is not the case. That behoves us to spend quite a lot of our year's work looking at the agencies in this regard. It is right, of course, that the amount of resources devoted to the agencies should be increased in line with the increased threat, but these are very large sums. Under the 2007 comprehensive spending review round, the funding available to the agencies will increase from £1.1 billion in 2005 to just over £2 billion by 2010-11. Because the baseline increases year by year, in the current year, for example, much of this funding is supporting what is now baseline activity. None the less, although 78 per cent. of the additional amount that GCHQ receives will be used to consolidate the current position, 22 per cent. will be available for further expansion, and that is a large sum. For the Security Service, the situation is rather different: only 20 per cent. of the additional amount it receives will be in support of the baseline position, and 80 per cent. will be available for expansion and investment in new capabilities. The figures for the Secret Intelligence Service show that 31 per cent. of the funds are to be spent on the current position and 69 per cent. are available for expansion and investment. High levels of risk are involved, and high levels of monitoring are required.

GCHQ will spend its increased resources on strengthening its counter-terrorism effort, primarily through operational support in the UK to an expanding Security Service. The theme of the agencies working together has become well established both in UK operations and in theatre overseas. GCHQ will also carry out work against international terrorism-related targets. Importantly, it will develop its capability to combat extremist use of the internet in the UK and abroad, and it will improve its internet-related capabilities, and the remainder of its international counter-terrorism effort will focus on issues such as the cyber-terrorist threat.

The risks implicit in large-scale expenditure on major projects, and in particular on major IT projects, have been recognised in our debate. One of the heaviest demands on the GCHQ budget is its technology improvement programme, designed to maintain and enhance its signals intelligence—SIGINT—capabilities. That collectively comes together as the SIGINT modernisation or SIGMOD programme, covering IT infrastructure, internet programmes, better analysis and support to military operations. The amount of funding that is required for this is considerable and represents a significant proportion of the single intelligence account budget, but the Committee recognises that this investment in SIGMOD is essential if GCHQ is to keep up with, or even get ahead of, the complexity of the technological challenge.

The Security Service is, if you like, rather more of a people-based organisation than GCHQ. It spent its capital funds in the 2007 CSR on major technical accommodation projects, including a northern operation

centre and new services building in Northern Ireland. On the revenue side, as it were, it will increase the impact and improve the effectiveness of the service's agent-running capability and increase the service's regional presence to reinforce its partnership with the police. Just as it partners with other agencies, it also partners with the police and other organisations. However, as it is a people-related organisation, its major funding increase will be staffing expenditure. It continued its rapid recruitment programme, so that by April 2008 it had a total of 3,400 staff, including secondments and attachments. Staff numbers are projected to grow to some 4,100 by 2011. Those are big figures. It may be a statement of the obvious, but recruitment has largely been at junior levels, with year-on-year growth of around 30 per cent. in those grades since April 2006. That has boosted the number of front-line staff involved directly in counter-terrorism work, co-ordinating investigations, running agents and conducting surveillance of targets. But there are risks in recruiting and growing so rapidly, especially at junior level, and those risks are related to vetting, with the potential for infiltration or problems with inexperience—sometimes wide inexperience across an agency. There are also the dangers of grade inflation. As far as we can tell, the agency appears to have handled those risks well.

The SIS's budget, from 2008-09 to 2010-11, will enable it to continue supporting the growing number of security service investigations of terrorist activity. It will involve both spotting and attacking operations originating outside the UK and terrorist networks overseas. We noted in our previous annual report the increased proportion of SIS staff working in joint operational teams with the Security Service—some 10 per cent. of staff in counter-terrorism teams are SIS officers, including officers co-located with the Security Service in regional stations and overseas. That closer working enables the SIS to improve its support for the Security Service on the overseas aspects of counter-terrorism investigations. It spent 9 per cent. more than in 2006-07 in the subsequent year, but that compares with the Security Service's 41 per cent. more over the same period.

In our last annual report, we noted the National Audit Office's comment that it had identified two cases in the SIS's 2006 accounts of errors in the reporting of payments to agents. We were assured that that would not happen again, but in one case it did to some extent. We now have assurances that the SIS has changed its procedures so that such expenditure is reflected accurately in its accounts in future, and we will of course check that.

The agencies all performed well in the 2004 spending review—SR04—in terms of efficiency savings targets, which were more than met, so—as is the way of the world—the targets have now been increased. The NAO viewed the financial management and control of the agencies as good, and so did we. While the economic circumstances surrounding the next comprehensive spending review round will be very different, the Committee has already expressed its concerns that attention to long-term challenges—those not related to ICT—such as counter-proliferation, regional stability, energy issues and espionage, may continue to receive less attention than they need. We have also expressed concern about the need to invest further in the capacity to intercept modern communication and deal with cyber challenges. There will be a need for major expenditure in that area of the agencies' work.

The Committee welcomes the work being done on establishing a new framework for monitoring the performance efficiency and financial management of the agencies and, in particular, it is considering, in consultation with them, ways in which oversight of the budgets can be conducted in a more timely way. That needs to be an in-year oversight, rather than an end-of-year oversight.

Finally, the threat level remains serious. Terrorism, in my view, works best where it is least expected. Terrorist organisations change, fracture, morph, franchise and copy, and they change and grow constantly. It is important that our agencies and intelligence machinery anticipate these changes and prepare for them. The demand for resources will remain considerable and the need for oversight of them will remain proportionate to that.

4 pm

Patrick Mercer (Newark) (Con): I speak in this debate every year, and it is a pleasure to follow the hon. Member for Wirral, South (Ben Chapman). This is the first time that I have risen to speak as chairman of the counter-terrorism sub-committee. On that note, I thank the Home Secretary and draw attention to the outstanding work of a little-known organisation, which has, in fairness, been mentioned today—that is, the Office for Security and Counter-Terrorism. The sub-committee has recently been to visit it and we were all hugely impressed. Mr. Charles Farr, who is at the head of the office, deserves to be hugely congratulated on the work that he is doing.

The other thing that interests me, and I am surprised that it has not been mentioned, is that over the past few months, active terrorism inside this country has, of course, come not from the Islamist fundamentalists on whom most of us have concentrated—indeed I shall concentrate on them—but from the hands of republican terrorists in Northern Ireland. Anybody who has doubted the time, effort and resources that the security services have put into countering that threat has only to look at the series of successful arrests that followed the horrid murders outside Massereene barracks and elsewhere in Northern Ireland over the last few weeks. The arrests were a huge feather in the cap of the Security Service and the Police Service of Northern Ireland.

Ms Dari Taylor: I hope that the hon. Gentleman will acknowledge that we are discussing the 2007-08 report. The 2008-09 report will more than likely contain a section on all the issues that he is addressing.

Patrick Mercer: Of course, and I am most grateful to the hon. Lady for that intervention. The fact remains, however, that while we are doing parish notices some extraordinary work has gone on in Ulster and I believe that it deserves to be recognised. I underline the work of the OSCT, as well as that of the PSNI and others.

Let me return to the second 7/7 report and posit a number of questions that fall within the overall structure of the ISC report. I ask the Home Secretary and the Chairman of the ISC why a second report is being produced. I then want to ask the Chairman a number of questions and, if those points are not covered in any great detail, I suspect that there will still be many more questions to be asked.

[Patrick Mercer]

May I quote Rachel North? Many of us in this Chamber will know who she is. She is certainly the most vocal of those who were injured during the 7/7 attacks, and is an extremely articulate young women who has made her views clearly known. She said:

"Two things are important to victims of terrorism, crime and violence: justice and truth.

There will never be justice in the 7/7 matters since the 4 murderers chose to die willingly by their own hand rather than face a jury and a Judge. The legal process has ended in acquittals, the police investigation has met with silence and acquittals. In the absence of justice, we must at least have truth.

What we have always asked for is an inquiry independent of government, police and security services with the power to compel and cross examine witnesses and call in documents, files and other relevant evidence such as computer evidence—an independent investigatory body that the public can have confidence in."

Those are the words of someone who was very seriously injured by terrorists. She was the closest person to one of the devices on 7/7 actually to survive. I ask the Home Secretary and the Chairman of the ISC to give us a broader view of the events of the last few years, and to start to come clean about why so much was left unanswered after the bombings of July 2005.

First, we had the Crevice fertiliser bomb incident of early 2004, and the subsequent trial. Then there was 7/7 itself, and the much-forgotten attempt on 21/7. After that came the airline plot of August 2006, which was followed by the Glasgow bombings of June 2007. Lastly, there was Operation Pathway, about which we cannot ask too many questions because I suspect that there is unfinished business there.

What are the links between those incidents? How much was known by the security agencies? Why were there such glaring omissions in the work of the Home Office and the security agencies, especially in relation to 7/7 and 21/7? Those omissions led to a successful bombing that killed 52 people and injured several hundred. If the subsequent bombing attempt of 21 July had gone ahead, I suspect that it would have killed many more than that.

Various questions need to be asked. First, after the initial bombings of 7 July, why were the Government so quick to claim that the people who died by their own hands were "clean skins"? Why did they claim that nothing was known about them when it subsequently transpired that Mohammad Sidique Khan and Shehzad Tanweer had been traced for several months beforehand? They were traced inside this country and they were involved with the Crevice fertiliser plot, but they were also traced as they travelled abroad to Pakistan and then back into this country. Why were the Government so keen to insist that all the individuals involved in 7/7 were new on the radar?

Secondly, why were we told that there was no apparent connection between 7/7 and 21/7, let alone between the Crevice plot and the London bombings of July 2005? How could the Government possibly be so ham-fisted as to claim that they were not connected, when the modus operandi in each was almost identical? The targets were very similar, the timings were uncannily similar, and many of the lessons from the 7/7 attacks—the things that did not work as well as the perpetrators would have liked—were implemented and put into practice by the bombers of 21/7. How on earth can the Government claim that the two incidents were not connected?

I am grateful to the Chairman of the ISC for telling us when the second ISC report will be produced. I shall be extremely interested to read it and to see what has changed between it and the first report.

The next question that I should like to be cleared up in some detail concerns Muktar Said Ibrahim, the leader of the 21/7 plot. He had a criminal record, was awaiting trial on charges relating to terrorism and was being tracked by the Security Service. Why was he allowed out of the country, despite being stopped at Heathrow and being found to be in possession of large sums of money and terrorist-related documents? Why was he allowed to go to Pakistan? When he was out of the country, he missed his trial and a warrant was issued for his arrest. When he came back to Heathrow, he was wanted by the police—why was he not stopped, arrested and brought to justice before he was in a position to carry out the failed attacks of 21/7? That was an extraordinary omission. Unless the second report from the ISC covers every detail of what happened, we will continue to need to ask very serious questions.

Next, why was the alert level dropped just a few weeks before the bombings of 7 July? Even more remarkably, the alert level had risen by the morning of 21 July but it was about to be dropped back again on the very morning of a second series of attempted attacks. Why? That is not widely known to be the case, but it is the truth. That suggests one or two things: first, a complacency, which I simply do not believe, because I was heavily involved in the workings of the Government and the Opposition at the time; and, secondly, a hole in our intelligence. Why was it allowed to open up, particularly when so many individuals had been traced for many months beforehand?

The next question is about the involvement and the masterminding—the oversight—of terrorist incidents by Mr. Rashid Rauf. I ask the Home Secretary: where does he fit? Is he alive? Was he or was he not killed—do we know?—in the autumn of last year on the Waziristan border? If it is proved that he was the guiding hand behind all or some of the incidents that I have discussed, what debt of horror do we owe that man? If we know that he was sufficiently important to be arrested at the behest of the United States in Pakistan at the start of the Operation Overt inquiries in August 2006, why was he allowed to run fast and loose inside this country for so long and with such devastating effect?

It concerns me that after the horrors of the July 2005 bombings, the first Intelligence and Security Committee report, which was received then, needs to be revamped. However, I have huge faith in, and admiration for, the Committee, our security services and our police, but I very much hope that the next report, when we receive it, will answer all the questions that I have just posited. If it does not, I suggest that its parameters have been drawn too tightly, and that, instead of answering questions, it will simply place in the public domain more questions that need to be answered, and need to be answered urgently.

4.12 pm

Andrew Mackinlay (Thurrock) (Lab): It is always a privilege to listen to the hon. Member for Newark (Patrick Mercer), and I hope that the questions that he has posed will be answered with some expedition, because

they are very pertinent. I do not think that he will be offended by this, but I had not realised that he was Chairman of the Home Affairs Committee's counter-terrorism sub-committee. That is significant for me, because in that context I deem him to be not a Back Bencher but the Chairman of a significant parliamentary Committee, meaning in turn that I have the distinction, whether I like it or not, of being the only Back Bencher to speak in this important debate. *[Interruption.]* I am the only Back Bencher present who is not a member of the Intelligence and Security Committee. I am not getting killed in the rush to speak, and, from a parliamentary point of view, it is very worrying that there is insufficient interest in this most important and grave issue.

In case there is any misunderstanding about my subsequent comments, I should say that I fully acknowledge and accept the gravity of our national security situation. I am also keen to make it clear that, in our intelligence and security services, there are some very skilled, dedicated, diligent and, indeed, brave men and women. However, culturally, there is imbued in the security and intelligence services a degree of arrogance which threatens our democratic institutions; and in one or two cases I believe that there is abuse of power. We have a real responsibility in this place to do all we can to check and monitor the little bit of information—the little bit of light—that we are allowed on our security and intelligence services.

My later remarks will relate not to individuals—particularly not to colleagues—but to institutions, which brings me to the Committee Chairman, my right hon. Friend the Member for Pontypridd (Dr. Howells). I readily say that when he was a Minister, not only did I have a high regard for him, but he did not have the hallmark of mediocrity that is characteristic of some Ministers. He was skilled and, contrary to his better judgment, courteous to me. He took up one particular issue for me; it related to the fact that the South African apartheid regime's chemical and biological weapons people had been entertained at Porton Down during the time of that regime. That fact was covered up, and continues to be so, by our security and intelligence services for reasons that are not entirely clear. It is still a matter of embarrassment and shame to them. My right hon. Friend tried to pursue the matter and assured me that Wouter Basson had never visited Porton Down, but I think that he was misled. Since I last had that conversation with my right hon. Friend, Wouter Basson has been on television acknowledging that he was given access to Porton Down on a number of occasions.

None the less, my right hon. Friend is a very fine Chairman, and he and his colleagues have diligently and to the best of their ability discharged their work in a Committee that should not exist. It should not exist because it is a fig leaf. It deceives people that it is a parliamentary Committee. To me, it is not a distinction without a difference, but absolutely fundamental. We have no parliamentary oversight of the security and intelligence services in this place, save for the time grudgingly granted this afternoon—time that we will probably not have again, to any great extent, for another year.

The Committee of which my colleagues and friends are members is not a parliamentary one. That is a serious flaw. If you care to glance at page 3 of the report, Madam Deputy Speaker, you will see that the Committee says that it

"attended the Conference of the Parliamentary Committees for the oversight of intelligence and security services within the European Union, held in Portugal".

I want to take it to task for that. Some might see it as a small point, but I do not think that the Committee had any right to be at that conference. In fact, the matter is potentially one of privilege; it is not a parliamentary Committee. I want to pursue the matter after this debate, because the Committee obviously gave the impression to people that it was a parliamentary Committee when it was not. We know that the Clerk of the House of Commons is not the Clerk of the Intelligence and Security Committee. That is not an unimportant point.

My right hon. Friend the Member for Knowsley, North and Sefton, East (Mr. Howarth) mentioned how the Chair of the Committee changes. The right hon. Member for East Hampshire (Mr. Mates), quoting a previous Chairman, said that the Committee Chairs were "hand-sacked" by the Prime Minister. That is not a matter of levity; it makes an important point about the unsatisfactory selection and approval by the Prime Minister of the Chairmen of the Committee and its members.

Mr. George Howarth: My hon. Friend referred to the conference in Portugal. For the sake of accuracy, I should say that if he looks further he will see that my right hon. Friend the Member for Derby, South (Margaret Beckett) attended, rather than the whole Committee.

Andrew Mackinlay: I am a bit dismayed, because that does not alter my point. The report tells us that the Committee was represented at a conference that was supposed to be for parliamentarians—and it is not a parliamentary Committee.

I do not want to lose sight of my other point, which is important and not a matter of levity. There is the fact that the chairmanship of the Committee changes with great frequency. That in itself is a serious flaw and handicap to the diligent discharge of its work. Similarly, there have been as many Ministers for Europe since Labour has been in office as there were apostles. No doubt the current chairmanship is due for another change.

I will tell you what happens, Madam Deputy Speaker. During a Cabinet reshuffle, Ministers are called in, and the Prime Minister—Mr. Blair or the current one—says, "I am awfully sorry, but I need your job." The Minister's face falls. Human nature being what it is, there is great disappointment. I do not mean this in any nasty way, but there is an immediate reduction in salary and the loss of all the privileges that go with ministerial office. The Prime Minister says, "Look, don't be so depressed." The Minister says, "Why not? I'm losing my job." The Prime Minister says, "Well, Porton Down has come up with a thing called Cabinet cryonics." The Minister says, "What does that mean?" The Prime Minister says, "Well, basically, you take a slug of this and for about 14 months you go into a freezer—the chairmanship of the Security and Intelligence Committee." "Then what happens?" "Then we give you this, you take it, and you emerge as the Minister of State for defence procurement"—or the Secretary of State for Wales, or the Minister for housing and construction. That is what happens, and it is very reassuring.

[Andrew Mackinlay]

When my right hon. Friend the Member for Derby, South (Margaret Beckett), to whom reference has been made and for whom I have always had a high regard, was Chairman of the Committee, she presided over its reflections on the period when she was Foreign Secretary. It is breathtaking how ridiculous and stupid the system is.

Mr. George Howarth: I have been reflecting on whether my hon. Friend has partaken of any of the products he has just advertised and, if so, what effect that has had on his career.

Andrew Mackinlay *rose—*

Madam Deputy Speaker (Sylvia Heal): Order. Before the hon. Gentleman responds to that intervention, I remind Members that we are discussing the report of the Intelligence and Security Committee.

Andrew Mackinlay: Indeed we are. If you look at paragraph 11, Madam Deputy Speaker, you will see that reference is made to the Prime Minister's statement of March 2008, in which he promised that there would be more parliamentary debate on security matters. In fact, there has been no more debate on security matters since then. I understand that the Home Secretary is going to reply to the debate, so if I am wrong in saying that there has been no action on the Prime Minister's undertaking, she will no doubt detail why I am wrong.

In July 2008, the House altered a Standing Order to put in our regulations the words—this is on page 5 of the report—

"The Committee of Selection may propose that certain members be recommended to the Prime Minister for appointment to the Intelligence and Security Committee".

I am not sure if that has happened yet, because I do not know if there is a vacancy. However, I find the phrase "certain members" interesting because, to me, it means that they have to be somewhat safe. I do not mean that disparagingly. I am told that one has to be positively vetted to serve on the Committee.

I want to share something else with the House. When we had the debate on 42 days' detention, the Prime Minister sent for me twice in one afternoon. The first time I was flattered; the second time I considered it a shade impertinent. During those discussions, I reminded him that I could not support 42 days for a whole variety of reasons, one of which was that I considered that there was no oversight by Parliament of the security and intelligence services. He said, "We're going to change that." I said, "You said that, but you haven't brought forward any statute." I told him why I considered the Committee to be deficient. He then said to me, "Do you want to go on the Committee?" I said, "No, Prime Minister, you don't understand—I disagree with it." That also betrayed the fact that he had not understood the primary statute that creates the Committee, which means that the membership cannot be varied unless the Act of Parliament is amended. The Committee has 12 members—

Mr. Mates: No, it does not—it has nine.

Andrew Mackinlay: I stand corrected. Nevertheless, the legislation defines the numbers precisely, and there was no vacancy.

I objected to the Prime Minister's proposal not only because the Committee is not a parliamentary Committee, but because there is no way that I would get through positive vetting—I am pretty sure of that—and because one has to sign the Official Secrets Act, which would be anathema to me in the context of its driving a coach and horses through what I consider to be the priceless privilege of enjoying rights under article 9 of the Bill of Rights of 1689.

Mr. Mates: It would be of help, particularly to anybody who is listening to the debate, if the hon. Gentleman got some of his facts right. He got the number wrong, and we are not positively vetted. I do not know why he makes these allegations as though he knew these things. If only he studied what we do, he could feel free to criticise us with the facts, not with his interpretation of them, which is so wrong.

Andrew Mackinlay: I am surprised that I have rattled the right hon. Gentleman's cage. Seeing as nobody else in this place is quizzing and questioning the whole raison d'être of the Committee and its report, I believe that I have a duty to do so. I fully understand that the Committee is a creature of statute, and that the number of Members is prescribed. It is rigid, not flexible, and the Prime Minister cannot increase its membership. My understanding is that certainly nobody would be appointed who did not find favour with the security and intelligence services.

Paragraph 41 of the report, on page 13, states:

"GCHQ is retaining the current external branding of its services, since CESG is a well established organisation that has supported clients in both the public and private sectors for many years."

May I ask the Chairman of the Committee and/or the Home Secretary what is meant by the mention of the private sector? To whom is GCHQ providing a service, and on what basis? I think that there should be some clarification of that.

In paragraph 51, on page 16, we have the comments of the director general of the Security Service. I shall read them to the House, because I think that they are interesting. He states that one of the priorities is

"to try and know more about the people we already know about, rather than to find the people we don't know anything about. It would be nice to know about the unknown unknowns, but it is probably a less rich seam than knowing more about the people that we know are a threat to us."

Frankly, I think that that is a load of gobbledegook—it is sort of Donald Rumsfeld-speak, and I do not know what is meant by that diatribe. Perhaps one of the Members who will speak subsequently, or the right hon. Member for East Hampshire, might like to share with me and the rest of the House what is meant by those comments.

Paragraph 59 states:

"Another key non-ICT focus for the Service is its counter-espionage work…with particular focus on China and Russia."

When I read that paragraph, I was disappointed that there was no reference to the serious national threat of sabotage—that is the only word for it—by highly skilled IT people, particularly but not exclusively in the Republic of China. They are threatening all our communication systems in the UK, our systems for sewage and food distribution and our banking and financial system, and this House has not woken up to it.

I am conscious of the fact that the seat that I am standing in front of was the last in which Winston Churchill sat in his time in the House of Commons. In the '30s he warned time and again how complacent we were in not addressing certain threats. There seems to be a conspiracy of silence about the threat to us from those who are developing an intellectual weaponry to kill our communication systems. If those skills are developed, they will present a much bigger threat than there has previously been, because there will be instant proliferation, unlike with atomic weapons. Small states and non-states could gain the capacity to administer such a threat. It can target states in a way in which nuclear weapons clearly cannot because there is not fallout and collateral damage. I am surprised that we do not discuss that threat much more in the House. It is time we were given some assurances that great energies and resources are being directed at combating that most serious threat, which is equal to, if not more serious than nuclear weaponry.

Tom Brake: Does the hon. Gentleman agree that that is another argument for restricting the number of large databases in this country? If the hackers gain access to a centralised, large database, the damage that they could do would be much greater.

Andrew Mackinlay: I agree. I cannot overstate my concern and dismay about the lack of discussion of the threat in this place or in the media. It is most serious and worries me enormously.

In paragraph 60, the director general of the Security Service states:

"It is a matter of some disappointment to me that I still have to devote significant amounts of equipment, money and staff to countering this threat."

I presume that he means the threat of China and Russia. I think that due diligence should apply when there is potential for espionage and getting our national secrets. However, I disagree with the director general when, on the few occasions he has spoken publicly, he used the term "political intelligence". I find it a serious threat to me as a Member of Parliament when the security services see it as their business to know whom I meet, where I meet and what I discuss.

By definition, I have no state secrets. I could attempt to predict when Prime Minister Tony Blair would retire and when the next general election might be; I also have a view about the outcome. Those are not state secrets but my views. When the director general makes it his business to know whom Members of Parliament see, that poses a serious threat to us. I have not made that up. I have told the House previously how the former Chief Whip approached me about the matter, and I believe that a previous Chief Whip tried to get me off the Foreign Affairs Committee soon after the last general election, probably at the whim of MI5. That poses a serious threat to our political process, with which I will not put up and in which I will not acquiesce by my silence.

The hon. Member for Carshalton and Wallington (Tom Brake) rightly referred to paragraph 66, in which the Committee boasts that the Security Service has

"established an 'Ethical Counsellor' post to provide staff with an internal avenue to raise any ethical concerns".

The small print in footnote 56 raises some interesting and concerning issues. In fairness to the Committee, it considered them important because they have been included in the report, albeit in a footnote. The footnote states that matters raised with ethical counsellors include:

"whether the Service had adequate mechanisms to evaluate the mental and physical health risks to ICT agents; whether the Service should be involved in PREVENT work given the pressure it faces to tackle the terrorist threat directly".

I was interested in some of the comments that my hon. Friend the Member for Stockton, South (Ms Taylor) made about Prevent's work. I have an open mind about whether it constitutes core business for our security and intelligence services. The footnote also states that concerns had also been expressed to an ethical counsellor about

"whether it was ethical for the Government to seek to alter the ideological views of its citizens (as part of its counter-radicalisation strategy); and whether there were sufficient controls for sharing information with countries that do not comply with international standards for the treatment of those in detention".

That is a most interesting part of the report. However, I am not confident that an individual operative in our intelligence and security services would be treated fairly. I do not believe that sufficiently robust systems are in place to ensure that, by going to the ethical counsellor, operatives would not be disadvantaged in their career or worse.

Mr. Mates: This is a serious and sensitive matter. What more can the Government or anybody in the security services do but provide somebody from outside who has complete access to all the security services, to whom anybody can come anonymously, who does not report back unless there are issues that the client wants to be reported back, and to whom such a person can unload any worries he may have in a very sensitive area about things he may be asked to do? This all came about as a result of the Dr. Kelly incident. I hope the hon. Gentleman agrees that this was a good thing to do, although he is saying it is no good. We have seen all the people who have been involved in this work; they do it conscientiously and I have no reason to think that they do not do it well. I know that those in the security services are very glad of this safety valve.

Andrew Mackinlay: I am grateful for the right hon. Gentleman's intervention, because he has amplified on the work of the ethical counsellor. I invite him and his colleagues to beef this up a bit more in their next report, because Parliament should be told. I cannot be blamed for not knowing or understanding all these things, because I am not in on the club. My duty here is to probe and try to tease out some of the information, so if he thinks that the work of the ethical counsellor is very positive and that I have probably underestimated its status and veracity, and the great contribution it makes to reassuring staff, I invite him and his colleagues to amplify on that in their next report.

The backdrop to my comments is my deep unease about the stewardship of some of our security and intelligence services, particularly in relation to human resources, as I believe they are called, and their job of vetting. Paragraph 68 makes reference to what might be known as the Max Mosley case. I do not want to go over that, but as a Member of Parliament and a member of the public I found it breathtaking that an operative of the Security Service could have been so closely

[Andrew Mackinlay]

involved in this sting operation in relation to Max Mosley, given the nature of it. Clearly, the Security Service was also concerned about the situation subsequently, but the case raises questions about how good its positive vetting was. It was seriously flawed, which is why the case is demonstrably an example of where the organisation was complacent until this happened. Of course, there was also no desire to answer questions about this issue in the House. There comes a point where people are straining to argue that a national security consideration is involved and so the matter cannot be discussed. There should have been much more parliamentary discussion about the nature of positive vetting, rather than of the particular instance itself, because it did show that the organisation was not so very good on these matters as it would like to pretend.

Earlier I intervened, rather testily, in relation to paragraph 92, and we were assured by the right hon. and learned Member for Devizes (Mr. Ancram) that he was totally satisfied that the redactions—these dot, dot, dots—were absolutely necessary. I am not going to let this go, because I find it fantastic that the retirement age for senior staff, which has remained the same, has been deleted. That is breathtaking in the extreme, and I think it takes the mickey out of Parliament and diminishes the effect and nature of this report.

This may not have been understood, so I readily acknowledge, again, that the report contains some very interesting issues, which I welcome. Reference was made earlier to paragraph 94. I am not sure that we all understood what impact the floods had on GCHQ, although if it has been discussed in the House before now, I apologise. It is amazing that the floods in 2007 disrupted GCHQ's work so drastically and dramatically. Indeed, it is alarming. Of course one cannot always foresee floods, but somebody, somewhere—no doubt they have retired early—should have been on the ball. It is amazing that such disruption could have taken place. We should be told how and why that happened. What were the consequences? Were people disciplined? Were they asleep? What happened was a serious threat to our country's capacity to analyse and absorb intelligence, to listen and then to advise our Government and our security and intelligence services. It could have happened at a time of international crisis.

There is a section on page 30 of the report, in paragraphs 111 and 112, about media relations. That interests me, because I understand that there are persons who act as interlocutors or intermediaries between the security and intelligence services and the press. The big national newspapers will have the name of someone whom they can approach—I imagine that it would be a retired security or intelligence officer on a stipend or per diem. He or she will then check things out with the security and intelligence services and come back to the paper, so that there is some way of insulating the press from face-to-face contact with operatives.

I would like to know more about that. I do not particularly mind the press talking to the security and intelligence services or vice versa, but it is unacceptable when they talk to the press, but not to ordinary Members of Parliament. There needs to be some oversight of the system, because I have reason to believe that carrots and sticks are used, with rewards for journalists when the security and intelligence services want to leak something. I simply do not believe that certain leaks are accidental and unauthorised. Some of them are authorised. Sometimes they are deliberate and on a few occasions they are done with malice, with the intention of rubbishing people who are irritants to the security and intelligence services.

More light should be shed on the ground rules for when the security and intelligence services talk to the media. Furthermore, I do not want the Chamber or the Committee to lose sight of this point: in a democracy, how can we justify the security and intelligence services talking to the press when they do not talk to Members of Parliament? We all know that, apart from the Intelligence and Security Committee, there is no interface between ordinary Members of Parliament and the security and intelligence services, unless they want an hon. Member to do their bidding. I find that extremely worrying and unhealthy.

My hon. Friend the Member for Stockton, South talked about the Prevent programme, which is referred to in paragraph 116 and which I found most interesting. I am not sure that the programme is the core business of the security and intelligence services, but I have an open mind about that. I hope that we hear more about the programme's work next year and about whether it represents good value and use of scarce resources, which we are told—and I accept this—are essential to combating the threat of terrorism and so on.

In paragraphs 120 and 121, we are told about the ministerial arrangements for oversight of national security, international relations and development. The Cabinet Secretary tells us:

"as you can see from the number and frequency of the meetings, it is actually happening. This is much more real."

To give some context, that means in relation to what recently went before, when there was a committee chaired by the Prime Minister that met only three times in about one year. Full marks to Ministers and the Cabinet Secretary for meeting much more frequently, but perhaps we ought to know more about what was not happening just two or three years ago. The Committee that is reporting to the House today has been in existence for some time. Was it aware of this shortcoming two or three years ago? Did it report it to us? If it did, and if that had an impact on the Prime Minister, full marks to it. It would be interesting to have that position amplified.

I find it somewhat surprising that an individual, Jane Knight, is named in paragraph 135 of the report. She was until recently the professional head of intelligence analysis. I think that you have presided over these debates for a number of years, Mr. Deputy Speaker. You have heard all the arguments about redactions, and you have probably heard me complain about how, when I asked the name of the Clerk to the Intelligence and Security Committee, the Prime Minister refused, in two parliamentary replies, to tell me what it was. I then found the answer in the civil service yearbook. This afternoon, we have heard all the arguments about why we need redactions, yet this poor lady, Jane Knight, is named in the report. I would have thought that that was highly irresponsible, because everyone will now know that, until recently, she was the head of intelligence analysis. Why is her name included, when all these other matters that are seen to be of paramount importance require redactions involving having dots everywhere, and when the Prime Minister will not answer a Member

of Parliament's question? I think that this is indicative of the sloppy culture among some of the people who have oversight of our security and intelligence services.

If Members think that that is wrong, let me move on to stewardship. I give full marks to the Committee for its comments on SCOPE in paragraph 147 on page 40. I hope that some of the press will look at this. I am dismayed at the poor attendance here, but I have a sense that not many people are exercised by our debate this afternoon, and that not many have looked at the report. My right hon. Friend the Member for Pontypridd and his Committee should be given full marks for paragraph 147. I have listened carefully to what he and others have said on this matter, and if people look at the *Official Report* tomorrow, they will find that they have been very gentle with the Cabinet Secretary and the security and intelligence services in relation to SCOPE.

The report states that SCOPE is

"a major cross-government IT programme aiming to improve the intelligence community's secure communications."

My hon. Friend the Member for Stockton, South told us about this, and she was refreshingly candid and clearly very distressed. I invite hon. Members to read her speech tomorrow in the *Official Report*. This is a monumental scandal. The programme cost millions upon millions of pounds of scarce resources, and I think that members of Her Majesty's Opposition have been too gentle about this as well. I am sorry that I am having to provide the opposition here. There should be a major demand for more information about this, because all that money was wasted.

As my hon. Friend the Member for Stockton, South told us, all this happened against a backdrop of her and others being reassured that the programme was all on track. Then, all of a sudden, as the report states

"the Cabinet Secretary told us"—

that is, the Committee—

"that, despite all this work"—

and millions upon millions of pounds—

"Phase II of SCOPE has now been abandoned."

The Committee goes on to quote the Cabinet Secretary as saying

"we know that the way they were planning to do [Phase II] won't work...So we are working actively on ways in which we can achieve those benefits, but probably through rather different routes."

This should be a matter for a major inquiry, and people should be sacked for it. It is a classic example of the culture in the country: the bigger the mess-up, the greater the cost, and the higher the rank of the person who presided over the mess-up, the greater the rewards. I have no doubt that the Cabinet Secretary will, in time, be awarded a seat in the House of Lords, and that some of the other people who presided over this either already have gongs or will have their names advanced on a subsequent honours list. If it had been a small man on a small amount, he or she would have been sacked. We should bear in mind the unprecedented language used when my right hon. Friend the Member for Pontypridd says in his report:

"We have consistently reported concerns about SCOPE and are appalled"—

I repeat, appalled—

"that Phase II of the system—on which tens of millions of pounds have been spent—has now had to be scrapped."

He goes on to reassure the House:

"We will be investigating the reasons for the serious failure of this important project, and will report on the matter in the forthcoming year."

I think that reporting on the matter in the coming year is not sufficient. There should be a separate and immediate inquiry into this matter by the Committee, and the House of Commons should be allowed maximum disclosure.

I have detained the House on other occasions about the Wilson doctrine. I remind Members that it relates to the fact that in the 1960s Harold Wilson made it quite clear—he was a victim of bugging and unauthorised surveillance by the security and intelligence services, which abused their power—that there should be no listening in to what were then the landlines of MPs' telephones. An important issue that many people failed to understand was that when it came to the "overriding consideration" of national security, Wilson's doctrine stated that the matter must be reported to the House at the earliest opportunity.

About three years ago, there was an attempt by people in the intelligence services to get Tony Blair to alter the Wilson doctrine; to his credit, he said no. The Committee itself raises the Wilson doctrine in the report, but fails to tell us how much it probed into it. Particularly in the light of events surrounding what happened to the hon. Member for Ashford (Damian Green), I think that we need to be constantly reassured. I believe that this involved a serious attack on MPs and parliamentary institutions, so we must be reassured that there is no slipping in the determination of this Prime Minister to ensure that the Wilson doctrine is adhered to and brought into line with all the modern communications systems that now exist. I hope that when the Home Secretary replies, she will be able to provide some reassurances on this matter.

I particularly mentioned the hon. Member for Ashford because paragraphs 162 and 163 deal with the Official Secrets Act. We discover in paragraph 163 that the Home Secretary apparently told the Committee

"that recent case law has meant that the need for reform is now less urgent",

whereas there had previously been some talk about reviewing the Official Secrets Act. The most recent events—probably happening after the report had gone to the printers—have shown that there is actually a need to modernise the Official Secrets Act. I very much welcome the fact—I was always confident about it—that charges were not brought against the hon. Member for Ashford. I was also confident from my knowledge of the law that there were would be no prosecution of the man who leaked the information either. He committed a professional offence and it was certainly right for him to be dismissed from the civil service. Particularly in the light of even more recent judgments, however, there was never any prospect of a prosecution—and prosecuting the hon. Member for Ashford would have been wrong.

I put it to the Home Secretary, "Why don't you get real?" and recognise that it would be prudent for the House to revisit official secrets legislation, not with a view to ensuring a prosecution against an MP next time, but in order to ensure that the Act deals with the people

[Andrew Mackinlay]

who actually pose a serious threat to our national security rather than those who are a source of political embarrassment?

I have asked questions about the circumstances referred to in paragraph 177—the leaving on a train of top-secret Government papers by a member of the Joint Intelligence Committee. We were first told that the matter was being investigated, but the House, the Committee and I were then told that no real discussion could take place because there was going to be a prosecution.

A prosecution took place on 28 October 2008, and the person involved, who I take to be an MI5 employee, was subsequently fined. I do not want to labour that point, but my right hon. Friend the Member for Pontypridd and his colleagues on the Committee were promised that once the matter had been exhausted in the courts, with some dispatch, they would be acquainted with the circumstances and allowed to investigate. However, to quote the report:

"At the time of writing, the Committee is still awaiting the sight of Sir David's report"—

that is Sir David Omand. I do not think that the Committee is a proper parliamentary Committee, but that quote shows contempt by Sir David for it. He has not bothered to write to the Committee, or to invite it in. It is the Committee saying that. The court case was concluded on 28 October. That is simply not good enough.

I am not surprised about Sir David Omand, because he is arrogant. However, I want to place it on the record that it is appalling that the Committee is being treated in such a way. We have been told by Committee members that their resources are inadequate for their investigations. I sat here muttering to myself that knowledge is power, and the Committee will not be given more resources. If it is to be given more resources, the Home Secretary can announce it this afternoon, but I bet she will not. However, the resources should be available if the Committee is to discharge its functions as it sees fit. Until such time as there is a proper parliamentary Committee, it is wholly wrong that it should be denied the necessary resources. I hope that the Home Secretary will reply to that at the Dispatch Box

I have a little ceremony: when I leave this place and go down to the pizza restaurant by Millbank tower, I pass Thames house and, to the dismay of my wife, pause, look up at the camera and say, "I am watching you too." I intend to go on doing so as long as I am in this place, and I do not care if I get ridiculed. We are threatened by not having sufficient oversight and control of our security and intelligence services. Some in those organisations are brave, skilled and diligent people, but some are arrogant and abuse power.

4.58 pm

The Secretary of State for the Home Department (Jacqui Smith): I am glad to have the opportunity to close this debate on the report of the Intelligence and Security Committee. As some other Members have said, this is the first debate taking place under the new arrangements, whereby it was rightly introduced by the Chairman of the Committee, my right hon. Friend the Member for Pontypridd (Dr. Howells). As the right hon. Member for East Hampshire (Mr. Mates) pointed out, the House will today have the benefit of hearing from only one Minister—me—closing the debate. As my right hon. Friend the Member for Pontypridd pointed out, however, my right hon. Friend the Foreign Secretary would very much have liked to attend the debate, but he is on important business abroad, and he has communicated to me his wish for that to be made clear to the House.

As many Members have commented, our security and intelligence agencies play a crucial role in protecting the interests of the UK at home and overseas. They provide a first-class service to the country in often difficult and dangerous circumstances, and have had many successes. As my hon. Friend the Member for Stockton, South (Ms Taylor) pointed out, since 2001, with the help of the security and intelligence agencies, more than a dozen terrorist plots have been disrupted, and almost 200 people have been convicted of terrorism-related offences. Overseas secret intelligence has given us a vital edge in tackling some of the most difficult security challenges we face. We are safer, our families are safer and the British people are safer because of the work done by our security and intelligence agencies, and they deserve our thanks and support. I am pleased that that was reiterated by almost every Member who spoke today.

I thank the members of the Intelligence and Security Committee for their hard work over the past year, and for the grilling of which I was on the receiving end relatively recently. I also thank all the Members who made today's debate so constructive and useful. In particular, I thank my right hon. Friend the Member for Pontypridd, both for chairing the Committee and for opening the debate. I join him and others in paying tribute to the previous Chair, my right hon. Friend the Member for Derby, South (Margaret Beckett), and to the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith). Both of them have stepped down from the Committee over the past year, but their work over the year contributed to the ISC's 2007-08 annual report.

Let me respond to one of the points raised by my hon. Friend the Member for Thurrock (Andrew Mackinlay). The replacement for the right hon. Member for Berwick-upon-Tweed, the right hon. and learned Member for North-East Fife (Sir Menzies Campbell), was approved and appointed to the Committee in line with the new procedures that the House debated and approved on 17 July 2008. The suggested reforms ensuring greater parliamentary involvement in the appointment of Committee members have already been implemented.

It is worth putting on record the importance of those who undertake the necessary judicial oversight of the agencies: the Intelligence Services Commissioner, the Interception of Communications Commissioner, and the president and members of the Investigatory Powers Tribunal. I thank them and their staff for their diligent and important work.

The challenge, as always, is to strike the right balance between the protection of security and the most important of human rights, the right to life, and the impact on the other rights that we and our democracy hold dear. I am convinced, however, that the right balance of mechanisms—legislative and ministerial, and in the form of the oversight provided by the Committee—exists to ensure that the agencies fulfil their lawful duties appropriately and effectively. It is essential for important

matters relating to the national security of the country to be considered fully. Today's debate has provided an important opportunity for parliamentary scrutiny of that vital area, and I thank all the Members who contributed so helpfully.

Let me deal with some of the points that have been raised. There was, of course, discussion about the nature of the Committee itself and the way in which recent reforms have worked. I am glad that the right hon. Member for East Hampshire corrected the suggestion that ISC members were subject to security vetting. He is right: they are not, although they are notified under the Official Secrets Act so that they are fully aware of their responsibilities.

As we have heard, this is a Committee with a strong cross-party membership. I am sure that ISC members past and present would rightly resent an implication that they were somehow in thrall to the Government. That certainly has not been my experience, as I made clear when I spoke of being on the receiving end of its interrogation; and, as Members will see if they read Committee's reports carefully, it has, when appropriate, criticised the actions of both the agencies and the Government.

There has also been some discussion of the nature of the redactions in the reports. I am sure that Members will appreciate how much of what our security and intelligence agencies do, and how they do it, must be kept secret so that the agencies can operate effectively and do the job that we want them to do. To avoid prejudicing that operational effectiveness, it is necessary to redact some of the material before publication. I am sure that Members appreciate that the Committee's reports have a global readership, which will inevitably include those with hostile intent who will be poring over every word and figure for clues as to our capabilities, weaknesses within those capabilities and ways to circumvent them. It is important that we maintain that capability and do not, in the very important job of scrutiny, undermine precisely the capability that we are scrutinising.

There was some important discussion about the role that public sessions may play. I know that the Committee is giving serious consideration to how those public sessions can be organised. My right hon. Friend the Foreign Secretary and myself have both already agreed that we would be perfectly content to be questioned by the Committee in public session, but it is important that those are meaningful sessions in which, quite rightly, the important job of accountability and scrutiny can be carried out in a way that gains public confidence.

There have been calls for the right amount of resources for the Committee to carry out its very important role. The Cabinet Office has worked, I believe positively, with the Committee to ensure that it has the resources that it needs to fulfil its remit efficiently and effectively. My hon. Friend the Member for Thurrock asked me to outline the increases in resources that the Government have made available. In response to the reform package approved by the House, the complement of the ISC secretariat has been increased from six to eight, bringing the staffing up to the level enjoyed by comparable Select Committees. A general investigator to support the work of the Committee is in the process of being appointed and arrangements have been brokered for the Committee to have access to independent confidential legal and financial advice. I understand that notwithstanding the tightness of resources, to which my right hon. Friend the Foreign Secretary referred last year, resources are in place to finance all those measures and to ensure that the increase in resources is available to the Committee to do its job.

During the debate today—certainly it forms an important element of the report—the issue of ensuring that the considerably increased resources that are being provided by the Government to the security and intelligence agencies are gaining the greatest value for money has rightly been an important area of focus. Recognising the demands that the current threat situation makes on what we expect from the agencies, the Government have significantly increased their funding to over £2.3 billion by 2011 in the current CSR settlement—an increase of over £1 billion since 2003-04. That level of funding is an indication of the Government's commitment to national security and our strong determination to counter threats from international terrorism.

I know that one of the issues that, quite rightly, has exercised the Committee—it is represented in the report—is the way in which that increased resource is allocated, the priority that is given to international terrorism and the extent to which that may impact on other important priorities. Counter-terrorism is necessarily the highest priority for the agencies, but resources are finite and it is necessary, given the scale of the threat from international terrorism and the unique role of the agencies in countering that threat, that work on some other non-counter-terrorism intelligence requirements should be appropriately re-prioritised.

The important point here is that although some other areas of work may well, in terms of the proportion of overall resources allocated, have seen their allocation decrease, because of the additional commitment made to the agencies, actual spend on them has increased. There is still substantial and successful effort against those non-CT target areas. Capabilities that have been funded and supported by the Government, and developed precisely to deal with the issue of counter-terrorism, often result in increased flexibility and capability that can then be used in other areas of the agencies' work. That is a very important element of the agencies' work to ensure that they are flexible and can respond to sudden or unexpected threats, whether from terrorism or other international events. That has been one important aspect of using the increased investment in the agencies.

In holding the Government and the agencies to account, the Committee has rightly challenged us on value for money, particularly in relation to our work on counter-terrorism. For the first time, we now have a public service agreement to ensure that we are achieving the objectives that we have set out, not only in terms of the agencies but more widely. That is an important way to ensure that the increased funding delivers the objective of reducing the terrorist threat.

My hon. Friend the Member for Stockton, South and other Members have raised the SCOPE project, and particularly their concern about the abandonment of phase 2. The Government take this issue extremely seriously. We are very aware of the loss of any public funds, and especially at the current time. That is why the Cabinet Office has given the ISC a detailed memorandum outlining all aspects of the programme. The financial

[Jacqui Smith]

details have yet to be finalised. The decision to terminate the contract, which was not taken lightly, was reached after detailed consideration and legal and technical advice. We are co-operating fully with the ISC's inquiries into SCOPE, and it will rightly continue to question the Government on that.

Andrew Mackinlay: Who is to blame—the Cabinet Office or the security and intelligence services? I realise that asking this question might be in vain, but what scale of cost and loss was involved in this scandal?

Jacqui Smith: I am sure that my hon. Friend will not be surprised to learn that I am not going to start talking about the sums of money involved as extremely sensitive negotiations are currently taking place. This programme was co-ordinated centrally through the Cabinet Office. That is why the Cabinet Office has been responding and, I believe, providing considerable detail about the programme, and what is being done with regard to it, to the Committee, and it will continue to do so.

Several Members, including the ISC Chair, rightly identified the fact that, the reporting restrictions now having been lifted, on 19 May the Committee will be able to publish its review of the intelligence on the London terrorist attacks of 7 July 2005. I welcome that. I share the view of Members that that will be very important not only in order to answer questions, but also—and not least—for the families who lost loved ones and for those who were injured in the attacks. I know that the Committee has worked extremely hard to ensure that the concerns of the families and some of the questions that have been raised today have been tested and pursued. This is, of course, the second review, which was prompted following the conviction of the 2004 fertiliser bomb plotters. I note that the Committee reported in May 2006 that nothing could have been done to prevent the attacks, but it is right that it has taken the opportunity to update and reconsider that work, and I am sure that many people are awaiting the publication of the report with interest. However, I am also sure that Members, including the hon. Member for Newark (Patrick Mercer), would recognise that it would be inappropriate to comment on the contents of that report before it is published on 19 May.

The hon. Member for Epsom and Ewell (Chris Grayling) raised the issue of the national security strategy. That has not only provided an overview of the work of the intelligence and security agencies, but taken a much broader view of the entire range of issues that impact on the security of this country in a complex and changing world. An update of the strategy is being developed, and it will be launched before the summer recess. It will demonstrate how Government thinking has developed on all the threats facing the UK. It will take into consideration the work of the National Security Forum which is now up and running. It met in March, chaired by Lord West. Among other things, it discussed the national security implications of the economic downturn and of scarce energy resources. The forum brings together a wide range of participants from both the private and public sectors.

The update will cover the use of cyberspace as a means for individuals to act to harm the UK. Several hon. Members commented on that issue as an important feature of the threat that we face. I hope that they will be reassured that the Government will focus on that in the update of the national security strategy. We will also publish a UK cyber security strategy separately.

My hon. Friend the Member for Thurrock questioned the role of the Communications-Electronics Security Group—CESG—within GCHQ. It is the national technical authority for this country and provides information assurance to Government, as well as working across the critical national infrastructure to keep networks and information secure. It is important both in setting standards for the way in which information is assured and in working to mitigate some of the threats that my hon. Friend identified.

The shadow Home Secretary also raised the issue of intercept as evidence. As I pointed out in my written ministerial statement on 12 February, we remain committed to using the best evidence available to enhance the ability to bring forward prosecutions in cases. That is why we endorsed the recommendations of the Privy Council review report on the introduction of intercept as evidence. That is also why we set up the working group to develop the methods through which it might be possible to use intercept as evidence and to test them against the nine operational tests identified in the Privy Council review report to ensure that those can be met—especially the protection of national security and the need to ensure that the agency's capabilities are not damaged by any change in the law to permit intercept as evidence.

I was slightly surprised to hear the hon. Gentleman suggest that those nine operational tests should be challenged. If he thinks that they are no longer important, perhaps he should take the point up with the right hon. and learned Member for Folkestone and Hythe (Mr. Howard), who is working on the Privy Council advisory group on the development of this work. I believe, as do the Privy Counsellors, that they are important operational tests that need to be met. Work is now focused on testing the viability of using the model that has been delivered, including role plays of trial processes, and when that has culminated and we have received final advice from counsel, we will be able to make a final assessment of whether and how intercept as evidence should be implemented.

The recent controversy about the involvement of the security services in detention activities was also mentioned, and that has been the subject of intense scrutiny in recent months. My right hon. Friend the Prime Minister, in his statement on 18 March made it clear—as the Government have done at every possible opportunity—our complete condemnation of the use of torture for any purpose. It has no place in a modern democratic society. We will not condone it and nor will we ever ask others to use it on our behalf. It could not, of course, be used as evidence in our courts—quite rightly—as we have seen tested in some recent court cases.

To protect the reputation of our security and intelligence services and to reassure ourselves that everything was being done to ensure that our practices were in line with UK and international law, my right hon. Friend the Prime Minister set down four things that we will do. First, we will publish the guidance to intelligence officers and service personnel about the standards that we apply during the detention and interviewing of detainees overseas. Once that has been consolidated and, importantly, reviewed by the Intelligence and Security Committee, it will be

put into the public domain. That will enable some of the difficult questions and the challenges posed by the circumstances in which our agents operate to be aired. Some of those questions were raised by my right hon. Friends the Members for Pontypridd and for Knowsley, North and Sefton, East (Mr. Howarth).

Secondly, we will invite the Intelligence Services Commissioner to monitor compliance with the guidance and to report to the Prime Minister annually. Thirdly, to ensure that the systems are robust and to be certain that any lessons have been understood, we have asked the ISC to consider any new developments and relevant information, since its very important reports on detention in 2005 and on rendition in 2007.

Fourthly, we have made it clear that wherever allegations of wrongdoing are made, they are taken seriously. I referred to allegations that came out in the judicial review of the Binyam Mohamed case last year to the Attorney-General and she has asked the police to investigate. If further cases of potential criminal wrongdoing come to light, the Government will refer them to the Attorney-General. In addition, several of those previously held in Guantanamo Bay have chosen to put their allegations before the civil courts, where they can and should be tested.

Another important issue that was quite rightly mentioned is the protection that we need to put in place and maintain for the terms of trade of our intelligence relationship with our international partners and particularly with our closest and most important intelligence partner, the United States. We would not expect sensitive intelligence that we had shared to be disclosed in a foreign court and that is the basis on which the case has been made in the current legal case about maintaining in closed summary some of the intelligence that has been received from our partners in the US.

Our intelligence relationship is fundamental in protecting British people. It is worth defending and, as the right hon. and learned Member for Devizes (Mr. Ancram) made clear, it is a precious relationship that we will not know that we have lost until we do not receive the sorts of intelligence that, I am convinced, have on occasion enabled us to save lives in this country and abroad. That is the significance of the relationship that we are protecting.

Several hon. Members raised the Government's overall approach to countering terror. I was glad to hear the hon. Member for Newark, in his role as chair of the sub-committee of the Select Committee on Home Affairs, praise the Office for Security and Counter-Terrorism, which he called a little-known organisation. I disagree with him on that. It is, of course, an important organisation set up as the strategic lead across government two years ago and, as he recognises, it is playing a very important role in bringing together the Government's approach to countering terror. It was responsible for the production of the Contest strategy, which I recently reported to this House. That strategy was based on an analysis of the threat that we face from international terrorism and spelt out in an unprecedented open way the approach that we were taking to counter terror.

The strategy is based on the four Ps: how we pursue and disrupt terror plots; how we protect against terrorist attacks; how we prepare in the event of terrorist attacks; and, importantly, as the Committee has identified, how we prevent people from turning to violent extremism and terrorism in the first place. That of course goes far wider than the community programmes mentioned by the shadow Home Secretary. I have spoken before about how the inspection and evaluation of those programmes will enable us to show that the money involved is being well spent on countering and reducing the threat from terrorism that we face in the long term.

We have had a good and important debate today. I commend the ISC on its work in scrutinising what the Chairman called the nuts and bolts of the security agencies. The agencies are more effective for being subject to the Committee's detailed consideration. My hon. Friend the Member for Wirral, South (Ben Chapman), in rightly saying that the Committee undertakes detailed work in scrutinising the agencies' administration and effectiveness, made it clear that it plays a very important role.

The debate has also made it clear that the agencies' work raises challenging questions about the balance between openness and their ability to carry out work that, by its nature, needs to remain covert and protected. I believe that the debate, and the structures that we have put in place, enable us to strike the right balance.

We are fortunate to have the best intelligence and security services in the world. There are people of the highest integrity and bravery in all of them: I am honoured to be able to work with them, and it is vital that we support them in acting to protect our country. We must do that in a way that is consistent with our values and our commitment to human rights. I am confident that we do so, and believe that today's debate has assisted us in that regard.

Question put and agreed to.

Resolved,

That this House has considered the matter of the Annual Report of the Intelligence and Security Committee for 2007-08, Cm 7542, and the Government's response, Cm 7543.

PETITION

Christie NHS Foundation Trust

5.27 pm

Mr. John Leech (Manchester, Withington) (LD): I wish to present the "Cash Back For Christie" petition organised by the *Manchester Evening News* and signed by more than 100,000 people in Manchester and across the country. The campaign supports the Christie hospital getting back its £6.5 million, and I should like to pay tribute to everyone involved in it.

The petition states:

The Petition of the Cash Back for Christie M.E.N. Campaign,

Declares that the Financial Services Compensation Scheme should reimburse the Christie NHS Foundation Trust with the £6.5 million lost in the Icelandic banking collapse.

The Petitioners therefore request that the House of Commons urges the Government to take action to encourage the Financial Services Compensation Scheme to reimburse the Christie NHS Foundation Trust with the £6.5 million lost in the Icelandic banking collapse.

And the Petitioners remain, etc.

[P000363]

Civil Liberties (Mole Valley)

Motion made, and Question proposed, That this House do now adjourn.—*(Steve McCabe.)*

5.28 pm

Sir Paul Beresford (Mole Valley) (Con): I shall begin by reassuring the Minister that I do not intend to use all the considerable time available for this debate. However, I want to give him an understanding of a matter that my constituents raise with me in correspondence and at my surgeries with monotonous and increasing frequency.

For the Minister's benefit, I should tell him that Mole Valley is the largest constituency in Surrey. It is semi-rural and rural, looks green and prosperous, and has two main towns and about 30 villages. More than 50 per cent. of the inhabitants vote Conservative when elections come along—and long may they continue to do so—but some aspects of the area are deceptive. Some constituents are wealthy—some of them extremely so—and knowledgeable, but many of the people, especially in the villages, are poor and live in very difficult circumstances.

When I was out knocking on doors one Saturday morning fairly recently, I spent some considerable time persuading an elderly couple that their circumstances were such that they should claim council tax and rent benefits to ease their financial problems. The husband got very cross, and he explained to me that he was a former soldier who had fought for us in the second world war and then remained in the Army. What worried me was that he did not seem to understand that paying his taxes in effect set up an insurance scheme that allowed him to claim the relevant benefits.

I hope that the Minister might one day look at the benefit form, because what upset my constituent most of all was that it was 30 pages long—it was at that stage; it is now down to 29 pages—and full of questions that he said were too nosey and not relevant. Owing to that, he did not want to claim, and, although I have gone back and tried, he is still not claiming, because he feels that the questions interfere with his civil liberties and are too intrusive.

In the main, my constituents are well educated, very aware and definite absorbers of news. That applies to all age groups, and a considerable portion of my contact with my constituents over recent years has been about various broad civil liberty issues. In Mole Valley, there is a strong feeling that we need national and personal security; it is important. There is also huge support for the police, generally, which is just as well, because the central police grant to Surrey police is so low that almost 50 per cent. of their costs are borne by Surrey council tax payers. That said, there is increasing concern that we are being spied on by the state, that huge volumes of deeply personal data are being collected by the state and others, and that the situation has gone too far.

I read recently that the average person in the United Kingdom has about 3,250 pieces of information about them collected and stored every week. Obviously, much of that is not state-sourced; I refer to store loyalty cards, banks, internet responses, an individual's place of work data and so on. However, I shall highlight a few areas of Government-generated data collection. First, there is the centralisation of medical data. Most patients are unaware that their medical records are sent from their GPs to a central source that can be accessed from other health clinics and hospitals nationwide. The base logic makes sense, especially if I take note of my secondary hobby, which is dentistry, because if an unknown patient arrives with a debilitating condition, or is on a keen medication that may have side effects or interact with other drugs, that and similar information will be required by the clinician. My constituents and I accept that, but more information will be passed down the data tubes and be made available, and more is being collected centrally.

I ask the Minister, if he is bothered, to have a quick look at the Australians. They have a similar system, which has been under way for some years, and about two years ago there was a big blitz. A Sunday newspaper reported it, because there were known to have been more than 750 breaches of that system's security. The breaches took place over a fairly short period and were not necessarily of national or international importance, but they were certainly important to those whose security, data and information had been sourced. Many, if not all, of the breaches were personal: spouses, lovers, neighbours, relations and so on, checking up on individuals who were known to them. However, one can well imagine the temptation for a scurrilous individual seeking to access a pop star's health records, a footballer's health records or even those of a well known politician, and being prepared to pay for that information—pay handsomely on occasions, because of the payback for it.

I find the Government's intention to keep data on individual phone calls, text messages and internet access details extremely Big Brother. Most disturbing is the spectrum of people who are permitted to access that information. I have discussed the matter with a number of senior Metropolitan police officers, and they have explained to me the procedures that must be gone through before they can give someone permission to access it. However, the spectrum of people who can access it goes right the way along to local government, where I very much doubt that such restrictions apply.

A recent concern for me and many of my constituents has been the UK criminal DNA photo and fingerprint database. Since its launch in 1995, it has, I understand, become the largest or second largest database in the world. It has the details of more than 5 per cent., and rising, of the population. As the Minister would expect me to point out, Government blunders—the loss of personal data and sensitive information, carelessly left for public access—have been a deep concern. Furthermore, there are the concerns about our increasingly Big Brother culture.

Despite today's Home Office announcement—or perhaps, in part, because of it—serious questions about the functions and ethics of the database still need to be answered. DNA samples taken at arrest or from a crime scene are collected and sent off to a third-party company for analysis and storage. The profile, consisting of the DNA sequence, gender, ethnicity and age of the person involved, is then loaded on to the database. The database costs millions each year to maintain. Between 2000 and 2006, it cost the taxpayer about £270 million, excluding the storage costs for the individual samples; they fall to the individual police forces. I hate to think of what the costs would be today.

I understand and support the fact that we have a national database for criminals, but a considerable number of my constituents who are not criminals are on that database, and they include children. That is the biggest concern. I shall tell the Minister about two cases that illustrate my point. A quiet, retired engineer lives in one of the villages in my constituency. He does a little work on his computer to supplement his pension. One Saturday morning last year, there was a knock on the door and a policeman and policewoman pushed in and arrested him. They took him off to Guildford police station and charged him with the theft, some months earlier, of a laptop computer from Currys in Guildford.

My constituent protested his innocence. The police took his DNA, fingerprints and photograph and set him down for a court case a few weeks later. He went home, checked his data and was able to prove, through a combination of factors and witnesses, that at the time of the alleged crime he had been sitting at his own laptop in his own office 20 miles away. His solicitor put that to the police and a more senior policeman considered the scant evidence—a couple of fuzzy photos on CCTV showing someone who looked faintly like my constituent, except that my constituent's spectacles were different. That senior policeman saw that it had all been a mistake, and the case was ripped up. An apology was given to the engineer and one of the arresting officers got a severe rap over the knuckles. However, my constituent's DNA, fingerprints, photographs and so on were kept. There were months of battle before that clearly innocent man—who had no record, no charge, no brush with the police—could get the information taken off the database.

Perhaps a more important case involved a young lady coming home on the train to another of the villages in my constituency. On getting off, she was violently attacked by a group of young ladies. When the police were called, the attackers ran off; when the police arrived, they arrested the victim. It took considerable time for them to recognise that they had made a mistake. They had already taken my constituent's DNA, photographs and all the rest of the data. In spite of the apologies and a rap over the knuckles for the police concerned, it took nearly a year to get my constituent's information taken off the system. Following the new idea that has come forward today from the Home Office, that young lady's data will be stuck on that file for seven years, yet she was plainly the victim and totally innocent.

Last year, I had the privilege, pleasure and entertainment of meeting the Association of Chief Police Officers representative responsible at that time for the national DNA database. He spent a considerable length of time explaining and reassuring us about the security measures to protect the integrity of the database. It was impressive. I asked him whether he agreed that the bigger and more expensive the database, the more valuable it is to attackers. After all, if hackers can get into the Pentagon files, they can probably get into DNA files in this country. I put it to him that if the file is important enough, or big enough, somebody with criminal intent, groups with criminal intent, or someone from outside the country may try to hack into it or to pay somebody for access. He said that the last of those scenarios was his deepest worry.

In the past few weeks, the big issue that I have been hit with by many constituents is ContactPoint. At first, I was surprised that my trusting public, and so many of them, were so concerned. They all agree that vulnerable children need protection and that the system may help them, but I believe, and so do the parents, that it is outrageous progressively to place every child on the system. Effectively, every child will now have a Government number—yet another one. It will not be tattooed on their arm, but stored on a Whitehall computer. I have to tell the Minister that the parents are far from happy. I asked them to have a look at the website so that they could get a full understanding of it; now, if anything, they are more concerned, and I share their concerns. Next, there is the prospect of ID cards, and behind them there is the national identity register; it is not only Orwellian but, as one of my constituents put it to me, smells of a database ready for the Stasi. The whole project is an expensive data-collecting mistake, and it should be dropped. I support my Front Benchers' view on that emphatically.

Many Government databases have legitimate reasons for existence, such as car licence data files, taxation records, information on individuals entering and leaving our shores, passport information and so on, but the variety of information collected for many of those systems seems to be expanding. It was a great relief to me, and to many of those who wrote to me, when the proposal for centralising access to the various systems was withdrawn from the Coroners and Justice Bill. However, Government form is such that unless the public throw them out at the election, which is looking increasingly likely, that horrible little measure will return at the next opportunity.

We have CCTV cameras everywhere, but few people are aware of how much of the data is stored, for how long it is stored, how many cameras there are, or that a policemen sitting in New Scotland Yard can use many speed cameras to view and follow cars along our London roads. Of course, it is all in the cause of crime prevention and detection, and so on.

The key point for the Minister is that the greater the collection of personal data, and the more it is centralised, the more vulnerable we are as individuals and the greater the temptation for theft of these data. It may not necessarily be theft. Given the way that the Government have been behaving, the data could simply be lost—or, as I have already inferred, hacked into or purchased. If our bank details are lost, sold or something like that, we can change the accounts, but we cannot change much personal information such as DNA and identity. Lost or stolen, it could be in unwanted hands for ever and used against the freedom of individuals for criminal or other reasons.

I go around many secondary schools, and the sixth-formers remind me that the situation smacks of "Brave New World", "Nineteen Eighty-Four" and the cult TV series "The Prisoner". As an aside, I thought that the new Government Department, the Ministry of Justice, had a George Orwell ring about it. A few constituents who have had a measure of support for these data collection measures have told me, "But I have nothing to hide." They are reminded that that saying is derived from Orwell's "Nineteen Eighty-Four" as cameras were being installed in people's accommodation, and that as this Government continue to collect more and more personal data, we may well soon be in the position of actually having nothing left to hide.

5.45 pm

The Parliamentary Under-Secretary of State for Justice (Mr. Shahid Malik): I congratulate the hon. Member for Mole Valley (Sir Paul Beresford) on initiating this timely debate. I suspect that he does not recall that the last time we spoke was probably in about 1994 or '95. I believe that he was Under-Secretary of State at the Department of the Environment, and I was part of a delegation from Sheffield. We got what we wanted, but I never got a chance to thank him, so I do so this evening.

I have listened with great interest to the points that you have made this evening. I shall attempt to address them all, hopefully to your full satisfaction, although I suspect that that might not quite be the case.

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. Can we just get things right? It is the hon. Member who has been raising these things, not I. The Minister used the term "you", so I correct him before we get any deeper into it.

Mr. Malik: My apologies, Mr. Deputy Speaker.

I wish to comment first on the hon. Gentleman's private Member's Bill. I thank him for his continued support for the protection of children, particularly on the internet, and for his valued contribution to that ongoing debate.

The hon. Gentleman raised a number of points relating to his constituents. He said that benefit forms were too long and, in the words of his constituent, too nosey as well. He talked about data collection and about his secondary hobby, dentistry. By virtue of the Data Protection Act 1998, benefit forms are meant to contain only information that is appropriate and essential, and of course it is protected information. People will always come to different judgments, and clearly his constituents—sadly, in some ways—have come to the one that he described.

In this debate, we are considering the profound question of the role of the state in protecting civil liberties and freedoms in Mole Valley and much more widely. I am clear that the role of Government is to safeguard our citizens from those who would seek to do us harm, while ensuring that our rights to privacy and freedom are protected. The Government have put in place a strong legislative framework to protect the rights of individuals. The Human Rights Act 1998 enshrines privacy in law as a qualified right that needs to be balanced against collective interests such as national security and the prevention of crime.

We live in a fast-changing world. Developments in technology are especially rapid, providing greater opportunities and benefits to us as individuals. Those who would do us harm can also take advantage of those developments, which creates an ever-increasing challenge as we seek to safeguard and protect the public, a challenge to which the Government and their enforcement agencies are duty-bound to respond.

The hon. Gentleman spoke at some length about DNA. I am sure he agrees that DNA techniques have helped to bring thousands of serious offenders to justice. They helped police solve 1,000 rapes and murders in 2006-07, and more than 18 million employment checks stopped more than 80,000 unsuitable people working with children and vulnerable adults in the past four years. The list goes on.

The four key principles that underpin the Government's approach to privacy and security are: proportionality, safeguarding, transparency and, of course, common sense. Recent announcements demonstrate the Government's commitment to those principles. To focus on DNA, today marks the commencement of the public consultation exercise on the retention, use and governance of DNA and fingerprints. In the case of S and Marper, the European Court found a violation under article 8 on the "blanket and indiscriminate" retention policy for DNA and fingerprints. Of course we accept the Court's judgment but also its recognition of the importance of using DNA and fingerprints to tackle and prevent crime, including terrorism, and ensure public protection.

Public protection is a key consideration in what we do.

Sir Paul Beresford: I have accepted the importance of criminals having their data on a national database that is accessible to the police and so on, for the reasons that the Under-Secretary set out. However, I am worried about the innocent. I deliberately gave him the second example of the young lady, who was clearly innocent but would still have her files on the system for seven years under the Government's new proposals.

Mr. Malik: The hon. Gentleman talked about one of his constituents who was wrongly arrested. Our proposals set out possible grounds for removing data—for example, in cases of mistaken identity. Criteria will be set out in regulations that we will develop as the consultation rolls out.

Let me give the hon. Gentleman some reassurance. Kensley Larrier was arrested in May 2002 for the possession of an offensive weapon. His DNA was taken at the time and loaded on to the DNA database in June 2002. The proceedings were discontinued in October 2002, but his DNA was retained under the Criminal Justice and Police Act 2001. In July 2004, a rape was committed in the north of England and DNA from the investigation was speculatively searched against the national database and matched with the acquittal sample. Larrier was arrested and charged with the offence in November 2004. He was convicted in June 2005, jailed for five years and entered on the sex offenders register for life. That is one example of what can happen if DNA data are retained.

Sir Paul Beresford: I understand that point. We accept it because the dates fall within the suggested three years. However, I am worried about people who are clearly innocent and cases in which a mistake has clearly been made. Surrey police keep the data.

Mr. Malik: We believe that the issue is sufficiently important to warrant a consultation. Our proposals are based on the best available evidence and research. The consultation paper sets out the research on the risk of future offending or reoffending. A six-year period is at the lower end of the risk of offending scale, but we believe it is a proportionate response to the European Court judgment in the light of the available research. We are very keen to adopt a retention period based on evidence, and we have gone some way to try to achieve

that. We certainly think that this is an important enough issue to have a conversation with those who are not privileged enough to be in this place, and we are embarking on that at this moment in time.

The proposals in the consultation focus on achieving a proportionate balance between allowing the police to detect, investigate and deal with offenders effectively and ensuring that appropriate safeguards and protections are available to the individual, and to achieve that balance, changes are proposed in five key areas. The first proposal is that all samples be destroyed. The second is that profiles for persons arrested but not convicted may only be retained for a maximum period of six years or 12 years in the case of serious, violent or sexual offences. The third is that the DNA of a young person arrested and convicted of a minor offence be removed from the database when they reach 18 years of age, and for those arrested and not convicted of any further offences the profiles will be deleted after six years or on the person's 18th birthday.

Sir Paul Beresford: I clearly made a mistake. I said that the young lady's information would be collected and kept for seven years, but in fact because she was accused, wrongly, of a violent action against other individuals—I wonder whether I should wait for the Minister to listen—if we had not won the fight with the police her information could well have been stored for 12 years, as has been suggested, rather than seven. I was wrong.

Mr. Malik: As I have said, we are consulting on these proposals. The fourth proposal is that the criteria for destruction of profiles before expiry of the six-year or 12-year period should be set out in the regulations. That would enable people to know whether they would qualify to make such an application. It is also proposed that an independent advisory panel be established to monitor implementation of the regulations. Lastly, as we need to make sure that those who should be on the database are on it, proposals extending police powers to take samples and fingerprints following conviction are included.

The hon. Gentleman also mentioned CCTV. I know from my surgeries and the campaigns in my constituency that queues of people—almost literally—say to me that we should have more CCTV, not less. I understand the concerns that people have about CCTV, but it is a powerful crime-fighting tool. Police operational experience and various research studies show that it deters and detects crime, and helps to secure convictions. It can also reduce the fear of crime, and the Government remain very much committed to the use of CCTV in helping to make communities feel safer.

We have taken the European Court's judgment on DNA as the focus for our approach. We have recognised that there is scope to go beyond its judgment and establish a framework based on public protection and individual safeguards. We have provided a significant opportunity for public debate on this key area, and we will use the findings from the consultation to develop draft regulations for Parliament to consider and approve before the end of this calendar year.

The hon. Gentleman also talked about identity cards. In the context of yesterday's announcement on those, the national identity service will provide a single, simple and secure way for individuals to prove their identity and to protect their personal details. The service includes the national identity register, biometric passports and ID cards. Information held on that register will be similar to that stored on the existing passport database. It will include biographical data, biometric data and administrative data relating to the secure issue and use of the card. The register will not hold sensitive personal data such as medical history or criminal records; nor will it hold tax, benefit or pension information. The individual will have the right to see all the information held about them on the national identity register, including who has accessed it, once their identity is confirmed, in line with the subject access rights.

6 pm

Motion lapsed (Standing Order No. 9(3)).

Motion made, and Question proposed, That this House do now adjourn.—*(Steve McCabe.)*

Mr. Malik: In addition, the appointment of a newly created national identity scheme commissioner—the first such commissioner ever created solely to oversee a single programme—will provide independent oversight.

Sir Paul Beresford: I thank the Minister for his indulgence. I put this question to his colleagues some time back, but would he not accept that the more data are collected and the broader they are, especially in these days of identity theft, the bigger the target becomes for those who wish to purchase the information—illegally, obviously—or break in?

Mr. Malik: We will never develop a system that is 100 per cent. foolproof. There will always be individuals who are willing to be corrupted and hackers who engage in their favoured activity. However, we believe that the benefits that accrue from our work by far outweigh any of the costs.

Recent research shows that 71 per cent. of those interviewed trusted the Identity and Passport Service to look after their personal information, which is far more than expressed trust in banks, insurance companies, supermarkets and internet retailers. Given that the ID cards regime will use the same infrastructure as the Passport Service, I hope that that, too, will reassure the hon. Gentleman to an extent—although I suspect only to an extent.

On 27 April, we published a public consultation on communications data—to be clear, that refers to the who, when and where of a communication and not the content. I fear that there is a lot of confusion about that. It is not the content of the text that matters, but who sent it, to whom, when, where and so on. Our approach in this area is proportionate. That is why the consultation sets out clearly the fact that the Government have no plans for a centralised database for storing all communications data or for storing content.

Important safeguards are in place to protect individuals' right to privacy. Access by public authorities to any of the data currently retained by communications companies for business purposes is tightly regulated and is also overseen by the interception of communications commissioner. Used in the right way, communications data can play a critical role in keeping us all safe. Doing so makes common sense. Doing nothing in the face of technological change is not an option. We will listen to

[Mr. Malik]

and engage with the public to ensure that we strike the right balance, as ever, for the continued protection of our country and its citizens.

The hon. Gentleman also talked about ContactPoint. Concerns have been expressed—not just in the House, but elsewhere—about ContactPoint, which is a vital safeguard for children. ContactPoint will provide a quick way for practitioners to find out who else is working with the same child. It will help to ensure that practitioners can share information quickly, enabling them to spend time providing support for the children who need it and helping to prevent things from getting worse. We take our responsibilities under the Data Protection Act 1998, the Human Rights Act 1998 and the European convention on human rights, and all other legal obligations relevant to ContactPoint, very seriously indeed.

Sir Paul Beresford: I understand the basis for including children who need support. However, many of the children in my area, if not 80 to 90 per cent. of them, are not at risk, nor are they on registers and so on, yet their names, details and so forth will be on the system. That is what is upsetting parents.

Mr. Malik: I empathise with the hon. Gentleman's perspective, but only to a degree. The contrary will be the case for the vast majority of parents, who will gain reassurance.

Security is paramount for ContactPoint, and a number of robust security measures are in place. Access is restricted to those who need it as part of their work, and it is limited to what is needed for each role. ContactPoint holds only minimal data; it does not hold case information. The Children Act 2004 Information Database (England) Regulations 2007 define and strictly limit the information that can be held on ContactPoint. It does not, and will not, contain any financial information, or any case information such as case notes, assessments, medical records, exam results, comments or subjective observations. We have sought, and will seek, to balance children's and families' rights to the services to which they are entitled with their individual right to privacy.

Concerns have been expressed about patient information held within the NHS care records service. In modern health care, it is vital that the information that clinicians need when they are treating patients is available at the right time and in the right place across the NHS. This will save lives and improve care. Access to records held in the new NHS database will only be permitted to organisations involved in delivering care to NHS patients. Other parts of Government or public agencies—the police, for example—neither have nor will have direct access to any NHS data, or to the NHS care records database. The release of identifiable patient information from NHS care records will be possible only in accordance with the provisions of the Data Protection Act 1998, common law confidentiality requirements, and any other legal requirements. These limit the release of information without consent to circumstances in which the public interest that would be served by the release of information outweighs an individual's right to confidentiality, or in which legislation or the courts require or permit the release.

The hon. Gentleman kindly shared with the House an Australian experience in which breaches had occurred. I go back to the point that I made earlier—namely, that no system is 100 per cent. foolproof. Ultimately, however, we believe that the benefits that accrue will far outweigh any costs and risks involved. The Government will always take a principled and proportionate view of what needs to be done to protect the public and to respect individual privacy. We do not have a surveillance society. The constituents of Mole Valley can sleep easy this evening.

Question put and agreed to.

6.8 pm

House adjourned.

House of Commons

Friday 8 May 2009

The House met at half-past Nine o'clock

PRAYERS

The Chairman of Ways and Means took the Chair as Deputy Speaker (Standing Order No. 3).

Mike Penning (Hemel Hempstead) (Con): I beg to move, That the House sit in private.

Question put forthwith (Standing Order No. 163).

The House divided: Ayes 0, Noes 56.

Division No. 114] **[9.33 am**

AYES

Tellers for the Ayes:
Jeremy Wright and
Mike Penning

NOES

Ainsworth, Mr. Peter
Atkinson, Mr. Peter
Barker, Gregory
Baron, Mr. John
Bell, Sir Stuart
Bottomley, Peter
Brazier, Mr. Julian
Burnham, rh Andy
Burns, Mr. Simon
Burt, Alistair
Campbell, Mr. Alan
Caton, Mr. Martin
Chope, Mr. Christopher
Clark, Greg
Cunningham, Mr. Jim
Davies, Mr. Dai
Davis, rh David
Duncan Smith, rh Mr. Iain
Eagle, Angela
Evans, Mr. Nigel
Field, Mr. Mark
Fitzpatrick, Jim
Gale, Mr. Roger
Gove, Michael
Gummer, rh Mr. John
Hammond, Stephen
Harper, Mr. Mark
Harris, Dr. Evan
Hoey, Kate
Hope, Phil
Howarth, David
Hughes, Simon
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Johnson, Ms Diana R.
Jones, Mr. David
Jones, Mr. Kevan
Jones, Lynne
Key, Robert
Lammy, rh Mr. David
Lucas, Ian
Luff, Peter
Maclean, rh David
McCarthy-Fry, Sarah
Merron, Gillian
Mole, Chris
Newmark, Mr. Brooks
O'Brien, Mr. Mike
Simpson, Alan
Skinner, Mr. Dennis
Speller, rh Mr. John
Stunell, Andrew
Turner, Dr. Desmond
Vara, Mr. Shailesh
Whitehead, Dr. Alan
Wiggin, Bill
Wright, Mr. Iain

Tellers for the Noes:
Mr. Richard Benyon and
Mrs. Maria Miller

Question accordingly negatived.

Green Energy (Definition and Promotion) Bill

Second Reading

9.45 am

Mr. Peter Ainsworth (East Surrey) (Con): I beg to move, That the Bill be now read a Second time.

First, I would like to offer my thanks to the cross-party group of right hon. and hon. Members who originally sponsored the Bill, and to colleagues who have taken the trouble to be here today. I know only too well that being here on a Friday is not always desperately convenient for hon. Members. I would like to thank the many companies and business groups that supported and promoted the measures, including the National Farmers Union and the Micropower Council. I should like to thank the Public Bill Office, which contributed its secret ministry, and the redoubtable Mr. Ron Bailey, who has performed his usual wonders.

I should like to thank the House of Commons Library, which produced a very useful note on the Bill, but I have to say that it contains a glaring error. It says that the measures apply to the whole of the United Kingdom, whereas clause 7(2) makes it clear that they apply only to England, so anyone who was nervous about that can relax. I should also like to thank the Minister of State, Department of Energy and Climate Change, the hon. and learned Member for North Warwickshire (Mr. O'Brien), and his colleagues—and not only those in his Department but others, too—for working hard to progress the debate on this green energy Bill. There is at last cross-party agreement—something that I have long sought—on the need for Government action to put in place measures to liberate the pent-up ingenuity, creativity and capital of businesses and markets, and the public's pent-up enthusiasm to engage with delivering real power to the people by decentralising the way in which we create and use energy in this country.

Time is the most precious commodity on a Friday, and private Members' Bills are fragile vessels in the face of time. I therefore intend to keep my remarks relatively brief, and I implore others to do likewise, despite any temptation to the contrary. Besides, there are other Bills on the Order Paper that certainly merit debate and discussion, so I will resist the obvious temptation to use this opportunity to repeat at length my warnings about the dangers of climate change, and my comments about the opportunities created by the need to come to terms with climate change, and the threat and challenge that confronts this generation globally. This generation will have to deal with the problem of climate change; if we fail, our children and grandchildren will be not only amazed but appalled, and rightly unforgiving. However, may I just mention a new initiative, the Prince's Rainforests Project launched by the Prince of Wales, which is enormously welcome? I urge everybody who has access to a computer to go on to its website, and to click on the relevant buttons to demonstrate support for that very fine project.

The opportunities before us are enormous. Rebuilding the economy as if the earth mattered is an enormous task, but it brings together an array of interlocking benefits—not just sustainable economic growth and safe green jobs, but enhanced global and national security, improved social justice at home and abroad, and a more thriving and robust natural environment. I think that

[Mr. Peter Ainsworth]

the whole House will agree that bringing those things together is a worthy task, but it will require vision and courage, relentless attention and, above all, hope. In that mighty context, this little private Member's Bill may seem a trifling affair. It is indeed a modest Bill—modesty befits private Members' Bills—but I believe that if it succeeds, it will play its part in helping the clean energy sector to grow, and helping all of us citizens to find it easier to play our part in the green revolution.

Let us take a quick look at what the Bill contains. Clause 1 defines the various terms used. Many of them originate in existing Acts, and these definitions have been adopted, where appropriate. Clause 2 defines the term "green energy" and specifies that the principal purpose of the Bill is to promote it. It includes energy efficiency because the energy that we do not use is the greenest energy of all. Green energy is defined as

"energy generated from renewable or small-scale low-carbon local sources".

An important point about this definition is that it includes efficient small-scale district heating systems and micro combined heat and power systems.

David Howarth (Cambridge) (LD): I welcome the Bill, especially its mention of heat pumps, which are a potential major contributor to energy efficiency, but it does not specifically mention solar thermal installations—heating water in houses from solar power, which is already worth while to install. Does the hon. Gentleman's definition include that, or would it be a worthwhile change to the Bill in Committee?

Mr. Ainsworth: The Bill includes those technologies by reference to a previous Act—the Climate Change and Sustainable Energy Act 2006 introduced by the hon. Member for Edinburgh, North and Leith (Mark Lazarowicz). They are not mentioned specifically.

I hope the whole House will recognise the importance of cutting household and business fuel bills, especially at a time of recession. Clause 2 promotes the cause of alleviating fuel poverty. Work carried out by National Energy Action has shown that installing air source heat pumps in homes off the gas main can cut heating bills by 75 per cent. and CO_2 emissions by 66 per cent., so green energy can also help end fuel poverty.

Mr. John Gummer (Suffolk, Coastal) (Con): Does my hon. Friend accept that one of the things that we have so far failed to get over, not least to the Government, is that the purpose of many of these technologies is not just to meet the overwhelming pressure of climate change, but to help people in the downturn, and particularly to help the poorest? This is a win-win-win situation and one which, sadly, the Treasury seems not to have understood.

Mr. Ainsworth: I am grateful to my right hon. Friend, who has an immensely distinguished record in this matter. He is right. The Bill is not just about being green—being good for the environment and the natural world. It is about being good for human beings, especially the least well off, who stand to gain most from such measures.

Clause 3 calls for the Government's current microgeneration strategy to be reviewed. The present strategy was drawn up following the Energy Act 2004. It has worked quite well, but there is general agreement that it needs to be updated. The Government accepted that last year and are, I hope, already working on a new strategy. I look forward to hearing what the Minister has to say on that subject later in the debate. As industry sources have said,

"If we updated the microgeneration strategy, this would focus collective action, lead to investment and help create a whole new generation of jobs in retrofitting energy efficiency and microgeneration."

I hope the Minister will also clarify the Government's position on implementing the new feed-in tariff system for small-scale electricity generation, which offers clear rewards to people who go green. As the experience of Germany has demonstrated, this reform alone has the capacity to engage the public's imagination, attract major investment and create tens of thousands of jobs.

Clause 4 requires the Government to review permitted development orders, with the purpose of removing unnecessary bureaucratic obstacles, which currently impede the installation of green energy measures in non-residential and agricultural premises. An example of the problem that the clause is intended to address is that it is currently possible for a head teacher to install a small wind turbine on his home, generally without having to get planning permission, but impossible for him to do it at his school, which is rather silly and an anomaly that the clause seeks to put right.

The inclusion of agricultural premises is, I hope, significant for the farming industry. The opportunity for farmers in this context is immense. A report from the Carbon Trust last year suggested that the rural potential of small-scale wind power is more than four times that of the potential in urban areas. But if we can harness the potential of anaerobic digestion on farms, linking biogas up to the gas grid, the consequences could be hugely beneficial as a result of cutting greenhouse gas emissions from farming and creating sustainable energy from waste.

However, I fully accept that we cannot allow a free for all. There must be safeguards against proposals that threaten to create noise nuisance or visual blight. It may well be that any review will need to consider a range of planning options to promote microgeneration projects on agricultural and non-domestic premises. The important thing is that such projects are generally promoted and not impeded by Government policy.

Clause 5 relates to permitted development rights in domestic premises. Considerable progress has been made on this issue by the Climate Change and Sustainable Energy Act 2006. I had the pleasure of supporting that Bill during its progress. The Act removed much of the hassle involved in installing solar thermal or photovoltaic technologies in domestic premises, but it did not extend to micro wind installations or air source heat pumps. The Government have said that they want to put that right, and the Bill aims to do just that.

Planning obstacles, whether valid or not, have proved a major barrier to small-scale wind technology in particular. I have heard of one company that has 25,000 applications snarled up in the planning process. But again, I am not advocating a complete free for all.

The schedule sets out criteria that I recommend to the Government when considering these issues. In particular, it contains safeguards relating to noise, visual intrusion and buildings protected for heritage reasons. Perhaps most importantly, it requires microgeneration installations to comply with a certification scheme. This should deal with the problem that has arisen with wind turbines, for example, which have been installed with worthy intentions in places where they are largely ineffective because there is not enough wind.

Clause 6 is intended to encourage the Government to consider the anomaly whereby businesses and home owners who improve their property by installing green energy units may be penalised later by higher non-domestic rates or council tax valuations. I look forward to the Minister's comments on whether he believes there is a contradiction in relevant Government policy.

Finally, this is, as I said, a modest Bill, but I hope it is a helpful one. It brings its own array of interlocking benefits. It is meant to be helpful to industry and investors, who are urgently looking for clear and simple support from legislation affecting their businesses. It is meant to be helpful to the farming industry in developing its potential as a significant source of energy generation in rural areas. It is intended to be helpful to people living in fuel poverty, and to all who are struggling to pay for electricity and heating, and who are dependent on inefficient fossil fuels; helpful to all who want to play their part in reducing CO_2 emissions; and helpful to the Government in meeting their own targets on fuel poverty, renewable energy and climate change. I commend the Bill to the House.

9.58 pm

Dr. Alan Whitehead (Southampton, Test) (Lab): I congratulate the hon. Member for East Surrey (Mr. Ainsworth) on his foresight and imagination, on securing the place that he received in the ballot and the Bill that he decided to put before the House, and on the understanding that he exhibits of where we are now in terms of microgeneration, where we need to be, what the impediments to microgeneration development are, and how we can move forward. He says that this is a modest Bill, but I do not agree. It may be modest in its extent and language, but it will have a substantial effect on the progress of microgeneration, its installation and its development, should it be enacted in the way that he has set out, as I am confident that it will.

I say that because, as the hon. Gentleman knows and has underlined, microgeneration appears to be modest in its ambition with regard to the individual installations that provide the electricity and heat, and modest apparently in terms of the amount of electricity or heat that is produced by each microgeneration device, but the overall effect that the widespread installation of such devices will have on our heat and electricity supply is potentially very far from modest. As he underlines, these devices do not simply assist in providing greener energy, but they cut people's fuel bills, which can be a hedge against the continuing issue of fuel poverty in domestic dwellings, and they can make a tremendous contribution towards the development of sustainable energy sources.

Andrew Stunell (Hazel Grove) (LD): I support what the hon. Gentleman says about reducing fuel poverty and saving energy as a consequence, and I am a strong supporter of the Bill, but will he acknowledge that these private Members' Bills often achieve these objectives in legislation, but they are not implemented by the Government? May I draw his attention to the Sustainable and Secure Buildings Act 2004, which the hon. Member for East Surrey (Mr. Ainsworth) supported and I proposed, which still awaits implementation? So many opportunities are lost even when Bills get through on a Friday.

Dr. Whitehead: The hon. Gentleman curiously seems to have read my mind, or even part of my speech. Sometimes private Members' Bills, rather like planning permission for microgeneration, appear to run into some difficulties in practice once they reach the statute book. That is true of not only his Bill, but the Climate Change and Sustainable Energy Act 2006 of my hon. Friend the Member for Edinburgh, North and Leith (Mark Lazarowicz), which contained clauses that I regret to say arose from an unsuccessful private Member's Bill that I recently tried to put through the House, the magnificently titled Management of Energy in Buildings Bill, which, among other things, attempted to secure a wider range of permitted development orders for microgeneration devices. One of the issues in today's Bill is general permitted development orders relating to micro wind and heat pumps, which I would have anticipated might have been sorted out by now. The general permitted development order regime was extended under that Act to other small-scale renewable energy devices, but not to those particular categories, for a number of complex reasons that I will not detain the House with today. Nevertheless, progress that I thought might have been made under that Act has not come to pass, so I am delighted this morning to see that, among other things, this Bill contains a clear statement of where we should go on such orders, the time scale of that, and how matters should progress. That is an important part of the Bill.

Mr. Gummer: Does the hon. Gentleman agree that, in what has not been an easy week for the Government, one way in which they could get some good publicity would be if the Minister today not only promised to implement that part of the Bill that it is the Government's duty to implement, but all those bits that still hang around in other Bills, so that we all felt that our work in producing these private Members' Bills would bear fruit? Such a commitment today would cost the Minister nothing and would be valuable to the Government and to the Opposition.

Dr. Whitehead: I am encouraged by the Government's commitment to renewable energy in general in the range of recent new instruments to incentivise renewable energy and small-scale renewable energy output, and the commitments that have been made and are being made to the development of renewable and sustainable heat and the role of energy efficiency in the development of a sustainable renewable energy strategy. A number of the issues that have arisen from private Members' Bills are being addressed by such commitments. It is unlikely that the Minister will give a blanket undertaking this morning that every clause of every private Member's Bill relating to heat, energy and renewable electricity will be implemented tomorrow, but it is fair to say, without any hint of partisan discussion on the issue, that there is a sea change in ensuring that the impediments

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to the development of renewable and small-scale sustainable energy, which have existed over a period of time and which hon. Members have through, private Members' Bills, among other measures, sought to overcome, are by means of such devices and commitments being substantially addressed.

However, it is true that substantial impediments remain, which come in a number of shapes and sizes. We have the impediment of the fact that renewable energy devices are, unlike traditional forms of energy delivery, up front capital intensive. Substantial capital is required to install them and thereafter the revenue consequences are slight. Once installed, the earning capacity of such devices, is significant, and the introduction of the feed-in tariff and the renewable heat incentive, will, I hope—I remain optimistic on this matter—ensure that the certainty for the capital investment that is required in those devices can be enhanced. Nevertheless, it is still true that to suggest to a small business or a household that they put up front between £4,000 and £12,000 to install such a device on the understanding that, eventually, there will be a payback, when they have been used to paying a quarterly electricity or gas bill for their heating supply, represents a considerable turnaround in how people view their arrangements with their energy suppliers. That impediment might be overcome by the introduction of leasing arrangements for microgeneration devices, so that the capital cost can be avoided and the cost of the running those devices can be rolled up in the revenue stream that is generated as those devices are used over time.

A second impediment relates to the connection of such devices to the grid and, in particular, to the distribution network. Indeed, it would be rather a good idea if Ofgem and the grid operators had a good look at the extent to which the theoretical backwash of energy that should enter the grid from, in particular, renewable electricity devices, in practice never gets near the transmission network but simply goes around the distribution network. If we end up with billing arrangements under which small-scale energy generation, as part of the energy mix, is rolled up with the total cost of transmission and distribution, a significant impediment to microgeneration development will remain.

In the past, such impediments were considered fairly insignificant, because, then, it was thought that microgeneration would have a fairly insignificant role to play in the future. However, given the renewable energy strategy that is developing, and the ambition for microgeneration and small-scale generation to become a part of overall renewable energy generation targets, it is far from small-scale in practice. If we also consider the indicative proposals in the renewable energy strategy for reaching the 15 per cent. target for renewable energy—not for renewable electricity—as part of the energy mix by 2020, we see that out of that 15 per cent., it is proposed that no less than 9 per cent., which, according to my maths is about 1 per cent. of the total energy supply, should be supplied by solar heat.

The hon. Member for Cambridge (David Howarth) mentioned the importance of solar heat and solar thermal technology, and in the renewables strategy solar heat plays a substantial role. When we break that down, it means a large number of small installations on the roofs of houses and small-scale commercial properties, and in agricultural areas and so on—all of which individually make a small contribution but collectively add up to the proposed large contribution to the strategy. That would probably mean several hundred thousand installations on the basis that, currently, we install a few thousand per year throughout the country. That represents a quantum change in the rate of such installations, and in their distribution throughout different sectors of domestic energy, small business and agricultural environments.

The clauses in the Bill that seek to remove the third impediment to such installations, the planning arrangements, are therefore potentially very important and valuable. Those impediments have largely been removed in terms of solar thermal technology, but, for other important technologies such as micro wind and, particularly, air source heat pumps, which I believe will also make a substantial contribution to the 15 per cent. energy target by 2020, the impediments remain.

Heat pumps, incidentally, are scheduled and projected to provide some 4 per cent. of the 15 per cent. energy target. Again, my maths partially elude me, but that represents about 0.5 per cent. of the total future renewable energy supply, and it would also be based on a large number of small installations that, collectively, would make up the total. Therefore, the idea that they should fall within the general permitted development order is, as far as domestic properties are concerned, very important, but the Bill goes much further by clarifying the environment, as far as such planning is concerned, in the commercial and agricultural sectors.

On occasions, we have talked about microgeneration as if it were all about putting a small turbine, a small solar thermal device or a solar panel or two on our roofs. However, some of the biggest gains in the not-too-distant future will relate to small and medium-sized enterprises enhancing the insulation of their properties and putting money-earning renewable energy devices on their roofs, around their premises or within the curtilage of their agricultural land to enhance their businesses and secure their energy supplies.

There is an impediment, however, because most small business rent their premises, so there is no enormous incentive either for them or for the landlords of such properties to equip themselves with such devices. The Bill offers some succour, however, in the clauses relating to council tax payments. In Committee, I hope that the business rates for small-scale commercial premises will be considered, because they represent an important means of removing a number of disincentives to the installation of renewable devices.

Overall, the ambition that we now properly have on microgeneration and small-scale generation is real and attainable—attainable, provided that we diagnose the future impediments to the imposition of such energy production devices and systematically ensure that those impediments are ameliorated or eliminated from the system. The Energy Saving Trust recently projected that, by 2050, 30 to 40 per cent. of our overall energy supplies could arise from distributed, small-scale renewable energy at local, district, housing and small-scale commercial property levels.

My concern is that that ambition, which could play such a key role in the provision of our future energy supplies, could be tripped up by impediments that we

can easily remove. The Bill goes a long way towards removing a number of those impediments, and I commend it for that. If, in a few years' time, we get the level of renewable energy generation in our communities and homes which is not only desirable but essential as far as our energy mix is concerned, we will be able to look back and say that this Bill played a part in making the change. For that, we should thank the hon. Member for East Surrey.

10.20 pm

Gregory Barker (Bexhill and Battle) (Con): It is a great pleasure to speak from the Front Bench in support of the Bill promoted by my hon. Friend the Member for East Surrey (Mr. Ainsworth). He is not only my former boss, but my enduring mentor and inspiration. Since my arrival in Parliament in 2001, he has been an extraordinary influence on the whole debate about not only microgeneration, but climate change and the broader importance of the environment. He has worked as Chairman of the Environmental Audit Committee and, as shadow Secretary of State for Environment, Food and Rural Affairs, he pulled the Conservative party on to a new agenda. That will be seen as a historic turning point not only in the fortunes of the Conservative party but in the general debate about such issues in the United Kingdom. His gravitas has meant that he has been able to muster an impressive consensus across the Chamber, and not just today; during the preparation of the Bill, he has tapped parts of the political establishment that others would struggle to reach. I congratulate him on this excellent Bill.

I will not speak for as long as the hon. Member for Southampton, Test (Dr. Whitehead), but then I do not have his technical expertise. He is an expert on these issues and I hope that the Minister listened carefully to all his comments because he made sound points, particularly about the detail of the Bill.

If I had to encapsulate what the Bill is about, I would say that its message is that the microgeneration agenda has come of age. That agenda has been pulled from the fringes of politics and the energy debate into the mainstream. That is not only because of climate change, but because of how technology is advancing and how the consumer's interest is now about becoming more involved, rather than just being a passive recipient of energy. The rising cost of old fossil fuels means that people are becoming more energy-efficient and want to play a more active role in energy production.

The Bill is incredibly timely. It says to the Government that, for a long time, other voices—from the Conservative party and their own Benches—have been calling for a far more radical and ambitious approach to microgeneration. Now it appears that the Government are joining that consensus, and that is very welcome. In particular, they have accepted the need for feed-in tariffs to change the economics of microgeneration and create the incentives to push the issues forward. However, it is not enough for the Government to accept the agenda—they have to grab it and get on with it.

The Bill builds on the success of the Planning and Energy Bill, which was brought to the House last year by my hon. Friend the Member for Sevenoaks (Mr. Fallon), and on previous work in the Government's Energy Bill and the microgeneration strategy. This Bill says that we should try to make real progress now, before it is too late—before people become cynical and start thinking that this is all just another exercise in tilting the status quo with further incremental changes to existing patterns of energy use.

The Bill might be modest, but as the hon. Member for Southampton, Test said, it contains important measures that, we hope, could have a disproportionate impact on energy users, energy consumption and opportunities for consumers. As my hon. Friend the Member for East Surrey said, it is not just a technical measure; we must not lose sight of the opportunities that it will present for consumers and businesses. There are huge opportunities for the microgeneration sector to become a much larger employer and an engine of growth in the energy sector. It can create new, long-lasting, satisfying jobs through which people can build careers and support families—the sort of jobs of which we want to see more in the 21st century. We do not just want to see the UK as an attractive place to deploy microgeneration equipment and technology. We want it to be an economy in which it makes sense to build such equipment and commercialise the research and development. If the Government are responsive, the Bill will go a long way towards making that happen. I hope that the Minister will rise to the opportunity that the Bill gives him and his Government to get with the programme and join the consensus in the Commons.

Simon Hughes (North Southwark and Bermondsey) (LD): The hon. Gentleman is rightly enthusiastic about microgeneration and the opportunity that it offers for future UK energy policy. Will he tell us what the Conservative party commitment is on what our renewables targets should be by 2020, in relation to the generation of electricity and energy as a whole? I have looked for the answer, but have not found it. If his party were in government, what would be its target? That is the context in which the Bill would play a significant part.

Gregory Barker: The hon. Gentleman asks a good question. We do not yet have a specific target on microgeneration per se. However, we do know that it ought to play a much larger role, although there are a lot of barriers to get out of the way. Broadening the scope of what we mean by microgeneration is another important point of detail. The technical threshold for microgeneration is set far too low; a lot of the technologies included in the definitions in the Bill are applicable at a much larger scale. As the technology, the enthusiasm and the grid evolve, a lot of these things will be better or more efficiently deployed at community or larger-business level than at householder level.

A lot of the debate is exciting for people at home. The issues have resonance with voters because they can see the potential to deploy something in their homes, whether wind turbines, solar panels on their roofs or ground source heat pumps. However, many of the technologies, particularly combined heat and power, are tricky to install at the level of the individual home. I know that because I am trying to install a combined heat and power boiler at my home and it is still not there despite the supplier's promises from last year. It is still not quite ready and the technology is certainly not ready for mass roll-out.

A lot of the technologies are small, certainly compared with the large-scale generation of the utility companies, but perhaps they are just beyond the size appropriate to

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go into an individual home or beyond the means of an individual home owner to deploy. We need to do more work. We will look carefully at the issues and I hope that we will be able to support the Government's microgeneration strategy; if we form the next Government, we will certainly seek to build on it. The detail is key, and the updating of the Government's microgeneration strategy is vital. The message going over the top must be that we want to push the issue forward now. We do not want yet more iterative consultations or yet another review. We want to grip the agenda and produce something for people to work with and to enable people to start installing microgeneration technology in their homes this year. That is what we are talking about.

Feed-in tariffs help, as does removing unnecessary planning obstacles. Removing the possible disincentive on council tax would help significantly. Council tax plays a disproportionately important role in people's judgments, as they go to huge lengths to avoid paying what is undoubtedly the most unpopular tax of all. If there is concern, well founded or not, that people will be pushed into another bracket of council tax as a result of improving their property by installing these technologies, that will probably cancel out whatever feed-in tariffs or planning law changes are put in place. Clause 6 is important to assure consumers that improving the energy generation capacity of their home they will not push them into a new bracket.

Conservative Members strongly support this Bill. A greater microgen deployment is crucial. We support the Government's target on microgeneration, but we will be looking to see whether there is scope not only to match them but beat them by going further. However, there is no point in talking about higher targets and more ambitious goals if the mechanisms are not in place to deliver and there are no proper incentives to help people to deploy these technologies.

Like my hon. Friend the Member for East Surrey, I will not rehearse the arguments about the imperatives for action in the face of climate change. I think that everybody here today shares that view, because I see huge expertise and wisdom around me on both sides of the Chamber. I look forward to listening to the rest of the debate, which I hope will be short so that we can get on with getting this important measure on to the statute book.

10.32 am

Alan Simpson (Nottingham, South) (Lab): The hon. Member for East Surrey (Mr. Ainsworth) generously thanked a whole list of people for their help in preparing the Bill and supporting its presentation before the House, but the one person he failed to mention was himself. It is important that there is, across the House, a recognition of the role that he has played not only in bringing this Bill before us but in keeping climate change and the shift into renewable and sustainable energy systems on the political agenda, especially when many Members in all parts of the House were uninterested in it for long periods of the past 10 or 20 years. It is right that we recognise not only the specific credit to which he is entitled in relation to this Bill but the longer-term, bigger-picture credits that are to be associated with him.

The hon. Gentleman was also unduly modest in identifying the merits of the Bill. It has a role in tying together a whole series of measures that have been introduced by this Government, particularly driven by the Secretary of State for Energy and Climate Change and the Minister of State, all of which are to be welcomed. I suspect that the Bill may have greater significance than the hon. Gentleman claimed because, if we look at what is happening at a global level, what concerns me most is that all the recent figures about global carbon emissions show that they are rising at a faster rate than the worst-case scenarios offered by the Intergovernmental Panel on Climate Change—at about 3.3 per cent. annually. The danger is that that takes us into some of the most worrying prospects of the climate change agenda, driven by feedback mechanisms in the planet that will be beyond the control of any, or even all, global Governments. That is the nightmare scenario that many of us fear. Exactly where that may take us can probably best be seen by making a brief visit to the cinema to see Peter Postlethwaite's film, "The Age of Stupid", which is the starkest of warnings as to where the planet could end up if we fail to act dynamically in the decade ahead of us.

That is where microgeneration—decentralised energy—will have a much more prominent part to play than some of the other aspects that have, perhaps understandably, commanded centre stage in debates in this House. The reality is that whether or not carbon capture and storage works, it is unlikely to be a significant factor in reductions in carbon emissions before 2020. For those who believe in nuclear power as a solution, that too is unlikely to be delivering new energy until the post-2020 era. However, all the dynamic changes that are required will have to be delivered pre-2020.

The most accessible area for us to make real progress is in the field of decentralised energy that is generated, as the hon. Member for Bexhill and Battle (Gregory Barker) said, at a local, community, town and city level. The scope for that is vast. I have been looking at some of the current projections about where and how microgeneration can deliver on this agenda. In truth, as well as being fearful of the consequences of a lack of action on climate change, I am equally excited by the scope that we have for dramatically changing the pattern not only of our energy security picture but of our economic prospects.

A couple of weeks ago, a company called Delta Energy and Environment produced a report that said that, if the UK took seriously the shift into renewable energy by 2020, the economic consequence would be to give us a £12.6 billion surplus in our energy accounts as opposed to what could be monumental deficits if we do not invest in our own renewables but become increasingly dependent on the supply of energy from external sources. We could achieve that surplus if we invest with confidence in our ability to meet our own renewable energy needs. In practical terms, that translates not only into energy security at a local level but job security and job prospects for the generations of young people who are coming through and would love to be part of the solution to today's and tomorrow's problems rather than just part of the problem.

I am pleased that we are seeing, as a Parliament, the possibility of an incremental upward adjustment of what we mean by microgeneration, as the Bill refers to a

10 MW capacity for microgeneration. That becomes phenomenally important when we start to evaluate the different sources of energy that are currently available to us.

Having come to this House on a wet and gloomy May morning in London, it is hard for us to grasp that the planet still receives from the sun 1,500 times more energy than its population can consume. However, that remains the case, and it is part of the solar renewables agenda that we have to connect to, even though other parts of the world may be able to do so more readily and abundantly. There are also the abundant supplies of renewable energy that come from the wind, from the tides and from beneath the earth.

The specific dimension that I want to focus on is the much neglected one of energy from our own UK waste, particularly in the form of biogas that can be recovered from the recycling of household waste in the form of anaerobic digestion. At the moment, we have a miserably poor record of making use of what is seen as a problem here but recognised as a resource elsewhere. The UK currently recycles about 50,000 tonnes a year of household decayable waste through anaerobic digestion, which is less than 0.4 per cent. of our household waste.

If we were to have a more ambitious approach to recycling waste and turning it into biogas by anaerobic digestion, we would have a huge opportunity to give ourselves access to renewable gas supplies and heat. The National Grid Company recently produced a study stating that if we were to take the matter seriously in the UK, by 2020 we could supply 50 per cent. of our domestic heating needs from the gas extracted from recycling our domestic waste. It stated that there were no technical difficulties about connection with the grid and that it was simply a matter of political will and how we incentivise that.

That is why I support and endorse the hope that my hon. Friend the Member for Southampton, Test (Dr. Whitehead) expressed that we will try to synchronise the feed-in tariffs that will be introduced for electricity with those for gas and heat. It would be much better for the UK if we could introduce a single simple and coherent scheme, so that those doing the investing knew what were to be the relative costs, risks and merits of the three elements of renewables. It does not help if people are left trying to guess what they might be for two of the elements, with only electricity being introduced with certainty. I know that there are procedural difficulties in that, but I encourage the Minister to introduce a co-ordinated view of the shift to renewables.

I have been looking at what the shift to renewables will mean in the context of what is happening in another country, specifically Sweden. It estimates that, by the same date of 2020, it will be able to produce 10 TW of energy simply from the recycling of its domestic waste. It can add to that a further 60 TW from the recycling of other waste in the system, which will effectively cover the entirety of its carbon emissions from transport.

Sweden is seeking to focus on using biogas to change to a green gas transport system. Other countries are seeking to harness the gas that they produce and put it into the grid. For the fuel-poor in the UK, that would make a massive difference, because 80 per cent. of their energy costs come from heating their homes. If we were to understand that and accept the National Grid Company's invitation, we would be able to offer something quite dramatic and astonishing to the 5.5 million households in the UK that are living in fuel poverty.

Mike Penning (Hemel Hempstead) (Con): Does the hon. Gentleman agree that at the same time as helping the fuel-poor and driving down costs, that would drive us away from our dependency on other countries for our gas supplies? With the political turbulence throughout Europe at the moment, we would not be so reliant on other countries turning the tap on or off.

Alan Simpson: That is absolutely right, and in some ways it is almost a no-brainer.

Mike Penning: Oh.

Alan Simpson: That was not in any way meant as an insult; I just wished to question why we cannot occupy the space that the hon. Gentleman describes.

I brought across representatives of a couple of German biogas companies to talk to people in my constituency who were very keen on moving into biodigestion of domestic waste. One thing that staggered not the community but the local authority representatives was the response when the Germans were asked what the costs would be. They said that that would depend entirely on the period of the waste disposal contract. They said, "We will offer it to you in very simple terms. We will guarantee fixed prices for your gas for the whole period of the waste disposal contract, whether 10 years or 15 years, rising only by RPI." The local authority representatives looked as though their brains were struggling to grasp that, and one of them said, "How can you do that in a world of spiralling gas prices in the international gas markets?" The German representative said, "Precisely because we are not dependent on the international gas markets. We are not captives of the spiralling prices. We will generate gas from your waste—as long as you keep supplying the waste, we will keep producing the gas. We make our money out of the gate fee."

We could become consumers of green gas in precisely the way that we can currently become consumers of green electricity. The benefits of energy security and stable prices are therefore of dual importance, not just to the nation as a whole but specifically to those who have found spiralling energy costs plunging them back into fuel poverty.

Dr. Whitehead: I wholeheartedly endorse my hon. Friend's sentiments about renewable gas. From his observations of municipal contracts, a number of which are coming up for long-term renewal over the next couple of years, does he agree that bringing forward a renewable heat incentive to underpin the renewal of those contracts could be very important in securing contracts for the anaerobic digestion and gas production that he suggests is necessary?

Alan Simpson: That is important, but it is also important that the House consider other possibilities that may arise in how we can approach the decentralisation of energy generation. One lesson that struck me in my work on examining arrangements in Germany was that, across continental Europe, there is a much stronger tradition of decentralising not only energy generation

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but ownership and accountability. In the UK, we have found ourselves consumed by all sorts of arguments about planning blight. There are local objections to the installation of wind turbines, and I expect that there would be similar objections to the development of biodigesters.

In Denmark, there is a far greater distribution of localised biodigestive plants, which feed back into either local communities or the gas grid. One reason why there is less controversy in other parts of Europe is that there is a far greater degree of local and popular ownership, and people are stakeholders in their own system. I discovered the importance of that in a community in Nottingham that I am working in, the Meadows. There was an application for a wind turbine not exactly in the centre of Nottingham but on the banks of the River Trent as it sweeps around that inner-city, poor community. Wind surveys were done by the university and identified three possible sites, one inside the Meadows on the embankment and two across the river in wealthier parts of Nottingham.

We had to have inquiries and consultations and everyone anticipated that there would be massive objections. We got it completely wrong. At the very first meeting, a guy stood up and said, "Just let me understand this. This wind turbine, it'll be generating electricity that will be coming into my house, and it'll be coming off my bills. Is that right?" We said, "Well, sort of right. It will be shared between all of us, but technically that is true." We said that we had to decide where it would be located. He said, "There's no question about that; it's got to be located here." People murmured, "Why?" He turned to everyone else in the audience and said, "Listen, if this is a money spinner and we put it in areas outside our own, where the rich people live, that money's never going to come here. If it's going to work for us, we'll have it here." The murmuring became a rumble of enthusiasm and the planning application went through without a single objection from the community where the turbine was to be located. Why? Because it would own the turbine.

We need to learn from other parts of Europe that it is not only a matter of renewal of local contracts, but of building in local stakeholding. If people see themselves as the drivers of change, we will discover in the UK what we find throughout Europe: schools that hand over their roofs to solar arrays because that generates income for them; whole towns and cities where local authorities give over their municipal roofs to generating decentralised energy. All that provides a social, economic and ecological momentum, which is incredibly empowering. The Bill represents that for me.

For years, many other hon. Members and I have longed for the dynamism that the Minister and the Secretary of State have brought to the debate on green energy. Now we have it. The Bill allows us to dovetail many initiatives that are on the table and make them a coherent whole.

I remember a wonderful tale about how a village dealt with a problem. A child fell down a well and was shouting to be rescued. Various villagers lowered their ropes into the well to try to reach the child. The first rope was 20 ft short, the next was 15 ft short, the next was 10 ft and the last was, tantalisingly, only 5 ft away from the child. The villagers could not work out what to do, but a voice from the bottom of the well called out, "Tie your ropes together."

The Bill invites us to tie the ropes—many of which the Government, the Minister and Secretary of State have provided—together to harness the enthusiasm and urgency of our times. I hope that *Hansard* records today that we have an hon. Member, a measure and cross-party momentum that had the sense to tie our ropes together.

10.53 am

Simon Hughes (North Southwark and Bermondsey) (LD): The top of a music score often includes in brackets a composer's instruction such as "With enthusiasm", "With fury" and so on. I want to join in expressing enthusiasm for the Bill.

I pay tribute to the hon. Member for East Surrey (Mr. Ainsworth) for promoting the Bill and for his work on environmental and green issues over many years. He is not a late arrival on the scene. Colleagues from all parties pay tribute to him for his work: he has understood for many years, as some of us have tried to do, the importance of such issues. The measure is another manifestation of that understanding.

I have always been a great fan of the hon. Member for Nottingham, South (Alan Simpson). He has been fantastic in his advocacy of green issues. In his core contribution, he made the central point that the Bill is about returning energy and environmental policies to people, individuals and communities, which is where they used to be. We sometimes forget that the great 19th century successes happened not because the Government in Westminster and Whitehall organised the energy industry, but because the villages, towns and cities had municipal initiatives. They were driven by the pride in Manchester, Nottingham, Guildford—if it was big enough then—and in my part of London, in the old boroughs of Bermondsey, Camberwell and Southwark. People wanted to do their own thing and they were proud that the water or electricity company they used was theirs. It meant that people were in it together.

Such a policy had two other benefits. First, it made everybody responsible—people had to think through the implications. Secondly, it educated everybody. People understood what farmers, environmentalists and many in the rural community understand: lights do not go on because one presses a switch; it is a process that depends on our planet and our harnessing energy wisely. The Bill will return us to understanding what we need to do to ensure that the planet is safe and to avert the risk which we all know exists. That is the context for the measure.

On a day when we all woke up to unhelpful news about politics and Parliament, we are discussing far more important issues than those that led this morning's news. There is significant agreement between all the main parties about those issues, and I note that the list of private Members' Bills on the Order Paper includes four that deal with the environment and energy. Apart from the measure that we are considering, there is the Land Use (Garden Protection etc) Bill, the Climate Change (Sectoral Targets) Bill and the Renewable Content Obligation Bill.

It is no accident that, when Back Benchers introduce Bills, they are often what could be described as "get on with it" measures. The science urges us to go further

and faster than Governments have gone, and colleagues from all parties are saying, "Please get on with it." I therefore hope that the Minister, whom we respect greatly and who is hugely committed to his work—I have worked with him in his many guises in many Departments over the years—will be positive and enthusiastic when he responds. Let us get on with it.

There are two coincidences today apart from that of the four measures on similar subjects. Today is the deadline for responses to the Government's heat and energy-saving strategy consultation. For those who thought that they might respond, today is the day. I hope that the debate will be perceived partly as a response to the consultation, because the contributions relate specifically to what the Government asked people to respond to. The consultation document states:

"The consultation recognises that the upfront cost of energy efficiency in microgeneration measures is likely to be a barrier to greater uptake. The policy proposals outlined look to remove this barrier and get people to act now."

There is a need to remove barriers, take away disincentives and give incentives. The Bill would do all that.

The other coincidence today is that Which? has produced a report about how confusing energy tariffs are. We all know that they are a nightmare for most people. Seven in 10 people find the number of gas and electricity tariffs available confusing. Conversely, if people have their own wind turbine, heat pump and so on, and supply energy for not only their home, school, industrial estate, village or town, but sell something to the system—thereby contributing—that is not confusing. People have no difficulty in understanding that. It is exactly what people want and need.

My colleagues and I support the Bill. My predecessor in the job, my hon. Friend the Member for Northavon (Steve Webb) sends his apologies; he cannot be here today. He is a sponsor of the measure, which is therefore supported by our Front Benchers and has been since its inception. I have a micro concern, about which I would like an amendment in Committee, but I shall outline that shortly.

Clause 2 states:

"The principal purpose of this Act is to promote green energy."

It makes clear what constitutes green energy and that the Bill is about energy from renewables or small-scale low-carbon sources. It also includes energy efficiency provisions—another important part of the equation. The Bill says clearly that the Government should get on with the microgeneration strategy that was included in the Energy Act 2008—it was a bit late in the day, but we got there eventually—but which has not yet been implemented. In effect, the Bill says, "Please, Parliament decided that it wanted this to happen. Let's move quickly now, rather than slowly."

The Bill makes clear the sort of things that everybody can do. They are easy to understand, as the hon. Member for Bexhill and Battle (Gregory Barker) said, although sometimes they are a bit harder to deliver, because of the technology, the supply chain or whatever. The Bill is about increasing the number of microgeneration systems in existing buildings, having a fiscal regime that effectively promotes microgeneration, ensuring that feed-in tariffs work easily and are not difficult and ensuring an incentive for renewable heat. All those things produce the benefits that we all know about. They produce sustainable communities and enhance community cohesion, whether in big cities, such as Nottingham or London, or in small villages in Cornwall, Surrey, Cambridgeshire, where the constituency that my hon. Friend the Member for Cambridge (David Howarth) represents is situated, Cheshire or wherever. Those things also create and sustain green jobs—indeed, thousands or even hundreds of thousands of jobs are involved; one needs only to look at Germany or other countries that have led the way—and they help to reduce the burdens that create energy poverty, which adds to the poverty that we know about.

The hon. Member for East Surrey made it clear that we have to do something about the planning barriers that get in the way. The Government have understood that we need to lift the burdens—not to allow abuse of the planning system, but to ensure that things that the farmer, smallholder or householder would naturally do do not involve having to jump through lots of planning hoops. That is important, whether we are talking about domestic premises or a farm, or whatever.

Also, the hon. Gentleman made it clear that people who do those things, thereby contributing to their good health and wealth, and to the health of the community and the planet, will not be financially disincentivised. He also made it clear that their doing those things will not add to their burdens, and that they will not end up paying a bigger council tax bill or whatever. We have to encourage people, not discourage them, and the tighter their budgets, the more important it is that we do not discourage them.

The Minister of State, Department of Energy and Climate Change (Mr. Mike O'Brien): I have been listening with care to the points that the hon. Gentleman is making. I wonder whether he would care to comment on permitted developments on agricultural land of the sort that he has described. A farmer might decide to put a significant anaerobic digestion or other renewable plant on his land, but the local community might say, "That's not the right place to put it. We don't want it in that site. We wouldn't object to it somewhere else, but not there." Permitted development is, of course, permitted development. It would not enable local engagement to that extent. What role does the hon. Gentleman feel the community should be able to have in that situation?

Simon Hughes: That is a valid point. I was brought up in villages until I was 18, and controversial issues always arise when the big farmer puts in place a big new plant or whatever. As I understand it, the Bill calls for a review of the system, in order to prevent matters that need not be part of the planning process from having to go through it, so that more things will be allowed automatically. However, large developments that are controversial and intrusive would still have to go through the planning process, so I do not think that there is a disagreement between the Minister and me.

I absolutely believe that what the hon. Member for Nottingham, South said is true: when people understand the benefit to them personally and to their communities, the objections to the wind farm or whatever suddenly disappear almost completely. People say, "Look, it's ours—it's harnessing our environment and it's part of our community." Often such projects also have some beauty, character and style and they add something. I therefore hope that there is no disagreement between the Minister and me.

[Simon Hughes]

I shall be very brief with my other points, because I do not want to delay either this Bill or those that follow it. Let me make clear my one objection and ask the hon. Member for East Surrey to think about it in Committee. My one concern is about the definition of "green jobs", which are described in clause 1 as

"jobs associated with producing or promoting green energy".

I do not have a problem with that, in the sense that those jobs are clearly green jobs, but I want us to be clear that defining "green jobs" is not uncomplicated. I have here—the Minister may know what I am about to say—a parliamentary answer from his hon. Friend the Parliamentary Under-Secretary of State for Energy and Climate Change to my question to the Secretary of State about what the Government's definition of a green job is. It states:

"There is no single definition of a 'green job' because we do not believe that some jobs should be green and others not."—[*Official Report*, 26 March 2009; Vol. 490, c. 707W.]

That is probably a wiser position. We sort of know what we understand by "green jobs", but let us not limit it. In fact, the UN has a much better definition, which I can offer the hon. Member for East Surrey:

"Green jobs are defined as positions in agriculture, manufacturing, R and D, administrative, and service activities aimed at alleviating the myriad environmental threats faced by humanity."

If we are going to have a definition, let us have a broad one, not a narrow one.

Mr. Peter Ainsworth: I am grateful to the hon. Gentleman for his comments and for his interesting speech. I will certainly take a look at the issue, but the definition contained in the Bill is for the purposes of the Bill. It is not for wider purposes.

Simon Hughes: I completely understand. My concern is that we might end up with lots of different definitions of "green jobs" in different bits of legislation; such issues are the blight of legislation. We ought to try to use a common definition. I understand exactly the hon. Gentleman's point, but I hope that there will be a way of reconciling it with mine.

I want quickly to check what role the Government think microgeneration and renewables should play, so that the Minister has an opportunity to put it on the record. According to the latest Government figures, 5 per cent. of electricity in the UK in 2007 was produced by renewables. I understand that the target is 10 per cent. by 2010, which is pretty soon, so the question is: what are we going to get to by 2010? Is 10 per cent. still the Government's target? What do they believe we will achieve? The expectation or aspiration—they have said that it is not a target—is that 20 per cent. of electricity will be produced by renewables by 2020. I want to know whether that is still the Government's position. They have also said that 15 per cent. of all energy, as opposed to just electricity, will be renewable by 2020.

There is a strong argument, which my colleagues and I believe, that if we are to meet the European Union target for the whole of our energy mix, we may need 35 per cent. of our electricity to come from renewables by 2020. Our party's position is clear—my hon. Friend the Member for Cambridge played a large part in formulating it—and we believe that that can be achieved. We believe, bluntly, that we ought to have much more ambitious targets. We believe that it is possible to have a target of 30 per cent. of electricity coming from renewables by 2020 and that 25 per cent. of energy could come from renewables. As a party we reject the nuclear option, which we do not think is necessary, so we do not include it.

I am keen for us to see the Bill as an opportunity to build a consensus on making a more ambitious contribution on renewables. I asked the hon. Member for Bexhill and Battle, who is not in his place now, what the Conservatives' position was and he said that they had not finalised their view. That is fine, but they will need to do so before an election, so that everybody knows what they will be voting for if they vote for a Conservative candidate.

I have a second question for the Minister. With regard to whether we are going to achieve what the hon. Member for East Surrey wants us to achieve, I am troubled that the solar photovoltaic and low-carbon buildings programme should be ending this summer. The programme has been so over-subscribed that the Government are closing the doors and have not allowed anybody to put their name on the list since the end of February. I am concerned that that is not the right response to a Bill such as this. We need something that says that the Government understand the importance of giving in to the public demand, which the Bill reflects, for people to get on with things. When a school says, "We want solar PV," and is told by the Government, "I'm sorry, you can't have it anymore; the system is not available," the practice does not reflect the Government's view.

I will end with this point. I am proud that 80 per cent. of colleagues in my party have signed the early-day motion supporting the Bill. I hope that that stands as a testament to the commitment of our party. I hope that we can encourage many more colleagues in other parties to support the Bill as it makes its way through the House. I checked this morning on the early-day motion list and saw that 34 per cent. of Conservative colleagues and 23 per cent. of Labour colleagues support it. I hope that colleagues the Front Benchers will go away and tell their colleagues that the Bill deserves support. The time has come for this issue to be at the top of the agenda. I had the privilege of introducing a showing of "The Age of Stupid" at a cinema in London a few weeks ago. If anyone, inside or outside the House, is still not persuaded, that film is a must-see.

I hope that the Bill will be supported by Parliament, and that, by the end of this parliamentary Session, whatever the noises outside might be on other issues, we will have made significant progress on advancing the contribution of renewables and microgeneration and, in so doing, advancing the empowerment of individuals to run their own lives and deliver their own energy. In that way, in the foreseeable future, we could have an energy-independent Britain in an energy-independent Europe.

11.10 am

Mr. Peter Atkinson (Hexham) (Con): One of the curious things about my parliamentary career and that of my hon. Friend the Member for East Surrey (Mr. Ainsworth) is that people continually get us mixed up. Over the years, each of us has frequently received letters addressed to the other. So when I recently got a letter congratulating me on introducing the Green Energy

(Definition and Promotion) Bill, I felt that I ought to come along here today to set the record straight by saying that it was nothing to do with me. I also congratulate my hon. Friend on introducing this extremely important Bill, which I thoroughly support and which will be of enormous benefit to many of my constituents.

My constituency is a rural area, much of which is off the gas networks. The future for microgeneration is therefore extremely important there. At the moment, most rural households rely on oil, liquefied petroleum gas and, of course, coal. In Northumberland, we still burn a great deal of coal. Curiously, at certain times of the winter in still weather, the pollution levels in some of the country villages approach levels that are not permitted under European or domestic air purity regulations. If those regulations were tightened further, some villages would fail the test. Moving away from burning fossil fuels to heat our homes is therefore extremely important.

We are making considerable progress in the north. We have a lot of timber, and wood energy is becoming increasingly popular. In fact, the new swimming pool that has recently opened in Hexham is heated exclusively by wood energy. However, the use of such energy is really available only to the larger institutions that can handle the storage and transportation of the wood. One or two other larger institutions in my constituency are introducing it, including a local hotel which makes a great issue of the fact that it is heated using sustainable wood products. This is part of the idea of promoting green tourism in Northumberland.

In agriculture, farmers are extremely interested in developing anaerobic digester systems. I take the point made by the hon. Member for Southampton, Test (Dr. Whitehead) that an impediment to the success of this process is the linking of the digesters to the grid. In areas where there is no gas network, the digesters produce gas to work turbines that generate electricity. That is a sensible idea for farmers, but the cost of linking the system to the grid is a considerable disincentive. I have no specialist knowledge of this matter, but it seems to me that the amount that the electricity supply companies are charging for upgrading the grid or for connecting to an anaerobic digester are prohibitively high. Those costs need to be looked at more carefully.

I agree with the point made by the hon. Member for Nottingham, South (Alan Simpson) about ownership of individual turbines and other generators of decentralised energy. My constituency has been defined as an area suitable for large-scale wind turbine development, and there are now applications in place for 80 turbines in a relatively small area. As hon. Members can imagine, that has caused considerable annoyance and irritation to the locals, who believe that the landscape of Northumberland, which is one of our big selling points, will be damaged by the overdevelopment of the turbines. They will also get no benefit from them, apart from the small amount of money—the bawbees—that the companies give back, perhaps to renovate a village hall or something like that. There is no real payback for the community for having these things on their doorstep. Microgeneration involving turbines within a community would provide a direct benefit, however, and the whole idea would become very much more popular.

I do not want to detain the House, because I believe that the Bill should go through. It is an extremely worthwhile Bill and I thoroughly support it. What microgeneration needs is that gentle push to make it economic, and once it passes through that barrier, there will be an explosion of decentralised energy across the country, which will make a huge contribution to the cleaning up of our planet.

11.15 am

Mike Penning (Hemel Hempstead) (Con): I pay tribute to my hon. Friend the Member for East Surrey (Mr. Ainsworth) for his historically long campaign for the green energy that this country so desperately needs, and also to my hon. Friend the Member for Hexham (Mr. Atkinson), who represents one of the most beautiful parts of the country. As a soldier, I dug many a hole in his constituency. I was told that this was to protect me—I think from the sergeant major, rather than from the elements. It is a beautiful part of the world, and I fully understand his constituents' concerns about the number of wind turbines that might go up. My constituency is on the edge of the Chilterns, also one of the most beautiful parts of the country, and there is real concern there because the Chilterns generate wind. There is always a breeze coming through the valley, and people are very worried about the possible blight of the area.

I also want to pay tribute to my hon. Friend the Member for Nottingham, South (Alan Simpson); it is not often that we say of Members across the Chamber that we are friends, but he and I are friends, and I am sad that he is leaving the House at the next election and not fighting his seat. He still has a lot of work to do, he is very young, and I do not really understand his decision, although I know that he has a commitment to his family. We have had this debate before, but he is an expert in this area—perhaps not an expert like the hon. Member for Southampton, Test (Dr. Whitehead), who has a doctorate in this field, but an expert on the ground in his community, arguing the points that he referred to earlier. Perhaps, as we get closer to the election, he will think again—but he is a stubborn man, so perhaps he will not.

Unlike many hon. Members, I do not have a long history of talking about green issues. I have been converted, not least by the work of my hon. Friend the Member for East Surrey, but also by having two teenage daughters. Young people understand this whole area much better than we do. They really understand that they are going to inherit this Earth that we live on, and they have real concerns. As I go around the schools in my constituency, whether in the more affluent areas or on the more deprived estates, I hear the young people saying time and again that the environment and the future of this world that we live in is the most important thing to them. I always imagine that they think about whether the nightclubs are going to be open late, or what the fashion of the day might be, but when I sit and talk to them, they ask me, "Why aren't you doing something about this? Why aren't you protecting the environment that we live in? What's the delay?" They say that there seems to be consensus in politics in this country and around there world that a catastrophe is coming down the railway lines, and ask "Why aren't Governments of any description doing something about it?" I am very proud of those on my Front Bench—I pay tribute to the Liberal Democrats as well—because we have all come together on this issue and we are now moving forward. I am one of the converts who needed to come on board to bring this through.

[Mike Penning]

Some would argue that I have been a convert for a long time, because I am passionate about part of the environment—namely, the rivers and lakes of this country. That is because I am an angler. The fishermen of this country have protected more of the environment—certainly more of the rivers—than nigh on anyone else. The amount of money we pay for our licence fees and our bait, for example, makes it obvious that we are driving that economy forward. We are passionate about the rivers, canals and lakes of this country, but they are desperately under threat. I went fishing last weekend, and I have noticed a clear change in the river environment due to increased acidity. Invertebrates have a real problem with acidity, in the oceans as well as in our rivers.

I should also like to pay tribute to the Select Committee, which I have not heard mentioned this morning. It used to be the Trade and Industry Committee, and it is now the Business, Enterprise and Regulatory Reform Committee. The reports that it has produced over the years have been very helpful in driving these arguments forward. The Trade and Industry Committee's report of 30 January 2007, "Turning Consumers into Producers" started the discussion, by pointing out that this is not an "us and them" situation, and that people can take part in the generation of energy in their own towns, villages, businesses and homes, so that this country can go forward.

I also declare an interest in that RES, one of this country's great research establishments dealing with green and sustainable energy, is right on the edge of my constituency. The wind turbine that one sees when coming round the northern part of the M25 is about 50 ft outside it; it is actually in the constituency of my hon. Friend the Member for St. Albans (Anne Main), even though it is part of the Langleys, which are in mine. I have visited RES many times and I understand that the Secretary of State for Business, Enterprise and Regulatory Reform, together with the Secretary of State for Environment, Food and Rural Affairs, visited two weeks ago and looked at the fantastic research being done at this great establishment. Interestingly enough, the Business Secretary kindly called me to let me know that he would be in my constituency—but as the site is not located there, my office told him which MP he should call. That may seem a trivial point, but it is crucial when one thinks how important this place is. It is a leading world-renowned company in the drive for renewable energy, yet the Government did not know exactly where it was based, which was slightly worrying.

One huge benefit from the visit of those two Secretaries of the State was that it sent out message to the renewable energy industry. The attendance of those Secretaries of State two weeks before this Bill was presented to the House today sent out a signal that the Government were going to do something and remove some of the roadblocks. This Bill will remove some, although not all, of the roadblocks in the Government and the business community that have prevented us from going forward.

Whenever I visit RES, I am always made aware that we have some of the greatest research skills in the world and have developed some of the greatest products in the world, yet they are being used elsewhere rather than in this country, where they were developed. In many cases, taxpayers' money has been used—quite rightly—on research and development, but we have not taken sufficient advantage of the energy efficient products that have been driven forward by those research skills. When I visited Sweden, I saw these products in use, and when I visited Canada 20 years ago, that country was using our technology, which is still not being used to drive forward energy efficiency here today.

When I speak to representatives of such companies, I hear that the real block is capacity. If these products could be sold with the knowledge that they would be allowed to go forward within communities, the whole thing would swing into action. At the moment, as my hon. Friend the Member for Bexhill and Battle (Gregory Barker) said, it is very expensive and difficult to get the equipment installed because the manufacturers do not have the capacity. I hope that the Bill will help to remove that block. It should be allowed to go forward into Committee; I hope that the Government will support it today.

11.23 am

Mr. James Paice (South-East Cambridgeshire) (Con): I will try not to detain the House, having heard the call to keep our comments brief, but I would like to touch on one or two issues.

I add my thanks and congratulations to my hon. Friend the Member for East Surrey (Mr. Ainsworth) not just for this Bill but for all his work on green issues. It is a long while since I last came to the House on a Friday to participate in debates on private Members' Bills, which I hope demonstrates my commitment to this cause and my appreciation of my hon. Friend's work.

My hon. Friend the Member for Hemel Hempstead (Mike Penning) referred to his being wrongly informed about a ministerial visit, which turned out not to be in his constituency. We often wonder where the Government are going, and I can inform my hon. Friend that I regularly receive letters from Ministers telling me that they are visiting my constituency, only to find that they are visiting another one. I sometimes fail to receive letters, on the other hand, when Ministers are visiting my constituency. That is by the by.

My hon. Friend the Member for Hemel Hempstead also referred to RES—based close to his constituency—which is appealing against a refusal for a wind farm in my constituency, so perhaps I should not say any more about that. My hon. Friend will understand that the company is not always appreciated in the way he appreciates it.

I strongly endorse the argument that we need to make the planning rules easier, and I should like to pick up on the Minister's intervention on the hon. Member for North Southwark and Bermondsey (Simon Hughes) in which he mentioned permitted development orders on agricultural land. I do not want to introduce an element of dissent into today's proceedings, but anyone hearing the Minister's intervention would probably assume that he was saying that farmers had complete freedom to build where they want, but that is not the case.

Mr. Mike O'Brien *rose—*

Mr. Paice: Perhaps I may finish the point, after which I will, of course, allow the Minister to intervene.

There are already considerable restrictions on what farmers are allowed to do. First, the permitted development order allows development only within the curtilage of the farm buildings or premises, not in open countryside; and, secondly, there are serious limits on how much extra building space is allowed. In some cases, farmers have to notify the local authority of their intent to build, so the opportunity for the community to intervene is effectively provided automatically.

Mr. O'Brien: I think that the hon. Gentleman has inadvertently misinterpreted what I said. I said that if the consultation resulted in permitted development being granted to landowners more generally, it would change the current situation as the hon. Gentleman described it. I mentioned a local community's opportunity to intervene; the Bill asks for consultation if landowners are allowed greater permitted development than they currently have.

Mr. Paice: I happily accept the Minister's comments, but that is the purpose of the consultation, and if the conclusion of that consultation is that landowners should have more freedom, it would seem that all the objectives had been met. I strongly suspect that the Minister is right that there would not be huge support for a completely free and open approach. The point reiterated in the clauses on domestic and non-domestic premises is that if we are to encourage microgeneration, we may have to accept some relaxation of the planning rules. We can all debate the extent of the relaxation, but the schedule, although applying only to wind turbines, is extremely relevant. I hope that the Minister and the Government will understand it and leave it in the Bill.

Let us consider the technology of the mobile phone industry as an example. When I first entered the House, those with mobile phones had to carry a car battery around with them. The advance in technology resulted partly from the fact that the then Conservative Government—I was glad to be a member—allowed some relaxation in the planning legislation governing the construction of masts.

Mr. Peter Ainsworth: I reiterate that it is not my or the Bill's intention to enable landowners to do all sorts of things without reference to the local community. It is essential that proper safeguards are in place. The purpose of the review will be to see what can be done to enable the more rapid roll-out of new technologies in rural areas.

Mr. Paice: I am grateful for that clarification and I trust that the Minister has taken it into account; I look forward to hearing his response in a few moments.

My second main point is to emphasise the need for a swift introduction of the feed-in tariff. This morning's debate is largely a matter of consensus, so now is not the time for huge criticisms, but I regret that it has taken so long to introduce the tariffs. It is several years since my colleagues and I advocated them; the sooner they come into force, the better. As the hon. Member for Nottingham, South (Alan Simpson) rightly said, it is not only about electricity. I shall come on in a few moments to anaerobic digestion, which, as I shall venture to say, has huge scope—but it will happen only if we have a feed-in tariff for gas as well as for electricity. We need that or some equivalent mechanism.

Before moving on to that issue in more detail, let me pick up the point about the importance of decentralisation of the system and thus of local ownership, which interests many hon. Members. You and I, Mr. Deputy Speaker, share a current application, which straddles our constituency boundary. One reason it is opposed—there are many—is the fact that local people see nothing in it for them. The electricity disappears into the national grid and is gone; there is no local ownership. I am not suggesting that we break down the grid, but there needs to be a mechanism whereby local communities feel some benefit. Whether the development is private or the community owns it is secondary to whether communities see a direct benefit.

There is an argument that locally generated electricity reduces transmission loss. The more we can reduce transmission loss, the better. Even if electricity could be individually identified, which of course it cannot, the electricity generated by any wind farm would not necessarily go within 100 or 500 miles to be used. We cannot undertake such measurement, but if we could have not only a more properly decentralised system, but a decentralised way of accounting, so that people understood that they were buying equivalent to the energy generated by their local power source, there would be much less resistance to such projects.

The great importance of the feed-in tariff lies in microgeneration. Over the years, the Government have been rather wedded to ROCs—renewables obligation certificates. I do not pretend to know a huge amount about them, but they are not suitable for small-scale activity. They may be fine for large-scale renewable power sources—I reserve judgment, as I do not know enough to say—but they are certainly not adaptable for small scale, and it is so important that we move quickly to find a mechanism that is.

It is quite odd that we have got through nearly two hours of debate without anybody referring to the vexed issue of money and cost, but it is terribly important and needs to be included in this analysis. One reason investment in microgeneration is being held back is that microgeneration, for the person installing it for their own use, is often not viable, or the payback period may be very long. The kit they install, whatever the source of the renewable, will go on generating power even when everything is switched off at night. The feed-in tariff would give people an income from the power they generate but do not use.

Alan Simpson: That is a terribly important point and it is worth hanging a point of reference on it, which is the experience in Germany. Last year, the German Government evaluated the cost of introducing feed-in tariffs and how they need to be incorporated in domestic bills, set alongside the savings that Germany has made by transferring other, much less efficient subsidy systems. Feed-in tariffs have reduced household energy costs, rather than pushed them up. Would the hon. Gentleman like such an initiative to be replicated in the UK as part of the measures proposed in the Bill?

Mr. Paice: I entirely agree with the hon. Gentleman. In a moment, I shall come to my own experience of the German perspective, having also been to look carefully at what the Germans are doing.

My final point on ROCs is that the Government have been rather obsessed with wind power as the means of meeting their renewables targets over the last few years.

[Mr. Paice]

That is partly because ROCs are suitable for that purpose, although I am glad that some variation has been introduced to the proportion of ROCs available in relation to power from different sources. I hope that the introduction of the feed-in tariff and microgeneration will enable us much more effectively to spread the sources of renewable energy and not depend so much on very large wind farms, which, as several hon. Members have said and as you and I are both aware, Mr. Deputy Speaker, cause immense local resistance, not least because they are often seen as huge blots on the landscape.

I want to discuss what I have seen happening in Germany, especially vis-à-vis anaerobic digestion. As a number of hon. Members have said, virtually anything can be anaerobically digested—livestock manures, slurries, sewage sludge and, of course, food wastes. To return to the point about money, so much of what is done—the composting, which is virtually the only system on any scale that is getting rid of organic, putrescible waste—is viable for the compost operator only because of effective subsidy, either through landfill tax or whatever is coming back into the system.

If we want renewable power to be not only an important part of our climate change policy but accepted by the community as important, the sooner we can move it away from a form of subsidy, the better, although I am not suggesting that it may be impossible to achieve this without any form of cross-subsidy, as we get through ROCs.

I fear that, in financial and economic terms, some of the developments of the past few years, which may be a necessary staging post, are not sustainable because they rely too much on some form of cross-subsidy from either ROCs, the landfill tax or elsewhere.

Hon. Members have mentioned the fact that biogas can be fed, through the necessary filters, directly into the gas network. That is right, but it will work properly only if we have some sort of feed-in tariff that suits it. I want to stress in particular the point about agricultural waste. Those who know me will not be surprised that I have returned to the issue; my hon. Friend the Member for Hexham (Mr. Atkinson) referred to it briefly. In the last few months, the Government have introduced some highly restrictive measures on livestock farmers as a result of the nitrates directive. I shall not go into the rights and wrongs of that, but it means that farmers face huge investment costs in relation to storing and dealing with waste.

The time scale does not synchronise here, because farmers have to act within the next year, but if these two things could have been brought together with a little more cross-Government thinking, a lot of that investment could have been not in storage systems, but in biodigesters, enabling animal waste to be used to create a worthwhile resource in the form of biogas.

Biogas and the digestion of such materials create a useful digestate, which rightly can be fed on to the land. It is neutral in many ways, but it is a valuable source of nutrients—and that at a time when agricultural fertiliser costs have been rising dramatically, setting aside the issue of the sustainability of continuing to use fertilisers whose manufacture is itself often highly energy inefficient.

As others have said, and as National Grid suggests, biogas could generate perhaps 18 per cent. of total UK gas demand. More importantly, it could prevent up to 75 per cent. of methane emissions from current manure management practices. As the hon. Member for Nottingham, South said, that is already happening commonly not just in Germany, but in many of the northern countries of mainland Europe. It is based on a feed-in tariff-type system, which was generated not only as a means to meet renewables targets, but as part of Germany's search for greater domestic energy security.

As the hon. Gentleman also said, Germany is much less dependent on the vagaries of the world gas markets. That, too, is an extremely important measure and one reason Germany is probably two decades ahead of this country in this. In Germany, there are 3,000 anaerobic digestion plants. The National Farmers Union estimates that this country could have up to 1,000, but there are fewer than 20.

There are other bureaucratic obstacles. I have mentioned the issues of planning and the current lack of a feed-in tariff, which are important, but there is a third issue, which was touched on earlier. We need to find some way of incentivising—or forcing if incentives will not work—the companies that operate the electricity national grid and gas networks to be receptive to feed-in by microgeneration plants, whether it is electricity or gas. That is a huge challenge that I do not underestimate, but nothing else will work if we do not have that. It is part of the joined-up approach that is needed.

I strongly support this measure and I pay huge tribute to everything that my hon. Friend the Member for East Surrey has done. I entirely endorse what Members have said about the huge step forward, which I think my hon. Friend underplayed, that the Bill represents. However, it cannot make that step on its own. As I said, unless the connections—the rules, protocols and so on—enable the installation of such systems, it cannot work. That is a challenge for the Government.

There is consensus across the House, as has been said, about the need to promote microgeneration and renewable energy. I hope that, on that basis of consensus and understanding, the Government will not only welcome this Bill but do everything they can to bring it into force as soon as possible—unlike with some of the measures we heard about earlier—and do their bit to encourage and enable anyone who wants to invest in such a system to put their electricity or gas straight into the grid, so that the full benefit from the system can be gained.

11.42 am

The Minister of State, Department of Energy and Climate Change (Mr. Mike O'Brien): This has been a high-quality debate on an important Bill, and I welcome the important and significant contributions made by a number of Members. Before turning to the contribution and Bill of the hon. Member for East Surrey (Mr. Ainsworth), let me deal with some of the other contributions.

My hon. Friend the Member for Southampton, Test (Dr. Whitehead), who has a strong record in this area and has pushed hard in many ways the issues of feed-in tariffs and a renewable heat incentive, has championed this cause for a long time, as have other Members. My hon. Friend the Member for Nottingham, South (Alan

Simpson), whose knowledge on these issues is also substantial, made some fascinating points about the local generation of gas and the importance of ensuring that we address the local generation of electricity. His point about the benefits that can come from local people owning the generation of their own energy is important, and was also made eloquently by the hon. Members for North Southwark and Bermondsey (Simon Hughes), for South-East Cambridgeshire (Mr. Paice) and for Hexham (Mr. Atkinson), all of whom have taken up this issue. The Government recognise the importance of local people becoming stakeholders, and we want that to be developed in the coming decade.

The hon. Member for Hemel Hempstead (Mike Penning) calls himself a recent convert to these issues; we welcome him to the green agenda. He made an important contribution to this debate, and I welcome that. The hon. Member for Bexhill and Battle (Gregory Barker) spoke about the importance of pulling microgeneration from the fringes of the energy debate and into the mainstream, and I share his wish. That approach builds on the Government's microgeneration strategy and on the great raft of energy, planning and climate change legislation that we took through the House at the end of last year. Much of the microgeneration strategy, which I shall come to in a moment, has been implemented and we now need to ensure that it is revitalised; the Government fully intend to do that.

I am conscious of the House's wish to move on to other debates. I suspect that my response will take about 30 minutes, and after the hon. Member for East Surrey has responded, I hope that we can move on—with your consent, Mr. Deputy Speaker—to the Bill that I know my Parliamentary Private Secretary, my hon. Friend the Member for Coventry, South (Mr. Cunningham), wants to speak on.

The hon. Member for East Surrey has a long track record in raising green energy issues. That record is highly respected in the House, so when he introduced this Bill, we knew that it needed to be taken very seriously. He does not bring up these issues frivolously or to score points. Indeed, I am sure that he will not mind my repeating that when I asked him whether he wanted just to score some points, or to get a Bill through and do something serious, he was very clear that he wanted the latter. That, indeed, is how he has approached this issue throughout our discussions.

I hope that we can support the Bill and ensure that it will enable the Government to build on the work that we and others in all parts of the House have done in recent years to support the development of microgeneration technologies in the United Kingdom. My discussions with the hon. Gentleman have gone well, and the Government have sympathy with many of the points in the Bill and its aspirations. There are some clauses that we do not believe are right, however, and I shall say more about that in a moment. We think that quite a lot of work needs to be done on the Bill's detail, and I hope that—without in any way putting it, and making sure that its thrust is taken through—we can ensure that we get a Bill that the microgeneration industry regards as positive news, that advances the green agenda, and that makes the important contribution I believe it can make to ensuring that we deal with climate change issues.

Of course, significant parts of the hon. Gentleman's Bill are already covered in the Government's programme to support take-up of renewable energy and low-carbon technologies at domestic and community level. We want to ensure that we can create a sustainable market for renewables and low-carbon, on-site energy technologies.

There is increased interest in microgeneration technologies, with individuals and communities wanting to play their part in tackling the challenge of climate change. The Government want to encourage that interest and make it easier and more attractive for individuals and communities to contribute. Taking up the point made by my hon. Friend the Member for Nottingham, South, the key to feed-in tariffs is achieving the necessary degree of vested interest—in the best possible sense—that comes from having a local source of energy from which people benefit and which they can see making a direct contribution to their local community. That may well meet some of the concerns that Opposition Members have expressed about onshore wind, but other types of renewables may be helped by the introduction of feed-in tariffs and, in due course, the renewable heat incentive.

Before going into the details of the Bill and our views on the clauses, I shall set out the broad background to the energy agenda and how the Bill fits into it, commenting on feed-in tariffs as I do so. We face challenging targets to increase the use of low-carbon energy, which will require a concerted effort over a long period. Having cross-party support is important to that effort, because we are talking not about a period of one Government, but about decades of change that will be required to deal with climate change. As much as I would like to believe that the Labour Government will continue for decades to come—ambition is important—I suspect that that will not be the case. However, I shall briefly outline our ambitions for the energy picture in the coming decades.

First, we need to ensure that electricity in particular is generated in a way that does not damage the environment. We need to ensure that the requirement for massive change and massive investment by large-scale energy companies is fulfilled, and we need a nuclear base load to provide the base on which renewables can be built—that is enormously important. In addition, substantial build-up of renewables is essential. Leaving aside microgeneration for a moment, I am talking not only about very large-scale renewables—the large offshore and onshore wind farms—but about more localised energy generation. In various ways, not through wind alone, such sources will provide renewable energy generation.

Renewables generation suffers from the problems of intermittency—energy is not generated predictably all the time—so flexibility is needed in energy generation. Our energy policy must therefore take in coal and gas-fired generation with carbon capture and storage. That fits well with escalating generation, but also key are the growth of community-based energy and ensuring that individuals can see that they can contribute by generating their own energy. Also, because the best energy is the energy that we do not use, as has been said, we must make an enormous effort on energy efficiency.

That is the overall picture. Nuclear provides the base load and renewables are the essential component. Flexibility comes from coal and gas-fired power stations with carbon capture and storage, but we also need local and diversified energy generation, as well as individuals, where possible, generating their own energy through microgeneration; and, on top of all that and across the board, we need greater energy efficiency.

Simon Hughes: Would the Minister be kind enough to answer the specific questions on what percentage of green energy generation he thinks we will achieve by 2010 and 2020, and where we stand in relation to the Government's targets? That is an important part of the description.

Mr. O'Brien: The target is clear: the Government want 15 per cent. of our energy to be generated from renewable sources by 2020. That is the key target—the European target that we want to hit. We are working hard to increase the amount of energy that comes from renewables—not just microgeneration, but other forms of renewables as well. We will have to wait and see where we are by 2010, which is not far away, but we are working hard to achieve the maximum possible generation from renewables, so that we can get for ourselves the sort of platform that we need to move forward. One thing that we need to do by 2010 is to make significant changes to boost the amount of renewable energy generation. We want an eightfold increase—a massive increase—and the present rate of progress is just not good enough. We are conscious of having constantly to accelerate the rate of change in the energy revolution that we need to take place.

Have we done enough so far? No. We are only at the beginning of an energy revolution that will transform things, and there is much more that we can, and must, do. Renewable energy and low-carbon technologies are an integral part of the Government's strategy to deliver on our climate change goals, and they will play an increasingly important role. We face a no-less-than eightfold increase in renewables, and the increase may possibly go well beyond that. Small-scale, on-site energy technologies will definitely have a major part to play.

Before addressing that issue, I want to talk about the key objectives of our energy policy, which are: first, to tackle climate change; secondly, to provide energy security; and, thirdly, to tackle the issue of affordability, including fuel poverty—and we want to do all three of those things in the face of the global economic crisis, the credit crunch. The task before us is considerable, but the Bill has something important to say on all three of those key objectives on which we have to deliver—on climate change, energy security and affordability. We have to ensure that the challenges are met, and that we provide a clear vision on how we will do that.

Microgeneration must be not just small-scale, but community-scale. I should just mention that one of the impacts that feed-in tariffs will have is on the word "microgeneration". There needs to be a discussion about what we are talking about when we say "micro" now. We were quite clear in the past that we were talking about individual homes having a small wind turbine, or a ground source heat pump or something like that, but now, with the move to feed-in tariffs, we are, at 5 MW, talking about something far more substantial. The opportunities for the renewables industry, which was regarded very much as an industry based on individual homes or small businesses, will be much greater after the introduction of feed-in tariffs in April next year. Feed-in tariffs will make a real difference, and I am not sure whether "micro" is quite the right word any more; perhaps we should refer to "small-scale renewables", or something like that. Perhaps that is a debate for another time.

Mr. Peter Ainsworth: I am listening to the Minister with great care. I am sure that he is aware of the need to be careful about the use of the word "renewables" to the exclusion of other technologies that are not, strictly speaking, renewable, but are low-carbon. Fuel-cell technology and micro combined heat and power are examples. I am sure that he is aware of that point, but I just want him to make it clear.

Mr. O'Brien: The hon. Gentleman is quite right, which is why we probably need to be a little careful about the Bill, too; it is about green energy, but there are those in the nuclear industry who would regard nuclear generation as green energy. The same is true of other energy generators. Perhaps we need to have a discussion about definitional issues and what they mean. I certainly take his point: there are green energy sources that may not necessarily be renewable. He is quite right about that. Perhaps we need to have further discussions on that, not today but in time set aside for that debate.

I want to move on to how the microgeneration strategy has developed. The Government brought forward a microgeneration strategy in March 2006 with the aim of identifying obstacles to creating a sustainable microgeneration market. Many of the actions in the strategy were completed, and we reported on those in June 2008, when the renewable energy consultation was published. There is no doubt that the microgeneration strategy has helped to galvanise support for microgeneration technologies. It also increased the limited knowledge of the small-scale renewable and low-carbon technologies that existed at the time, such as ground source heat pumps, solar photovoltaics, solar thermal and micro-wind turbines. The House will be aware of the significant progress in successfully implementing the majority of the actions in the microgeneration strategy. It is right to say that as a consequence of our work over the past two years, we have benefited from a deeper understanding of how the microgeneration market works, and how important it is to making a contribution to an 80 per cent. reduction in CO_2 emissions by 2050.

Building on evidence from research into consumer behaviour, from tackling planning restrictions, and from tracking capital costs means that we are now in a better position to take forward building a sustainable market for microgeneration in the UK. A key object of the microgeneration strategy was to create the conditions for microgeneration to become a realistic alternative or supplementary source of energy generation. The strategy contained 25 actions to tackle the barriers to widespread uptake of microgeneration. To date, 21 of the 25 actions have been completed, three have been closed as they were overtaken by other events or other measures, and one remains and will be completed later, we hope. With the majority of the strategy now fully implemented, and many of the barriers to microgeneration removed, we believe microgeneration policy needs to be revitalised by the forthcoming renewable energy strategy and the heat and energy saving strategy.

Some have felt that the strategy does not go far enough in bringing microgeneration into the mainstream. We believe that we need to go further. However, we want to identify some of the key achievements to date. Many households have seen microgeneration installations put in as a result of their becoming permitted development. We have some issues to resolve in relation to noise,

particularly on micro-wind and air source heat pumps. The Bill will give us the chance to examine some of those.

The microgeneration certification system is making progress and should provide consumers with independent certification of microgeneration products and services and a route for complaints. Consumers tell us that a robust certification scheme which provides quality assurance and information and advice on performance is important in building confidence in microgeneration technologies.

The big six energy suppliers, as well as some of the smaller ones, now offer export tariffs for excess electricity sold back into the grid. As outlined in last year's Budget, Ofgem and energy suppliers have committed to providing impartial advice to consumers on obtaining the best financial rewards.

Since April 2007 there has been a large increase in the number of microgenerators accredited under the renewables obligation, from 410 units to 1,329 by 31 March 2008, of which 1,047 are represented by an agent. The strategy as a whole has been largely successful in addressing some of the barriers to microgeneration, particularly some of the planning and technical barriers. Most of the individual actions have been successfully delivered. However, there is still work to be done to ensure that conditions for microgeneration as a realistic option are improved, especially in ensuring good information provision, and further work to address the costs of microgeneration.

The low carbon buildings programme is helping with up-front costs and easier access to renewables obligation certificates—microgenerators now get the highest level of ROCs. Better export tariffs provide ongoing support.

The hon. Member for North Southwark and Bermondsey mentioned the low carbon buildings programme phase 2, which was the £50 million capital grants scheme launched in December 2006, and he referred to the money running out. He seems not to have noticed that in the Budget there was the announcement of a further £45 million of new money allocated to the low carbon buildings programme. I was able to announce last week that £5 million of that would go to ensure that some of the applications in relation to solar photovoltaic could get going again. We hope that that issue has been addressed.

Simon Hughes: I was aware of the announcement, but not of its impact on this year's prospective opportunity for the disbursal of money. Are people still allowed to apply if they had not applied by the end of February? Will some of those applications be granted? Is the scheme open for bids again, so to speak, and will there be further disbursal to projects in this financial year?

Mr. O'Brien: The intention is to deal with the bids that have come in. We are not reopening the scheme, but we have the additional funding of £45 million and we want to identify the best way of taking that forward. There was a problem about whether funding would be available for some of the applications. We have resolved that by bringing forward the £5 million. We now want to look at how the remaining part of that money would be best spent. That will be considered during the next few months. We hope that we will be in a position within a relatively short period—we are talking of only a small number of months—to publish the renewable energy strategy, and we hope then to be able to set out how we will deal with some of these issues. We need then to consult with the industry to ensure that it is satisfied that that is the right way to make progress.

Simon Hughes: The renewable energy strategy was originally to be announced in the spring. Will it be announced at least before the summer recess, or will it be in the spring as originally promised?

Mr. O'Brien: We intend to announce it by the summer break. We are working through some quite complex issues and I hope that we will be able not only to revitalise the broader renewables agenda and ensure that that is taken forward, but to revitalise the microgeneration agenda and ensure that that is taken forward. There is quite a bit more work still to do, and if we are to take this forward with the accelerating speed that I referred to, we need to ensure that some of these ideas are thought through. It will be before the summer, but I will not give a specific date at the moment.

Clause 1 is an interpretation clause, which I am fairly relaxed about, but it may require amendment to take account of subsequent changes. We can accommodate the clause, but minor amendments may be required.

Clause 2 frames the Bill, setting out its principal purpose, which is to promote green energy. In the Bill, green energy means energy generated from renewable or sustainable small-scale local sources, and energy efficiency measures. The Government are fully committed to promoting green energy and will continue to do so. During the past 12 months a considerable amount of work has been done on consultations to bring forward later this year the strategies to which I referred to help the UK to meet its share of the EU 2020 renewable targets, to ensure our energy security, to reduce greenhouse gas emissions, and to play our part in tackling climate change.

As I said, this work will require a radical shift in reducing the consumption of energy and in the take-up of renewable and low-carbon energy technologies. Promotion of green energy and providing householders, communities and business with incentives and the information to play their part will be an integral part of the strategies that we will bring forward.

The Energy Act 2008 provides for the introduction of the feed-in tariff and a renewable heat incentive, so we now have the powers to bring forward effective incentives to encourage the take-up of microgeneration technologies. We still intend to consult this year and we hope to do so in the run-up to the summer on the detail of feed-in tariffs, and later in the year, perhaps at the turn of the year, we will consider the renewable heat incentive, so that we have a package of policies to revitalise take-up.

We will seek to retain clause 2, but it will be made clear that the definition of green energy relates only to this Bill, and we may need to tighten it slightly. As we have said, green energy is a term that is often used more widely, so we do not want to give it a legal definition that restricts it to microgeneration or more narrow aspects. However, we are happy in principle to retain the clause and to ensure that we have a definition with which the hon. Member for East Surrey agrees.

Clause 3 involves the revision of microgeneration strategy and requires the Secretary of State, within 12 months of the commencement of the section, to

"publish a revised microgeneration strategy…under section 82…of the Energy Act 2004"

[Mr. Mike O'Brien]

and, before doing so, to

"invite comments on the draft...strategy"

from stakeholders.

According to the clause, the strategy should include measures to increase the number of microgeneration installations in existing buildings, financial and fiscal measures that will ensure the cost-effective of green energy and measures to promote the effective implementation of feed-in tariffs for small-scale generation of electricity established under part 2 of the Energy Act 2008.

The Government have already addressed most of issues detailed in the clause. For instance, work on "Heat Call for Evidence" and the heat and energy saving strategy shows that microgeneration heat technologies have a role to play in de-carbonising domestic heating; and we have said that the consultations on the renewable energy strategy and the heat and energy saving strategy will help to inform our decisions on how we support microgeneration. Given the parliamentary timetable, if the Bill is passed it will probably be enacted in about October, although that is very difficult to predict, and by then much of what it calls for will probably be well under way. The question is, can we include in the clause what we plan to do in any event? With a bit of redrafting, I think that we can. There is no massive difference between what we and the hon. Gentleman want, so, with a bit of redrafting, I think that we can get the clause into a mutually acceptable shape that has the broad support of this House and the other place. As part of our work over the summer, we believe that bringing forward a statement on our actions and policies will provide a lot of reassurance to the microgeneration industry.

The Bill also seeks to increase the number of installations on existing buildings by means of financial and fiscal incentives and measures to promote the effective implementation of feed-in tariffs. I have already indicated our position on feed-in tariffs, and we hope to consult on that in due course. However, we are reluctant to have a vague commitment to financial measures, so we want to be much more specific about what we will do. That is one matter on which we need discussions, because, as we know, once we put a measure into statute, all sorts of things can happen with people running off to the courts, saying, "Does it mean this or does it mean that?" We need to be very clear about what we mean by the provision, and, although I am not sure that there will be a great deal of difficulty with it, let us just ensure that we reach a position with which the Government and the hon. Gentleman are content. The feed-in tariffs provide a basis for moving forward on much of that work, and I hope that the renewable heat incentive does, too.

I must mention devolution, because, as the hon. Gentleman said, I need to clarify the Bill's scope. He is quite right that the Bill applies to England and, therefore, does not have broader applicability, because, in relation to this clause, microgeneration encompasses the generation of not only electricity, which is a reserved matter, but renewable heat, which is a devolved matter. We believe that what the clause seeks to achieve could happen in the context of the renewable energy and the heat and energy saving strategies, and that a suitable amendment could be found to ensure that the strategy in the clause works alongside and within the context of the broader strategies. We are therefore prepared to support an amended clause to signal our commitment to microgeneration.

Clause 4 would commit the Government to carrying out a review of development orders with a view to extending permitted development to a range of renewable energy equipment installed on non-domestic premises, including agricultural land. I gather that the clause has the support of the National Farmers Union and the CLA, the Country Land and Business Association. Permitted development rights allow certain types of minor development to be carried out without specific planning consent from local planning authorities. Secondary legislation relating to the Town and Country Planning Act 1990—namely, the Town and Country Planning (General Permitted Development) Order 1995, as amended—sets out these rights. In May 2007, the Government set out in their White Paper "Planning for a Sustainable Future" their intention to extend those permitted development rights wherever possible, with the right safeguards in place—that is an important caveat.

The objective has been to unclog the planning system and encourage the generation of renewable energy by home owners and non-householders alike. The Killian Pretty review of the planning application system in November 2008 endorsed those ideas. One of its key recommendations for reforming the system to make it more efficient and proportionate was to reduce the number of minor applications that require full planning permission.

Following publication of the White Paper, the Government undertook four major reviews of permitted development. One considered the potential for extending permitted development rights to domestic microgeneration and to other non-domestic renewables. On the basis of the conclusions of the domestic review, we extended permitted development rights to a range of domestic equipment in April 2008. Subject to certain restrictions, home owners can now install solar panels, for example, without having to incur the cost and work involved in submitting a planning application. We want to do the same for businesses and institutions such as schools, hospitals and community groups. That is why we are considering the recommendations from the non-domestic review and we intend to conclude a set of proposals for consultation in the summer.

The clause makes special mention of agricultural land. I can confirm that special rights for agricultural installations of microgeneration equipment will be included in the Government's proposals. The clause requires the Government to carry on with their intended programme of work and to report as soon as reasonably practical. We accept that. However, it may be possible to improve the clause. As I mentioned earlier, in April we introduced permitted development rights for a range of domestic equipment.

What we have not been able to do to date is include, within the fold of permitted development, the issue of micro wind turbines and air source heat pumps. The difficulty is that those technologies make a noise and have the potential for negative impact on others. In a moment, I will come to clause 5, which commits the Government to moving forward on those types of renewables. However, as a general point, pure permitted

development may not always be the answer; there may be other options. There is a possible alternative to having to seek full planning permission by completing a planning application and to being able to proceed, by way of permitted development, without recourse to a planning authority. It is called prior approval.

Prior approval works on the basis that consent from a local authority is deemed to have been given if nothing is heard from that authority after a certain period. It is particularly of benefit to farmers, who can carry on their business with minimal recourse to their local authorities. We have been looking at the use of prior approval as well as other mechanisms that would match the level of control required to the type of development in question. I propose that, rather than simply considering the potential for permitted development, the clause should allow the Government to consider a range of planning options that will assist renewable energy equipment, including seeing whether we can find ways in which prior approval can help take the issues forward.

I return to the point that I raised with the hon. Member for North Southwark and Bermondsey. Local people should be able to object to a planning process if they feel concerns about a development of significance to their local community. I acknowledge the point made by the hon. Member for East Surrey when he said that he had no wish to prevent local communities from ensuring that they can raise genuine concerns. I entirely accept that point and hope that we can find a way of changing the clause so that those points can be taken on board.

Mr. Paice: I am grateful to the Minister for giving way and for what he has just been saying. As he said, the prior approval process already exists in a number of areas. I suggest that the local planning authority, as the representative of the local community, already has the opportunity under prior approval to object if it feels that a full planning application is necessary.

Several of us have raised the issue of anaerobic digestion, which the Minister has not really mentioned, either in respect of the feed-in tariff for gas or of the planning issues for anaerobic digestion, especially in the context of agricultural farms. Will those considerations be included in the studies and reviews that he described?

Mr. O'Brien: On prior approval, one would hope that local authorities are representative and reflect the views of local communities but, at the same time, the local community should know that something is going on so that it can tell its local council that it has concerns. It is important to find the right way of doing this and I therefore support the suggestion in the Bill that it should be properly consulted on. I will be clear with the hon. Gentleman. I do not want merely a blanket development permit so that farmers and large landowners can decide that they are going to plonk something—perhaps including an anaerobic digestion plant, a biomass facility, or a range of other things—close to a local community that has objections to it. The planning process would not be able to take account of that. I do not think that that is what he wants, I know that it is not what the hon. Member for East Surrey wants, and it is certainly not what I want.

Mike Penning: Local residents are already concerned about the delegated powers that officers often use unless a development is called in by a local councillor. When this is discussed further, can we look carefully at the delegated powers that an officer already has and often uses? The information does not get out into the community and it does not know what is going on. We should let the councillors, not the officers, represent the people whom they are elected to represent.

Mr. O'Brien: That is a good point, but we need to be careful. Officers tend to inherit these delegated powers and councillors assume that there is not much that they can do about it, whereas they can do quite a lot about what they delegate to their officers and what they do not. It is the councillors' responsibility to ensure that the officers are doing only what the council wants them to do, and if they think that there is an area where they should not have delegated powers, then they should not have them. However, the hon. Gentleman is right that we need to ensure that local communities are not subjected to something being put in by a landowner, the officers using their delegated powers, and the thing getting through before the local community even knows it is happening. That is not satisfactory, particularly if it is something that the local community would be concerned about.

I can tell the hon. Member for South-East Cambridgeshire (Mr. Paice) that anaerobic digestion would be included in the consultation.

Noise is an area of concern as regards ground source heat pumps and wind turbines, and we want to ensure that we consider how that is dealt with. We hope that we will be able to get a consultation out very shortly in the coming months. In all probability, that should be well under way before the Bill is taken through. The consultation that we undertook last year related to 37 dB, but we need to be much more ambitious in this case. I have spoken to the Under-Secretary of State for Communities and Local Government, my hon. Friend the Member for Hartlepool (Mr. Wright), and we are content to consult, among other things, on 45 dB, which is what the industry has been asking for. There are concerns about this; let there be no mistake about that. We also have to take account of the fact that the World Health Organisation is looking into noise levels, and that needs to be factored into how we would achieve this.

In a sense, this issue has been hanging around for too long. It needs to be resolved, and my hon. Friend and I want it resolved as soon as it reasonably can be. We should therefore be looking to oblige the Government not so much to consult as to legislate, perhaps within six months of the Bill going through. It would be more realistic if clause 5 were to refer to granting permitted development rights within six months, not three months, of the Act being passed.

The clause refers to the schedule, which sets various conditions relating to microgeneration. The Government consider that the schedule contains inappropriate details, and we cannot agree to it as it is, but some parts of it have merit. Those parts, or at least the issues raised in the schedule, can be included in the consultation. However, we will ask that the schedule as it currently stands be removed.

Clause 6 requires any increase

"in the value of a property arising from the installation of"

a green energy measure

[Mr. Mike O'Brien]

"or a microgeneration system after the day on which this Act is passed"

to be

"disregarded for the purpose of assessing council tax or non-domestic rates"

on that property. I shall explain what is already being done. Council tax is a property tax, based primarily on the value of a person's home. There are no plans to link the level of council tax that a person has to pay to how energy efficient their property is. I am told that making changes or improvements to a property that increase its value cannot result in a higher council tax band until the property is sold or any general revaluation of properties takes place. An increase in the band will take place only if the alterations add sufficient value to the property to move it into a higher band.

The value of a dwelling depends on a number of factors, including its size, lay-out, character and locality. Generally, any improvements made to a property will not be taken into account for banding purposes unless, as I said, the property is sold. Even then, the alterations will not necessarily mean an increase in the council tax band. That will happen only if the alterations have added sufficient value—reflecting 1991 values—to push the property into a higher band. Some local authorities, with assistance from British Gas, have provided a one-off rebate on council tax bills to council tax payers who have taken certain measures to improve energy efficiency in their homes.

Microgeneration equipment is already ignored in the assessment of rateable value for non-domestic rates until the next revaluation. The exemption was introduced on 1 October 2008 and will also apply to any 2010 rating list, so that equipment fitted between 1 April 2010 and 31 March 2015 will not be assessed for rates until 1 April 2015. I am told that it is unlikely that fitting microgeneration equipment at business premises would lead to a reassessment of their rateable value. Nevertheless, the exemption was introduced to remove uncertainty and provide clarity and reassurance to businesses working to reduce their carbon footprint.

The Government therefore do not believe that clause 6 would make much difference in practice. The council tax system already disregards improvements until a property is sold, and then they only matter if they add sufficient value to push the property into a higher council tax band. Such an impact would rarely result from the presence of microgeneration equipment. The legislative framework for council tax is complex and lengthy, and it is dealt with separately in different legislation. We see no merit in adding to that complexity, so the Government will not support the clause being in the Bill. I hope that to get the rest of the Bill through we can reach agreement that the clause be deleted, given the background information that I have just provided that there are some safeguards already in place that will hopefully help the microgeneration industry.

I am conscious of the time, and I want to give the hon. Member for East Surrey the opportunity to respond. I thank him very much for bringing the Bill to the House and hope that it will have a successful passage based upon my comments about the Government's position. We would like to get a Bill like this through. I know that the hon. Gentleman would, and we know from the debate that most Members who have spoken would. I believe that that broadly reflects the views of the House as a whole, so I hope that with a good deal of collaborative work in the coming month or so, we will be able to take the Bill through Committee, amend it and bring it out the other side successfully.

12.29 pm

Mr. Peter Ainsworth: I am aware of the time and of the fact that the Minister's Parliamentary Private Secretary has been sitting behind him patiently waiting to introduce his Bill. I suspect that he had no option but to be patient this morning, and I shall therefore be brief.

The debate has been interesting and worth while, with contributions of high quality. Three themes emerged: empowerment and ownership, about which so many hon. Members spoke; the need to engage with people, and the Government's acceptance of the need to move on to enable people to engage with the agenda. We also heard about energy security. All sorts of good things have come together.

I started by saying that the Bill was modest, but hon. Members' generosity has persuaded me that I might have been excessively modest in my description. The measure is capable of moving significantly towards the greener, safer way of producing energy that we all support. I am delighted to see clear evidence of growing cross-party consensus about the sort of measures that we need to take if we are to modernise our energy systems properly and make them fit for purpose in the 21st century.

I am extremely grateful to all those who took part in the debate. I listened to the Minister with great care. He made it clear that he and I have had conversations about the Bill and his comments today coincided entirely with my understanding of where those conversations would lead. I look forward to continuing to work with him positively to ensure that the "guts", as he put it, of the Bill end up on the statute book as soon as possible. That is what industry needs and the public expect.

Question put and agreed to.

Bill accordingly read a Second time; to stand committed to a Public Bill Committee (Standing Order No. 63).

Schools (Health Support) Bill

Second Reading

12.32 pm

Mr. Jim Cunningham (Coventry, South) (Lab): I beg to move, That the Bill be now read a Second time.

It has been a pleasure to witness the Bill that was considered before mine and deals with energy, energy supply and the environment receive a Second Reading. However, that is not my brief today.

I have had fruitful discussions with the Under-Secretary about this Bill and I have received reassurances, which I hope she will reiterate today. I pay tribute to the hon. Member for Basingstoke (Mrs. Miller), the Opposition spokesman, with whom I had discussions. I was treated very courteously and, with some reservations, she is sympathetic to the measure.

Nobody should interpret the Bill as an attack on education policies, teachers, head teachers and the staff who assist teachers or the medical profession. It should be seen as a way of tackling some of the concerns and problems that some children experience at school. I recognise from what the Under-Secretary has told me that much progress has been made, and I do not want to detract from that. Indeed, I am probably the last person who would want to do that.

Nevertheless, it is worth highlighting some of the problems that some children experience. I appreciate that the subject is broad, especially when we consider some of the illnesses and disabilities that many children experience. I have had quite a bit of co-operation from the Liberal Democrats. The other day, I attended a meeting of the all-party group on diabetes. Many parents were at that meeting. I listened not only to them, but to the children, and I heard about the problems that they were experiencing as a result of illnesses and disability, and equally about the concerns of the parents, who sometimes clash with the authorities over what their priorities are. For example, the education authority could have a totally different priority from, say, the health authority. There are certain elements in my Bill that would bring such authorities together.

The Prime Minister has had some difficulties this week, but he agreed at very short notice to meet one or two parents and some of the children. That is a side of the Prime Minister that the public do not often see. I am sure that the parents and the children appreciated the fact that he was taking an interest. In fact, if the House wants to know, he said to me, "Even Obama's interested in this health area."

Nevertheless, we need to get on. I am grateful for the opportunity to bring the issue of health support in schools before the House. I hope that the Bill will provide the impetus for those in all parts of the House to realise the importance of decent support for all children with long-term health conditions in schools. I hope that the Bill will enable the House to do something about that. My Bill would amend the Education and Inspections Act 2006, establish standards in schools for the support of children with specified health conditions and make provision for the inspection of such support. The 2006 Act places a duty on schools to promote pupil well-being. However, as it does not explicitly refer to the support of children with health conditions, their needs are not being met in many schools. Local authorities, primary care trusts and schools must work in partnership to ensure that all children receive the appropriate support that they need to live a full school life.

Let me pay tribute at the outset to the many organisations that support the Bill—in fact, some of them are represented in the Gallery. Their expertise has been crucial in bringing the Bill to the House. I am going to read their names out, because the public and the House do not always see the tremendous effort or the hours that they put in, sometimes voluntarily, in this case for the welfare of our school children. Those organisations include the Anaphylaxis Campaign, Asthma UK, the British Heart Foundation, the Children and Young People HIV Network, CLIC Sargent, Coeliac UK, the Cystic Fibrosis Trust, Diabetes UK, Epilepsy Action, Input, Juvenile Diabetes Research Foundation International, the National Centre for Young People with Epilepsy, National Voices, the Royal College of Nursing, TreeHouse, Scope, Sickle Cell and Young Stroke Survivors, the Stroke Association, the UK Children with Diabetes Advocacy Group, Vision 2020 UK and YoungMinds. In addition, I would like to express my appreciation for the hard work that my staff have done on the Bill, along with the organisations that I have named. They have shown tireless dedication to the cause and I appreciate their help.

I recently met a young constituent who was at Westminster as part of a lobby of Parliament by a leading health charity, Diabetes UK, on behalf of children. That lively young man enjoys, for the most part, a successful and fulfilling life at school, despite the challenge that type 1 diabetes poses. My constituent's condition is well matched by a caring and well-informed family, excellent support from a local GP and outstanding care from the diabetes unit at the local hospital in Coventry. I do not doubt that the House is unanimous in its admiration for the thousands of medical professionals and families, such as those I have referred to, who support children with long-term health conditions across the UK.

That determined young man does not allow his condition to obstruct his education. My constituent and his family face the test of ensuring that the consistency with which they and their medical team treat his condition is matched by his school's aspiration to ensure, in a holistic sense, that his educational well-being is guaranteed. In expressing that concern, I intend no criticism of my constituent's school, as I think I have made clear. Chief among the school's aspirations is excellence in primary education, and I hope that the House will join me in commending it and its peers for their unswerving desire to achieve that standard, which it reaches and surpasses.

I want to underline, however, that while many schools do provide excellent medical support for children with long-term conditions, that standard is not universally upheld. There is every reason to change that. I believe that the Government are genuine in their use of the maxim Every Child Matters. In an age when many strive for universal equality, it is crucial that Members of this House, and particularly of the Government, ensure that the desire for inclusion places children and young people at the forefront. My Front-Bench colleagues have sought to improve educational attainment and the quality of school life, and they have achieved much in doing so. The Schools (Health Support) Bill is aimed at

[Mr. Jim Cunningham]

promoting the universal equality that the whole House strives for, and offers practical steps to allow us to prove that every child matters.

My constituent's struggle to obtain adequate health support is not unique. An estimated 20,000 children under 15 in the UK have type 1 diabetes, 83 per cent. of whom do not have good blood glucose control. In fact, the UK has the lowest number of children attaining good diabetes control in Europe. The struggle is not unique to children with diabetes. Across the UK, more that 1 million children go to school every day while braving the trials of a long-term medical condition. On average, two children in every classroom have asthma, and 57 per cent. of those children and their carers lack the confidence that someone would know what to do if they suffered an attack. A further 12,500 people suffer from sickle cell disease in the UK, yet only two out of the 107 local education authorities surveyed by the Economic and Social Research Council had written policies on the sickle cell disease in schools.

One in 10 children and young people between the ages of five and 16 have diagnosable mental health disorders. Children and young people with a disorder such as attention deficit hyperactivity disorder—ADHD—or a conduct disorder are more likely to be excluded from school. Exclusion in this context refers not only to physical exclusion but to social exclusion, because poorly managed mental health problems, as with any others, mark children out as different from their peers. In common with children with physical illnesses, many have problems accessing medication on school premises. Children who suffer from sickle cell disease also have an increased risk of experiencing a stroke, potentially at school.

These examples cover just a few conditions, but the problem of finding decent medical support in schools is endemic, and there is a raft of other long-term and chronic illnesses from which children and young people suffer. Decent school health support allays carers' fears about the adequacy of support in the event of an emergency. It also allows children to participate fully in school life, meaning that they do not have to be excluded from activities that their peers take for granted, such as sport or school trips. Decent health support is vital if children are to reach their full potential. Without it, conditions such as diabetes can have an impact on a child's cognitive functions and ability to learn. Decent health support means that inclusion need not be an illusion. For the cost of providing health support training to schools that do not have a policy in place, the benefit is multiplied many times over.

Let us imagine a child who needs to inject insulin up to four times a day, whose school does not have a health support policy in place. If they are unable to inject themselves, someone—a parent or guardian, perhaps—might have to make the journey to school at least once a day.

Tim Loughton (East Worthing and Shoreham) (Con): The hon. Gentleman is making a good case for his Bill and I agree with him about the problems that he alludes to. I recently went out with school nurses who were training teachers in how to administer adrenaline for a particular child who had various allergies and might suffer anaphylactic shock. This is an eminently sensible way of ensuring that teachers are on hand and trained in what to do in case of emergencies. I am told that because of the shortage and diminishing number of school nurses, they are no longer available in many schools to provide that sort of advice, which makes it difficult for certain children to go to those schools if they cannot be sure of receiving the necessary emergency treatment. Is the hon. Gentleman as concerned as I am about the shortage of school nurses?

Mr. Cunningham: I believe we are all concerned about what the hon. Gentleman has outlined, but that is one of the reasons why health authorities and local authorities must, as I said earlier, sit down together to develop joint priorities. The other day I met a lady who had similar problems, and it was clear to me that the local authority viewed its priorities in one way while the health authority viewed them in quite another. As long as that continues, there will be problems; this is one issue that my Bill is designed to address—or to get the Government to address. While that division continues, we will never get a proper set of priorities for treating these illnesses. At the end of the day, as I am sure the hon. Gentleman knows, resources come into play here.

Mr. Stewart Jackson (Peterborough) (Con): I warmly congratulate the hon. Gentleman on securing this Second Reading debate. I join him in paying tribute to charity organisations in his and my constituencies and throughout the country.

I would like to raise an issue touched on by my hon. Friend the Member for East Worthing and Shoreham (Tim Loughton). I was recently dealing with a constituency issue relating to problems with the provision of Epipens for treating children allergic to nuts, for example, for anaphylactic shock. The key issues there were about resources and consistency of practice across the entire local education authority. Inevitably, there were resource implications. I am worried that in dealing with a whole load of illnesses and long-term conditions, the resource implications are going to be very significant. Does the hon. Gentleman have any definitive data on how many children and local education authorities are involved and what level of resources we are talking about?

Mr. Cunningham: I agree with the hon. Gentleman in general terms, but I shall come on to deal with the point later in my speech.

The parent or carer responsible for injecting the child may not be in employment and this responsibility can create a knock-on effect of financial burden to the whole family and beyond. Furthermore, children who are not supported in the management of their health condition are more likely to suffer from complications that can threaten their lives and place an increased burden on NHS services in primary and secondary care.

Health support in schools should be an integral part of medical support for young people. That is not to say that schools should be required to give comprehensive medical support rather than merely to augment the work done by medics and carers. The Royal College of Nursing advocates the use of school nursing in providing health support. It is simply not possible for a school nurse to be present for the event of any medical emergency or a health incident that might require any degree of

support. School nurses have a vital part to play in health support, however, as they provide expertise that teachers cannot be expected to have. Conversely, in terms of health support, it is crucial that they are able to expand their mandate of health education to provide teachers with advice on how to handle situations that long-term conditions can give rise to.

The key element in the provision of health support is ensuring that teachers are able to teach while being aware of the health support that is a critical part of some of their pupils' education. The current voluntary guidance is not working and implementation is patchy: while some schools provide fantastic support, others are failing their most vulnerable students. An explicit requirement is needed, backed up by effective regulation from Ofsted, to ensure that all schools meet the needs of all children with long-term conditions.

In closing, I hope that my Front-Bench colleagues will be able to offer some hope on school support to the charities and campaigners who have worked so tirelessly for this cause. I believe in my Bill. Finally, in response to the hon. Member for Peterborough (Mr. Jackson), I point out that there are roughly about 1 million children who, one way or the other, have a difficult medical condition.

Mr. Stewart Jackson: I hope that the hon. Gentleman will forgive me for referring to the situation in my constituency, but linked to the specific issue of resources is that of children whose first language is not English. I have three schools where more than 95 per cent. of children do not have English as their first language. The resource implications for and the pressures on those schools are significant and they have not received recompense through ethnic minority achievement grant. In these straitened, less than benign economic times, how does he see the problem of children whose first language is not English? For instance, they may also have diabetes, which is prevalent in my constituency too.

Mr. Cunningham: I thank the hon. Gentleman for his intervention. To a certain extent, I sympathise with what he says. I am thinking about the parent tongues of those who go to a particular school in my constituency. They speak about 27 different languages and the school does a magnificent job. To take a step forward in dealing with the problem he outlined, we must start with, on the one hand, the Department of Health and the health authorities and, on the other, the Department for Children, Schools and Families and the education authorities, to see what their priorities are. Unless we can get a joint approach, we will always have these problems.

As I said earlier, some schools do well in relation to medical treatment for such children, but the situation is not the same across the country. Unless we can get some uniformity and agreement between the health authorities and the education authorities, we will not get the national cohesion to deal with those problems that we would like.

I have outlined the problems, and while I would not expect the Department for Children, Schools and Families to solve them all, one of my objectives today, and certainly one of the objectives of the voluntary organisations and the professional people who have put such a tremendous effort into this, is to highlight some of the difficulties experienced by those children and their parents.

We must bear in mind the fact that a family might contain only one breadwinner. If the family is of reasonable size, that one breadwinner might be required to go to the school to give three or four injections a day. That has a host of implications. By and large, we always try to encourage the family unit, whichever way it is defined, and the best way to start to address those problems is more and more to unite the family unit. Most of those in such families are affectionate towards one another and have a good home life, but if they begin to have medical and economic problems sitting on their doorstep, that can lead to a lot of tensions.

Those are the issues and the range of social problems that we want to address, and my Bill is a little step in the direction of trying to address them. Once again, I offer my appreciation of the support that I have had from Opposition Members such as the hon. Member for Basingstoke and from my hon. Friend the Under-Secretary. I am looking forward to her giving in her winding-up speech an indication of how we can take these matters forward.

I also appreciate the work done in this area by the Department for Children, Schools and Families. I am not criticising the teaching profession, headmasters or schools. I am trying to get a united approach across the country to deal with some of these problems, because if we are not careful, we could end up with a lottery. Hon. Members have heard that expression in relation to many fields where the service that people receive can depend on the area they live in.

12.53 pm

Mrs. Maria Miller (Basingstoke) (Con): I commend the immense amount of work that the hon. Member for Coventry, South (Mr. Cunningham) has done to bring the Bill to the House. I think everybody would agree that he has made an exceptionally strong case for the Bill, and I reiterate the thanks he gave to the many different organisations associated with children's health that do so much behind the scenes to ensure that we are properly briefed on the issues that face families today. Those organisations include Diabetes UK, which made a comprehensive briefing available in advance of today's debate.

Nothing is more important than our children's health. When a woman finds out she is pregnant and when she has her child, one of the first things she wants to know is that the child is as healthy as can be. One of my children suffers from asthma and often has to medicate at school, and I am thankful for the support he gets from his teachers. However, parents who have to live with the day-to-day realities of a child with a long-term chronic condition want them to be able to participate in everyday life as best they can, and school is a pivotal part of every child's life.

My hon. Friend the Member for Peterborough (Mr. Jackson) alluded to the fact that many children throughout the country have long-term conditions that affect not just their academic performance in school, but their ability to participate in other ways. Social exclusion can be a real problem for children with long-term conditions, and they have to be able to deal with it. The Bill highlights the importance of this issue, and I commend the hon. Member for Coventry, South for bringing it to the attention of the House.

[Mrs. Maria Miller]

The Bill also highlights the importance of local authorities and local primary care trusts working with schools to provide children living with long-term conditions such as autism, asthma, diabetes, epilepsy and anaphylaxis with the support they need. The Under-Secretary of State for Children, Schools and Families, the hon. Member for Portsmouth, North (Sarah McCarthy-Fry), and I recently spent a great deal of time on the Apprenticeships, Skills, Children and Learning Bill talking about how important such co-operative working is. She will doubtless draw the House's attention to the new conditions within that Bill that will further help to enable co-operative working.

There are already significant obligations on PCTs, schools and local authorities to support children with long-term conditions. Indeed, since September 2007 schools have had a duty to promote the well-being of all pupils, including those with long-term conditions, under Every Child Matters. Children's trust boards and young people's plans are designed to provide the co-ordination between local authorities and PCTs that the hon. Member for Coventry, South rightly identified is too often lacking. Indeed, there are already measures in place in the Disability Discrimination Act 1995 to underline the importance of supporting children with long-term conditions.

Mr. Stewart Jackson: Does my hon. Friend agree that one of the most vital aspects in the provision of care for children and young people that certainly should not be overlooked is respite care, particularly for autistic children, and especially when there is more than one such child in the family? Indeed, I have had constituency casework in that respect. Does my hon. Friend agree that the focus should continue to be on respite care, which is a Cinderella service for many local authorities?

Mrs. Miller: I thank my hon. Friend for reminding us of that important service, which can be a lifeline for many families and can often help to ensure that they can continue to cope when they have particularly difficult and stressful situations to deal with. He is right to say that it is a Cinderella service, and that we should ensure that it continues to get the support it deserves. The Bill deals with the question of how difficult it is to get such services to work together, and without the support that my hon. Friend mentioned other things can easily start to fall to pieces.

It is important to remember that schools have a legal duty under the Disability Discrimination Act to children with long-term conditions. The Act's definition of "disabled" is drawn very broadly and covers everybody with

"a physical or mental impairment which has a substantial and long-term adverse effect on his"

or her

"ability to carry out normal day-to-day activities."

It would seem there is no apparent shortage of legislation, so why are parents and children still struggling to cope in the way the hon. Member for Coventry, South has already outlined, which has left him feeling that it is absolutely imperative that he introduce this Bill today?

There is an abundance of fine words in existing legislation, but a sharp contrast becomes apparent when one looks at the availability of medical and specialist support in some areas, which leaves too many children—especially those with diabetes—finding it difficult to manage their conditions effectively. Two years ago, the Government produced a report highlighting the fact that our system of support for children coping with diabetes lagged behind European systems. Children with diabetes faced a postcode lottery, with many having good access to support, but many not. Indeed, according to the Government's report, one in 10 young people with diabetes did not have a consultant with specialist expertise in diabetes, and nurses providing the type of specialist support that such children need, such as advice on diet and other matters, were stretched thin, with case loads well in excess of the Royal College of Nursing's recommended levels. That left 84 per cent. of diabetics aged under 16 with poor or very poor control of their condition.

My hon. Friend the Member for East Worthing and Shoreham (Tim Loughton) has already done a great deal of work on these matters, and I commend him for the commitment he has shown to children's health issues during his years in Parliament. He has highlighted the critical role played by school nurses in providing a vital connection between health, education and children's well-being, linking school and home. They can identify precisely the types of vulnerable young people we are talking about today and help them to cope by providing support in school. However, a written answer from the Under-Secretary of State for Health, the hon. Member for Brentford and Isleworth (Ann Keen), published on 22 April, graphically shows that the Government are well behind schedule in delivering on their promise to have at least one full-time, year-round, qualified school nurse working with each cluster of primary and secondary schools. The shortfall of more than 1,000 school nurses nationwide is significant because it is specifically cited by head teachers as one of the key barriers to enabling schools to support children with long-term health conditions.

Children are finding it difficult to cope and there is a shortage of school nurses: it is little wonder that teachers and schools feel ill equipped to provide for children who need support either to get through the day or to medicate themselves during the day. The inconsistency in the availability of professional support on the ground and in our schools, the lack of training for school staff, and the growing fear among teachers about the threat of litigation if they administer treatment and things go wrong, perhaps through no fault of their own, are all factors that must be considered alongside the Bill's provisions. Conservative Members certainly support the intention behind the Bill of enabling children to get the education and the opportunities they need at school, but we recognise the importance of ensuring that we have on the ground professional support for teachers. Only in that way can the school outcomes that we want for all children be achieved. All the issues have to be debated in more detail than today's debate allows.

Children do get the support we want them to have in areas where local authorities and primary care trusts work together to support schools and to put in place the practical measures that are needed. Areas such as Birmingham already have successful plans to support children with long-term conditions. In Birmingham, when a child is diagnosed with diabetes or any other condition, the PCT promptly goes into schools to provide the relevant training to class teachers and other key

staff, and written guidance and training materials are provided to the school. The city council provides insurance cover for all staff, which is dependent on their receiving training from a health care professional. That helps to overcome some of the fears of litigation that I think hon. Members will have come across in their constituencies, which can put a barrier in the way of teachers helping in the way that they want to. There are other examples of that type of practice up and down the country. I hope that in Committee Members will look further at how the good practice of authorities such as Birmingham can be made more widespread across the country.

Again, I commend the hon. Member for Coventry, South for introducing the Bill. I wish the Bill well, and offer it support from the Conservative Front Bench, with the caveats that I mentioned. I hope that in Committee the issues can be dealt with in more detail, and that further provisions can be put in place, so that children who have some of the most difficult conditions to deal with are encouraged to excel and achieve their potential in school.

1.5 pm

Mr. Neil Gerrard (Walthamstow) (Lab): First, may I congratulate my hon. Friend the Member for Coventry, South (Mr. Cunningham) on the Bill? It is well worth while, and he is getting support from across the House. He put the case for the Bill, and pointed out the problems faced by some children in some schools, but the hon. Member for Basingstoke (Mrs. Miller) has just mentioned some examples of good practice. Not every school is failing, but some children in some schools have problems.

My hon. Friend the Member for Coventry, South, mentioned the evidence brought to us by Diabetes UK and a range of other organisations. One thing struck me when I looked at the evidence. Of course there are medical needs, and there are cases where it would be very helpful if people, including teachers in school, were aware of those needs and could perhaps make sure that a child got treatment and took their medication and so on. However, it is not just medical needs that matter. Examples were pointed out of children being excluded from lessons or extra-curricular activities, sometimes because of a misunderstanding about their conditions and the long-term problems that they had to deal with. There were examples of children having to eat alone if they had specific food requirements. It struck me, when looking at that evidence, that one could over-emphasise the medical aspects. There are social and other aspects, too. In some cases, what is needed is understanding of, and training about, social needs as well as medical needs.

The Bill extends the general duty already on schools to support pupil well-being, and makes specific requirements relating to health. I understand the concerns that have been expressed by one or two Opposition Members about not wanting to place on schools too-onerous requirements that would have major resource implications, whether financial or in terms of human resources. I think that we are all conscious of that; we have to be reasonable about what we expect a school to do, given its resources.

My hon. Friend the Member for Coventry, South, who opened the debate, and the hon. Member for Basingstoke pointed to what can be done if not only schools but primary care trusts and local authorities are involved, and if we get the right levels of co-operation. It is not just a case of saying to a school, "Here, get on with this", when it does not have the help and support that it needs from other organisations, particularly PCTs.

In some cases, understanding is missing; I will refer in a bit of detail to one specific condition. I have spent a lot of time in my years in the House dealing with issues to do with HIV. Schools may have to deal with that long-term condition if a pupil has an HIV infection. The situation is quite complex. It raises issues not so much about treatment as about confidentiality, for instance. The Bill would require a school's governing body to have a policy about how a condition should be dealt with, and appropriate training would go a long way towards dealing with some of the problems that children currently have to face.

Mrs. Maria Miller: Does the hon. Gentleman share my concern about the growing number of children being turned away from primary and secondary schools because they have HIV? That shows a lack of understanding not only of the children's condition, but of the law.

Mr. Gerrard: Absolutely. I shall give one or two examples of that. There is indeed ignorance of the law. As the hon. Lady pointed out, the Disability Discrimination Act 2005, which applies to schools, specifically refers to HIV. Under the terms of the Act, someone should be regarded as disabled from the point at which infection occurs. By ignoring that, a school might well be breaking the law. The difficulty for many parents would be how to get the law enforced. They may not even be aware of the provisions of the Disability Discrimination Act.

A further problem in relation to HIV is that of confidentiality and disclosure. HIV is not a notifiable condition. It is up to the person living with HIV whether they choose to disclose the fact that they have HIV. There is no requirement to disclose the condition. Parents of children with HIV are unsure what they should or should not do. HIV is a condition that, we know, attracts stigma and discrimination, so a parent may wonder whether to disclose their child's condition and what the consequences might be for the child.

There are examples where that has gone badly wrong, so there is a clear case for much better guidance to be given to schools on how they should deal with children with HIV. If my hon. Friend's Bill went through, a school would be required to have an appropriate policy.

Mr. Stewart Jackson: I pay tribute to all the work that the hon. Gentleman has done through the years campaigning on HIV/AIDS. We have national clinical frameworks, within which there is leeway for local authorities and various agencies to respond appropriately to the needs of their area. One of the possible criticisms of the Bill is that it takes an overly generalised approach. In some respects it may be said that it undermines the existing general duty on local education authorities and the NHS to provide the services that they are already providing to children with long-term conditions.

Mr. Gerrard: I am not entirely sure I understand the point that the hon. Gentleman is making. I can see that there may well be differences in the incidence of a particular condition. HIV is an obvious example. In London particularly, there is a relatively high incidence,

[Mr. Gerrard]

but there are rural areas where the incidence is extremely low, so it is much more likely that a school in London might have to deal with a child who has HIV than a school in, say, rural Devon. That does not mean that that could not happen in rural Devon. It is not rocket science to draw up some fairly simple, clear guidelines about how a school ought to approach the issue.

Let me give some examples of what can happen to children. A child attending a nursery school attached to a primary school in Middlesex was due to start in the reception class in September, and the child's mother asked the head teacher if the school had any policy on informing parents in the event of, say, an outbreak of chickenpox. The head teacher asked why, and the mother explained that her daughter had an auto-immune problem, HIV. That information was then spread around the school and the head teacher told the mother that all the teachers had concerns about teaching her child, and that the dinner ladies would have to be told in case the child had an accident. The mother tried to explain that no one was at risk simply by being in the same room as her child, and eventually the head teacher said, "Look, you really ought to take the child to another school, and don't tell them that your daughter has HIV. Just enrol her without telling them." That is a perfect example of a complete lack of understanding. We are not asking the school to be able to treat someone with HIV; we are asking it to have some understanding about what it means.

Another case concerned a child transferring from a primary to a secondary school just last year. The primary school knew about the child's HIV status and passed that information on to the secondary schools without asking for the parents' consent, and the secondary schools then said that they wanted to inform all sorts of people in the school about the child's status.

Those are the sorts of things that can happen when people within a school are not aware of how they should deal with a child with HIV. That is one specific condition, but I could quote a range of examples. I do not suggest that such problems arise in every school, but they do arise, and too frequently. If there was training, if there was some understanding, if there was a policy within schools of just how a child with such a condition should be dealt with, we would avoid these problems. That is where I see the value in the Bill. Yes, I understand the resource implications and that we might have to think through carefully how we bring in some of the provisions, what conditions are covered, and whether the condition would require a school nurse to be available before the school could be expected to deal with the problem.

Mrs. Maria Miller: The hon. Gentleman is being very generous in giving way. He makes a powerful commentary on the importance of understanding long-term illnesses and conditions such as HIV in schools. Does he therefore share my concern that that understanding is in no way helped when we have such a massive shortfall in the number of school nurses throughout the country who would be providing the professional advice, support and training that he so eloquently advocates?

Mr. Gerrard: There is a problem. We do need more school nurses, and I do not think that any hon. Member would disagree that we should be trying to fill that gap and provide more school nurses. That is why we need to think through how the Bill will be implemented and what conditions may be included, perhaps initially and then later. But that should not blind us to the notion that better training and information could help, and that where there are examples of good practice, as the hon. Lady mentioned in her speech with regard to the PCT and what is being done in Birmingham, they could be built on in other parts of the country. That would certainly help.

My hon. Friend the Member for Coventry, South has done an excellent job in bringing the Bill to the House, I hope that it will be allowed to make progress, and I look forward to hearing the Minister's comments in reply to the debate.

1.19 pm

Mr. Stewart Jackson (Peterborough) (Con): I shall give a cautious welcome to the Bill. The hon. Member for Coventry, South (Mr. Cunningham) is to be commended on his work, on his collaboration with the charity and voluntary sectors and on his generous cross-party tributes to my hon. Friends on the Front Bench and to other Members.

In the Bill, there is much that any sensible, caring and community-minded Member would support. Schools would be required to produce and implement medical conditions policies and upgrade their current guidance, and every child would have an individual health care plan. We consider those proposals to be sensible, but I have a concern about the Bill, although I add the caveat that we support its intent. The Bill involves the head and the heart, and our heart is with it, because there is a demonstrable need for such policies. The hon. Gentleman kindly provided the national figure of about 1 million for those children and families who are affected by a serious medical condition, so something needs to be done. Indeed, there is an argument—a slightly tangential argument—that the Government should have introduced their own Bill, rather than rely on one of their Back Benchers.

My concern is with the element of compulsion, and perhaps I did not make that clear to the hon. Member for Walthamstow (Mr. Gerrard). We must not disregard best practice locally between local NHS trusts and local education authorities in carrying forward national clinical framework policies on, for example, diabetes. My constituency has a high prevalence of several long-term conditions—diabetes being one, chronic, obstructive pulmonary disease and asthma being others. We do not know why, but asthma affects a large number of young people. In my constituency, in particular, it affects the 12 per cent. of people who have a south Asian background.

We must not lose sight of the wider context, particularly when the issue comes back, as it often does, to funding and resources. Respite care, as I said to my hon. Friend the Member for Basingstoke (Mrs. Miller) is a big issue, and it is difficult to provide adequate daily and weekly respite care for parents and guardians of children with long-term conditions. No local education authority will ever say that it has sufficient provision and resources to carry out that work.

The Bill also relates to mental health—an issue identified by the charities to which the hon. Member for Coventry, South referred. However, of itself, mental health is a

major issue and a growing problem for children and young people, and I am not entirely sure that the national clinical frameworks are yet able to cope with it. On a recent visit to my local district general hospital, one problem that clinical staff identified was the lack of provision at weekends and out of hours for teenagers and young people with mental health problems.

Litigation is also a consideration. I talked earlier, when intervening on the hon. Gentleman, who was very generous with interventions, about anaphylactic shock, allergies and Epipens. The bureaucracy and problem in providing a consistent policy across my local education authority for a relatively small number of children with such problems, which are obviously life threatening, demonstrated to me how complicated the issue is, particularly its resource implications for training and skills, let alone its legal implications.

Mrs. Maria Miller: My hon. Friend brings to mind a visit that I made recently to Chatham and an organisation called The Place2Be, which operates in a local school with children who, as a result of incidents in their lives, are vulnerable to mental health problems. Does he agree that that is one example of the many schools throughout the country which already go above and beyond what is expected and try to fill the gap—particularly in mental health services—that exists due to a lack of provision by local primary care trusts?

Mr. Jackson: My hon. Friend makes a pertinent and astute point, which is worth reinforcing. For the avoidance of doubt, I should make it clear that I am not implying that through his laudable Bill the hon. Member for Coventry, South is undermining the work already being done. However, in many respects there are exemplars of how to deal with children with long-term conditions.

That brings me to another issue on which we need a joined-up policy. I hope that I am not being unfair to the hon. Gentleman, but I do not think that his Bill takes it into account. I am thinking of children with conditions who are carers themselves. In this country, we have still not given sufficient attention to the issue of young carers. To give them their due, the Government have moved forward on local provision for carers, but we should not forget about the issue.

My hon. Friend the Member for Basingstoke wisely alluded to school nurses. In many local education authorities, the delivery of that service is undermined by a lack of people—mainly women, but also men—who put themselves forward for the important role of school nurse. The role is similar to that of a district nurse, and it is vital for delivering first-class medical and clinical care and education into the community.

Earlier, I mentioned the pressures in some local schools with diverse populations. In many parts of the country, mainly in urban areas, many children come into school without being able to speak English; the hon. Gentleman will have instances of the same thing in Coventry. Yesterday, I was talking to someone I know whose wife is a teaching assistant. Virtually her whole day is taken up in giving one-to-one tuition to a little Bulgarian boy. That is fine, but think of the resource implications if we intend to impose the regulatory framework that the Bill would involve, and how that would affect schools across the country. It would be very resource-intensive. If the Bill goes into Committee, I would be interested in whether we could conduct an impact assessment and ascertain the likely cost and the resource drain on local authorities. The aim is laudable, but we live in difficult times. I suspect that it would be a big ask to make schools such as some in my constituency—schools with structural issues of demography and population—deliver the level of service, which is consistent across the country, involved with that aim.

I shall conclude. We all welcome the Bill and the chance to debate what has rightly been described as the situation of invisible children, who are often overlooked and pushed to the side in mainstream schooling. While I am at it, I should pay tribute to some of the superb schools in my constituency that look after children in these situations. Middleton primary school in Bretton has a unit for deaf children, and Jack Hunt secondary school also looks after deaf children.

It is right that we should have this debate. These children have a right to the best education, irrespective of their long-term conditions, and we have the responsibility to deliver it. At the same time, however, we should recognise existing best practice and not lightly dismiss the revenue costs that might fall on local education authorities. With those caveats, I congratulate the hon. Member for Coventry, South. I hope that the Minister has some good news for him in her remarks.

1.29 pm

Mr. Andy Slaughter (Ealing, Acton and Shepherd's Bush) (Lab): I, too, congratulate my hon. Friend the Member for Coventry, South (Mr. Cunningham) on his speech and on his promotion of this excellent Bill. I hope that the Government's response will recognise the need for the proposals within it.

My principal reason for speaking in the debate is to highlight the courage and determination of one of my constituents, Sophia Loizia. Sophia is 17 and now a sixth-former, but a year ago, during her GCSEs, she was diagnosed with Hodgkin's lymphoma. Thankfully, she is now in remission and in good health, but she has had one of the toughest years imaginable for a young person. Earlier this week, she attended the lobby, which many other hon. Members will have attended, organised by the coalition of charities that has been alluded to. She was one of five young people who went to Downing street to petition the Prime Minister in support of my hon. Friend's Bill.

I do not intend to say anything more about what are intensely personal matters, as well as matters of public interest, save that I was so impressed not only by how highly intelligent Sophia was but how extraordinarily mature. It occurred to me that the fact that younger children, or those who may not have the same levels of accomplishment, have to suffer and go through serious medical conditions, as well as trying to cope with their education and the other pressures concerned, highlights the need for provisions such as this Bill. Thankfully, childhood cancer is relatively rare, although I pay tribute to the work that CLIC Sargent does in supporting children who have cancer.

A condition that is not rare—indeed, it affects up to one in 10 or 11 young people—is childhood asthma. I should perhaps declare an interest in that, many years ago now, I missed at least two years of mainstream schooling through asthma. I attended a special school

[Mr. Andy Slaughter]

and then went back into mainstream schooling. At that time, in the 1960s, there would have been no real understanding within mainstream schooling of the needs of children with medical conditions. I should underline that both the schools I attended were absolutely excellent. I should also say in passing that both—Chartfield school in Putney and Peterborough school in Fulham—have been closed by Tory councils in the past three years, despite vigorous campaigns to keep them open.

This week, on 5 May, we had world asthma day. Also this week, Asthma UK, one of the supporters of the Bill, launched its report, "Missing Out", which specifically concerns the effect that asthma has on schoolchildren. I was shocked to find that 40 years on, 50 per cent. of children with asthma say that they have problems joining in lessons and going on school trips, and three quarters say that they have problems joining in sporting activities. Medication for asthma has improved hugely over the past 40 years, and it is amazing that children—up to two in every class nowadays—can still be restricted in that way.

The third condition to which I want to draw attention affects children on the autistic spectrum. That, too, is recognised far more than it would have been several years ago as a condition that affects very large numbers of children, many of whom will be in mainstream schooling. Again drawing from personal experience, my godson attended a superb school for autistic spectrum children, Queensmill school in Fulham. As a consequence of the excellent education there he was able to go into mainstream schooling, and his experience has been unfailingly good. Despite what we have heard about the need for more resources, that is partly because of the level of resources that the Government have put into both special needs schools and teaching assistants and support for mainstream schools. Largely, however, it is due to individual teachers who, although they had no experience or knowledge of autism, went and found out about it so that they could deal with autistic spectrum children.

That additional burden should not be put on individual teachers without support, because the general experience of parents of autistic spectrum children is that they do not have a good time in mainstream schooling. I wonder whether that is partly because it is regarded more as a behavioural than a medical condition, and because teaching professionals who would not presume to know about the treatment of medical conditions think that they know how to deal with children on the autistic spectrum. In fact, they need just as much support on that as on other matters.

Mr. Stewart Jackson: I respect the hon. Gentleman's position, which comes from personal knowledge and experience. On provision for autistic children, is there not an unfortunate choice for many parents to make between a lower level of care locally, particularly respite care, and out-of-borough or out-of-county provision? That might be just as good, but it restricts their access to their children, which is detrimental to family life.

Mr. Slaughter: This is an all-party debate and I do not want to introduce party politics into it, but a lot of this goes back to resources. In my experience, it is difficult to get Conservative councils in London to provide sufficient resources for special needs children, which is an expensive area of provision and easy to cut. It has been shown over the past 10 years that there is a need for commitment to that. However, I take the hon. Gentleman's point. There is something of a postcode lottery, as provision is different in different parts of the country and even of the capital. The more that can be done to maintain support for children on the autistic spectrum in mainstream schooling, the better it will be, although there is clearly also a need for special needs education for those with more severe conditions.

I do not wish to take up a lot of time, but I have mentioned these slightly anecdotal matters because they show that for a large number of children—we have heard that it is 1 million across the UK—there are serious daily problems. I emphasise that we are talking about not special treatment but equitable treatment. It is about enabling children who have medical conditions and health problems to get the same level of education as children who do not. Some of the examples that I have given illustrate the fact that problems often occur when children move out of special needs education into mainstream schooling, which we all welcome, or when children who have been out of school for a long period come back following medical treatment.

The solutions are quite common-sense in a way, such as informing both teachers and pupils about the need to consider the problems that individual children have. I am sure that many teachers ensure that that happens as part of their pastoral care, as is suggested by my own experience as a governor of a sixth-form college with a strong pastoral tradition. However, there are also examples of crass behaviour, such as a teacher saying a child returning after a long absence for medical reasons, "Well, you've got no excuse for not catching up with your work now", or fellow pupils who were friends in the past feeling awkward or in extreme cases indulging in bullying.

It simply requires people who understand the conditions to sit down with their staff and pupils and explain them, so that the children who return to school do not have constantly to explain to every teacher and pupil the nature of their condition and their continuing symptoms and needs. In almost every case, there will be continuing treatment—medication, chemotherapy and so on—that needs to be administered, and continuing frailty. Children inevitably go back to mainstream education before they are fully recovered.

Opposition Members have suggested that the Bill might involve too many resources or be too bureaucratic. I think that it is a light touch measure, which focuses on two or three principal needs for information and training and on a substantial number of children—not a small minority—in schools throughout the UK, who need such support and help.

I am pleased that the measure has support from all parties; I hope that it also has Government support.

1.40 pm

Simon Hughes (North Southwark and Bermondsey) (LD): I commend the hon. Member for Coventry, South (Mr. Cunningham) for introducing the measure. I approach the debate not only as a Member of Parliament, but as one very conscious of my role—I suspect that other

colleagues also play such a role—as chair of governors of a local primary school as well as trustee of a city academy. The subject of the Bill has been a real issue for us and I have had occasion to discuss it with fellow governors and our head teacher.

It is clearly right to pay the Bill serious attention when 22 organisations form a coalition and ask us to support it. As constituency Members of Parliament in England—I say "England" advisedly; it is an England measure—we have all been involved with some of those organisations. I put on record their names: the Anaphylaxis Campaign, Asthma UK, the British Heart Foundation, the Children and Young People HIV Network, CLIC Sargent, Coeliac UK, the Cystic Fibrosis Trust, Diabetes UK, Epilepsy Action, Input, Juvenile Diabetes Research Foundation International, the Multiple Sclerosis Society, the National Centre for Young People with Epilepsy, National Voices, the Royal College of Nursing, TreeHouse—which is the national charity for autism education—Scope, Sickle Cell and Young Stroke Survivors, the Stroke Association, the UK Children with Diabetes Advocacy Group, Vision 2020 UK and YoungMinds.

Those organisations represent young people—some also represent adults—with 16 different conditions, which are not uncommon in many schools in this country. Four of the organisations lobbying today are concerned with children with diabetes. Indeed, Diabetes UK has led the campaign. This municipal year, the mayor of Southwark has chosen that organisation as her charity. She suffers from diabetes and has done good work to raise funds and increase the profile of the needs of those with diabetes. I know colleagues in the House who have also done such work because they, too, are sufferers.

Two organisations in the list specifically deal with epilepsy. That triggered in my mind a realisation of the importance of the obligation on schools to ensure that there is a proper understanding of and response to people with such conditions. When I was at secondary school, somebody had an epileptic fit in front of me. I had never seen an epileptic fit before. For the first minute or so, I had no idea how to respond. I did not even register logically what was happening. That showed me the importance of preparedness among staff and pupils to deal with those conditions. I stress "and pupils", because they need to know that it is not unusual, and should not be a problem for them, that one of their school colleagues might have a condition that needs help. Nearly everybody at school needs help, be it be emotional, psychological, mental or physical help. Schools will be better places and the quality of education and opportunity there will be better if they and all their members—the governors, the teaching staff, the non-teaching staff, those who come into schools and the pupils—know how to deal with those issues.

I want to signal how important the work done by the associations that I have mentioned is, by referring to three of them, one of which—the Multiple Sclerosis Society—is based on my constituency. I have had good involvement with the Multiple Sclerosis Society, which is led by Robert Meadowcroft, whom I have known for many years. A former member of my staff works for the Multiple Sclerosis Society now. We all know what fantastic work the society does in raising consciousness and awareness, increasingly through young people sharing their experiences, ensuring, as happened with the lobby here, not only that adults or workers come to lobby us, but that the people who live that life come to see us, and not only in our constituencies and surgeries, at meetings and in our communities, but here, too.

Also in my borough, although not in my constituency, is Sickle Cell and Young Stroke Survivors. Sickle cell disease is a condition that disproportionately affects those from Afro-Caribbean communities. I have the privilege of representing the local authority with the largest African community in Britain, and the issue is relevant to that community, as it is to people from black and other communities. Finally, there is Scope, for which, again, a former member of my staff works. Those examples indicate how good and effective those organisations are. Through the medium of the Bill, they have come to us to say, "Please see if you"— Parliament— "will agree to this very simple change in the law."

That leads me to my next point, which is to commend the hon. Member for Coventry, South for producing a superbly short Bill. Private Member's Bills are much easier for the House to deal with if they are short. The title of the Bill is short. There is also a good, robust view about when it should come into effect, namely within two months of the day on which it is passed. That is unusually refreshing, because normally the start date for legislation is way down the track. Clause 2 says that Ofsted should consider how schools deal with the issues covered in the Bill as part of its inspections.

The key to the Bill is clause 1, which would impose on schools' governing bodies the obligation to produce and implement a medical conditions policy, which would have two components. Proposed new section 38(11) of the Education and Inspections Act 2006 says that the policy should set out

"the means by which records of the specified health conditions of children at the school are to be recorded and maintained"

and

"the preparation of an individual healthcare plan for each child".

Clause 1 would also require the training of staff to enable them to respond, which would include not just teaching staff, but teaching assistants, the people in the kitchens and so on. There are also other things, which, to be honest, are incidental, including an obligation on NHS bodies, local authorities and primary care trusts to co-operate.

The hon. Gentleman has also been in wise in saying that at this stage he does not want to specify which health conditions would be covered, which he is leaving to Ministers. That is both a good thing about the Bill and a weakness, because until a Minister did that, the Bill would have no substance or import. There is no obligation on Ministers to do that by a certain date, so I guess there would have to be an amendment in Committee to change that.

Mr. Jim Cunningham: Obviously, I cannot predict the outcome today, but I would have thought that if the Bill reached Committee, that would be the stage at which to thrash those issues out. After all, that is why we have a Committee stage.

Simon Hughes: I am absolutely comfortable with that reply. That was also my assumption. The Government will have to respond and say what they think, and they will have to show a willingness to define those conditions.

[Simon Hughes]

I simply want to put on record that the Bill depends on having a list of those conditions. That might not be so easy to achieve, as there are many very common conditions, and some very rare ones. One would have to find a way of writing such a list.

Since I have been in the House, there have been many debates about whether it is better to have special schools, mainstream schools with specialist provision, or mainstream schools that can take everyone, whatever their needs. We need to be careful not to imply that the only schools that should exist are mainstream schools. I have never taken that view, although some colleagues do. I know from visiting schools in my constituency that there are mainstream schools that have a fantastic ability to meet the special needs of their children, either specifically or generally. I can think of two examples. Snowfields primary school, near London bridge, has a unit for dealing with children with autism which is hugely valued and recommended. The other is a relatively modern primary school in Rotherhithe, Alfred Salter school, which I think the Minister visited recently. It is a really good, well-led school with provision for children with physical disabilities and the capacity to deal with children with hearing impairments, and so on. It was built, and works, as a school that caters for those needs.

There are also really good special schools. For them, the provisions in the Bill are already par for the course. Nothing needs to be added to their obligations. Again, there are two pre-eminently good examples in my constituency. Spa school is a Bermondsey school for children and young people with autism. It is a really great, friendly, successful, high-achieving school. Cherry Garden school deals with children with considerable physical and other educational needs. Happily, it is about to get a hugely well-earned new school building, for which the head has been waiting for a long time. My most moving moment at a school play was last Christmas at that school. Every pupil took part, no matter what their physical or other disability might be, yet it was absolutely the most moving experience.

There are some fantastically good schools, but the Bill is really about the others, like the school of which I am chair of the governors. It is a mainstream school, but it may also be attended by children with epilepsy, sickle cell, diabetes, a mental health problem or whatever.

Mr. Cunningham: Theoretically, a group of schools with different specialities could take a cluster approach by pooling their specialist provision.

Simon Hughes: Yes, of course that is right.

I am sure that the Minister will advocate caution, and that is also my position and that of my hon. Friend the Member for Yeovil (Mr. Laws), who speaks for us on education. I am not seeking to block the Bill today; nor would my colleagues wish to do so. We are cautious, however, about whether the Bill as it stands represents the right way to go, and I want to set out our reasons for that.

Every primary school is already required to adopt a huge number of policies. The primary school of which I am chair of the governors has just reviewed all its policies, and one extremely experienced governor has kindly volunteered to rewrite them, so that none of them takes up more than two sides of paper—ideally, we want to get them down to one side—so that they are simple to read. There are a massive number of policies.

The hon. Member for Coventry, South will know from experience in his constituency, as I do from my own, that the legislation that this place passes has placed huge burdens on the governing bodies of schools, whether in relation to admissions policies, which we have just had to revise, or to others that we bring into force. Some provisions have a huge impact. Schools have rightly been challenged by the Disability Discrimination Act 1995, and they have sought to respond to it. We thus need to be careful not to embark on a policy that is burdensome rather than of benefit. We need to discover whether the objective could be achieved in a different way, by guidance rather than by a policy with an obligation. That is the question I have in mind, and I shall be interested to hear the Minister's response to it.

I come to the debate with some slight indirect pride because the St. James primary school in Bermondsey has just had its Ofsted report and been judged outstanding. I have no doubt that that is due to the leadership of the head, who was appointed a few years ago, and all her staff team, to whom I pay tribute. This is an absolutely fantastic small school with 210 places in Jamaica road near Bermondsey tube station. What being on the governing body of that school has taught me—I joined it on purpose so that I can never be accused of failing to have my feet on the ground, as it were, when it comes to how things work on the ground—is that every child really does matter. "Every Child Matters" is a Government phrase—originally Lord Laming's initiative and it has rightly been implemented—and it is important to look at every child separately in respect of academic and social achievement. A good school should automatically seek to have a pastoral care regime and a social care regime for every child. It should be the responsibility of the school, because it takes the place of parents, to look after every single child.

The last question I pose—it is a rhetorical one—is whether all this is sufficient, as it were, and whether it is an obligation. It is also a question of whether Ofsted, when it inspects, should have to check whether what is in the Bill all actually happens. I have not done the necessary evidential research—not even into all the schools in Southwark, let alone around the whole country—to know what the Minister will have more access to than me, which is the extent to which all this is already good practice and already happening. We need an intelligent debate about what the evidence shows.

One thing I do know is that it is imperative that under the compulsory state schools system, any youngsters going to primary or secondary school with asthma, which can be very debilitating, or with a heart condition, which can make them much less alert and agile for long parts of the day, or with cancer or HIV, must be given the same dignity, respect, value and opportunity as everybody else. That is what the Bill is about. That is why I commend the Bill's initiative; I will listen with interest to the Minister's advice on whether this is the best way to achieve the objective that we share, or whether we need to find other ways in the minutes ahead. If the Bill goes to Committee, my colleagues will

happily participate and work on the agenda that the hon. Member for Coventry, South and the 22 organisations have set us.

1.58 pm

Mr. Simon Burns (West Chelmsford) (Con): I congratulate the hon. Member for Coventry, South (Mr. Cunningham) on producing a Bill that is modest in size, but whose intention is far-ranging. There have been too many problems in our schools when it comes to dealing with children who suffer from certain types of conditions.

I am going to speak specifically about dyslexia and dyspraxia this morning, although they were not in the list that the hon. Gentleman set out in introducing the Bill. I fully appreciate, of course, that it was not an all-inclusive list and that there was no intention for the Bill to exclude children suffering from such conditions.

Mr. Jim Cunningham: I assure the hon. Gentleman and the organisation that he speaks for that there was certainly no deliberate attempt to exclude them in any way whatever.

Mr. Burns: I am grateful for that clarification.

Young people and children with dyslexia and, in particular, dyspraxia, face significant problems. In the latter case, far too many people lack understanding of the condition. I recall that 20 years ago, staggeringly, there were local education authorities that did not recognise or accept the condition of dyslexia. Consequently, no help was provided for children suffering from that condition and they were written off as troublemakers—children who could not be bothered to get into the work ethic and do their lessons. People did not appreciate that there was no lack of will to learn among those children. Because of their condition, they found learning extremely difficult, and because their condition was unrecognised, no help was provided. They became deeply frustrated, which could lead to behavioural problems or lack of interest in learning.

Writing those people off as troublemakers was unforgivable, but, fortunately, great strides have been made in the last 20 years. The condition is recognised and people fully appreciate that specialist help and attention have to be provided to such children to help them to get a fair and decent deal to enable them to learn like other children in their class and minimise any disruption that they might cause to those other children. However, there is still a problem with dyspraxia because of the lack of knowledge and understanding of the problem. I fear that too many children in our schools might, to varying degrees, be affected by dyspraxia where it goes unrecognised—which means that help cannot be provided—simply because of the lack of knowledge among too many teachers that it is a problem. That is why I particularly welcome the Bill providing for

"training for school staff to support the implementation of individual healthcare plans."

With that training and the acquisition of skills, there would be greater opportunity for teaching staff to recognise and identify the problem, so children could be set in the right direction to seek the appropriate help, and schools and teachers, working with medical practitioners, could plan a proper scheme to help those children.

There is a problem, however. I do not know, and will not know until I hear the Minister's speech, whether the Government want to give the Bill a fair wind so that it has the opportunity to be considered in Committee and possibly reach the statute book during this parliamentary year. I do not know what will happen, but if the Bill does not succeed during this Session, for whatever reason, I will make a plea to the Minister.

The intentions behind the Bill are admirable and necessary to improve upon an existing situation. We all, as constituency Members of Parliament, have experience of parents trying to get their children statemented so that their problems and needs can be identified and provided for. All constituency MPs experience during their parliamentary career the frustration of the time-consuming problems that can be involved in getting a statement in the first place. Once a statement has been prepared and a course of action and help identified, it can be difficult to ensure that that assistance is provided. That will continue even if the Bill, by some quirk, does not become law.

If the Bill does not become an Act of Parliament, I shall urge the Minister to ensure that her Department works determinedly and channels its efforts to improve the existing situation, drawing on a number of the attributes identified in the Bill to ensure that children who, medically and through no fault of their own, have a disadvantage in life that impacts on their ability to learn get a fairer and better deal so that they can compete with their peers in the classroom to get the finest education that this country can provide for its next generation.

2.5 pm

The Parliamentary Under-Secretary of State for Children, Schools and Families (Sarah McCarthy-Fry): I congratulate my hon. Friend the Member for Coventry, South (Mr. Cunningham) on his success in the ballot and on introducing this Bill. I know that he feels passionately about this topic and that he is speaking on behalf of many young people with health needs and their parents. We are aware that the availability of good-quality support at school for children with long-term medical conditions is a major issue that needs to be addressed. I am grateful to him for introducing this Bill and for rightly highlighting the very real barriers that these children face. It is a tribute to his commitment that we are here debating this issue today.

We have heard from Members today many examples of schools that are not delivering the support that children need, and many Members raised particular instances in their constituencies. My hon. Friend the Member for Walthamstow (Mr. Gerrard) drew our attention to the very real difficulties faced by children with HIV. My hon. Friend the Member for Ealing, Acton and Shepherd's Bush (Mr. Slaughter) spoke eloquently about a constituent of his with childhood cancer. The hon. Member for North Southwark and Bermondsey (Simon Hughes) told us about problems affecting children in his constituency with sickle cell anaemia, and the hon. Member for West Chelmsford (Mr. Burns) told us about difficulties in his constituency with children with dyslexia and dyspraxia.

We completely support the Bill's underlying intention to improve support at school for children's health needs. However, I have some concerns about whether having a legal duty on schools at this stage will actually deliver the best outcome for these children. We want schools to work together with us on this matter, and I hope to be

[Sarah McCarthy-Fry]

able to explain to my hon. Friend the Member for Coventry, South and to the House how I believe we can achieve the better outcomes we all want through other means, and to set out what we have done and will do. His Bill has given me the opportunity to do that.

We know that many schools are already providing very good support to pupils where it is needed. The hon. Members for Basingstoke (Mrs. Miller) and for Peterborough (Mr. Jackson) gave examples of places they had visited and schools they knew about where that excellent support was being given. However, such examples of good practice are not uniform across the country, and where schools are not doing well, it can be for a range of reasons, such as lack of knowledge about such conditions, misconceptions or fear about what offering support would involve, lack of appropriate training, or concerns about possible litigation, as was mentioned. There may well be other barriers, and we need to find out what they are.

A legal requirement on schools to have a medical conditions policy now would be a bit like putting the cart before the horse: we need to understand the barriers before imposing such a duty. At this stage, it could be strongly resisted by schools and teachers as an additional and unreasonable burden. I do not want to force teaching or support staff to take on responsibility for administering medicines where they may not be qualified or confident to do so. I would rather work with schools to identify barriers and find ways to overcome them, and to bring them with us.

Mrs. Maria Miller: Does the Minister not think that one of the other, most notable barriers is the Government's failure to deliver on their promises in respect of school nurses? We are, after all, still 1,000 school nurses short of the target that the Government themselves set.

Sarah McCarthy-Fry: Of course we want to see more school nurses, but there has been a 38 per cent. increase in their number between 2004 and 2007. However, we recognise that we need to go further.

Although having a policy is important, it will not in itself guarantee better provision. The proof is in the implementation, and the way to improve provision is to identify the barriers that prevent schools from supporting these pupils, to share good practice, to increase awareness and to reassure schools about what is involved.

As has been mentioned, schools already have a statutory duty to promote the well-being of their pupils. Well-being is defined as the five Every Child Matters outcomes, one of which is being healthy and staying safe. We recently consulted on guidance on what this means in practice, and I want to assure my hon. Friend the Member for Coventry, South and the House that we will ensure that the final guidance includes specific reference to the importance of schools considering the health requirements of their pupils, particularly those with long-term health conditions, as part of this duty.

On the provisions in the Bill regarding consulting parents and their children on individual health plans, we certainly agree and are addressing that issue in the child health strategy. The strategy sets out the plans for universal, targeted and specialist support across three life stages—early years and pregnancy, school-age children and young people—as well as the additional support for children and young people in need of acute or ongoing health care. It also sets out how the delivery system can be supported in implementing the recommendations, and in particular how the range of services in contact with children and young people can work better and with families to achieve common aims. A specific commitment is included to ensure that by 2010 all children with complex health needs have individual care plans to support co-ordinated care.

Published alongside the strategy is "Securing better health for children and young people through world class commissioning"—a guide that will support commissioners in delivering the vision set out in the strategy. Commissioning is key to providing local services and to accommodating the individual respective elements of individual care plans: one size cannot fit all.

That individualised approach, while working with the surrounding services, is central to how we perceive the future of schools. We are developing a White Paper that sets out our vision for the 21st century school, which will offer a genuinely personalised learning experience for all its pupils, including those with medical conditions. Our aim is that 21st century schools will inspire young people and engage parents, carers and the local community in the life of the school. They will work closely with other local children's services to overcome the barriers to learning that pupils may face and to stretch and challenge the most able learners.

Our child health strategy encompasses the Government's long-term vision of a 21st century children's health service aimed at improving the health and well-being of all children, with a specific focus on children with disabilities. With schools, GP practices, hospitals, Sure Start children's centres, the voluntary sector and Government all playing their part in support of families, we want to ensure that every child has a healthy start in life and a brighter future.

The Bill proposes placing a duty on NHS bodies to co-operate with school governing bodies. The concept of such co-operation is not new. Section 26 of the Health Act 1999 imposed a duty on NHS bodies to co-operate with each other, and section 22 of the National Health Service Act 1977 created a duty of co-operation between NHS bodies and local authorities, but of course that is just a general duty, where co-operation means sensible working together to ensure that the public are served to best effect.

We go further, as the hon. Member for Basingstoke mentioned, in the Apprenticeships, Skills, Children and Learning Bill, which received its Third Reading in this House on Tuesday and is now on its way to the other place. That legislation will make schools a statutory relevant partner in their local children's trust, with primary care trusts and others, and require them to work in partnership with other local agencies to improve children's well-being. They will be represented on the children's trust board and contribute to the preparation and monitoring of the local children and young people's plan. All relevant partners of the children's trust will be able to pool their budgets to commission or deliver more integrated and effective services, which better match the needs of each child, young person or family.

Those changes will lead to much greater co-operation between services and facilitate easier access by schools to the services they need to support their pupils. I put

on record here that we will make specific reference in our guidance to the need for partners to consider what is needed locally to support schools in managing children with medical conditions.

Clause 2 refers to inspection and monitoring. Inspectors already draw on evidence in a range of plans in place for individual children, including care plans for children who are looked after, education plans for children with special educational needs, and health care plans. Those plans identify any specific provision the children need to ensure that they are able to access education effective; they also ensure that appropriate measures have been put in place to protect the children's well-being. Many of the plans include statements relating to children's health, and inspectors will have access to them and to the views of pupils, parents and staff on how pupils' needs are being met.

As I said earlier, in our final guidance on how schools should meet their statutory duty to promote children's well-being we will include specific reference to considering the health requirements of pupils, and we will develop strong, school-level indicators that, taken together, measure a school's contribution to pupil well-being. We will ask Ofsted to reflect those indicators when it designs the cycle of inspection starting in 2009.

Further accountability will be delivered through our proposed school report card. We have been consulting on what that report card might look like. We believe that it will make the school accountability system better able to recognise the full range of each school's achievements, not just attainment. It will complement and sit alongside Ofsted inspection reports, and it is intended to be clear, powerful and easily understood by school governors, parents and the public. We are consulting on what categories of performance would be included on the report card. Attainment, of course, is one category—we do not want to lose sight of that—but we want to include things like pupil progression, how good a school is at narrowing attainment gaps for pupils from disadvantaged backgrounds and, crucially for this debate, how effective schools are at delivering wider outcomes, such as children's well-being.

Simon Hughes: Will the Minister allow me to intervene?

Sarah McCarthy-Fry: Very briefly. I want to leave time for my hon. Friend the Member for Coventry, South to respond.

Simon Hughes: Does the Minister envisage that the report card would specifically say whether each pupil had a condition, and address the question of how the school was responding to it?

Sarah McCarthy-Fry: The report card will be much broader than that. We are looking to introduce a document that can be read by the public and by all parents. It would not go into that much detail. However, the Ofsted report would sit alongside it, and that, of course, would go into much greater detail. We also intend the views that parents and pupils hold about the school to form part of the school report card. That will give schools a powerful incentive to recognise parental concerns, which could well include concerns about children's health needs and how well the school addresses them.

Once again, I am extremely grateful to my hon. Friend the Member for Coventry, South for introducing the Bill. It gives me an opportunity to set out the fact that in our recently published child health strategy, we announced that we will update our current guidance, "Managing Medicines in Schools and Early Years Settings". That will be crucial to giving school staff the confidence that they need, and getting the buy-in from those schools that, for whatever reason, are giving children with health needs the support that they deserve.

The revised guidance will include clear statements of what is expected from those involved in supporting pupils with medical conditions, such as schools and primary care trusts. We first need to understand and address the barriers that schools face when it comes to providing necessary support, and we need to identify how those barriers can be overcome. We will work with the expert organisations, including Diabetes UK, and with schools and school staff, to identify the barriers and the best way to address them. Alongside revising that guidance, we have made a commitment to an awareness-raising campaign. The aim of the campaign will be to raise the profile of the issue in schools, promote consistent good practice across the country, and enable schools to cultivate a positive support ethos.

The Department for Children, Schools and Families is setting up a stakeholder group to help review and revise the guidance and provide recommendations for the awareness campaign. The group will comprise officials from the Department of Health and from DCSF, the main stakeholders and the lobby groups, and school and head-teacher representatives. Parents of children with long-term conditions will possibly be represented, too.

Once again I congratulate my hon. Friend the Member for Coventry, South on introducing the Bill. As I said at the outset, I fully support the intentions behind the Bill, but I hope that I have been able to explain why I do not think that legislating for a legal duty is the right thing to do at this time. I hope that I have been able to demonstrate how we can deliver the outcomes that we all want through the new legislation and guidance in the Apprenticeships, Skills, Children and Learning Bill, and through the measures outlined in the recently published child health strategy and the guidance that will underpin it. That includes, of course, our commitment to working with all interested parties and stakeholders to update the "Managing Medicines in Schools and Early Years Settings" guidance. That, together with accountability mechanisms such as the comprehensive area assessment of local authorities, Ofsted inspection of schools and the proposed new school report card, will deliver the outcomes that my hon. Friend envisaged in his Bill.

We want to bring schools along with us, not by coercion through a legal duty, but by working together to make best practice common practice. We want to work with all stakeholders—PCTs, schools, local authorities, disability charities, parents and children themselves—to ensure the very best outcomes for all children with health needs in schools.

2.19 pm

Mr. Jim Cunningham: With the leave of the House, may I say that we have had an interesting debate today, with many good contributions exploring the Bill, whether

[Mr. Jim Cunningham]

hon. Members agreed with it or not. During the debate I became conscious of the danger that my Bill would pile more legislation on teachers. It was pointed out earlier that much legislation these days affects teachers, and it was not the intention of my Bill to impose a greater burden on them.

The Minister has honoured the commitments that she gave me in private conversations, so I do not intend to pursue my Bill. Given that my hon. Friend has made a number of concessions and that considerable progress has been made, campaigners have achieved quite a lot today. They have forced the House to have a good debate on the issues, and they have gained considerably from what the Minister said. If they read *Hansard*, they will see exactly what they have achieved.

My role was merely to bring the Bill before the House. More important for campaigners and for the House is that the assurances given by the Government today are followed through. If they are not, I assure my hon. Friend that I shall be one of the first to remind her.

Once again, I thank all the campaigners involved and Members on both Opposition Front Benches. Members of the Opposition parties have treated me very courteously, as have my colleagues. A number of hon. Members were unable to be present today. That is understandable, as Friday is a constituency day and Members have heavy commitments.

I beg to ask leave to withdraw the motion.

Motion, by leave, withdrawn.

Land Use (Gardens Protection Etc.) Bill

Second Reading

2.22 pm

Mr. Andrew Dismore (Hendon) (Lab): I beg to move, That the Bill be now read a Second time.

I have very little time. My Bill is designed to protect back gardens, front gardens and green land, and to tackle some of the problems of overdevelopment. There have been a number of attempts over the years to legislate through private Members' Bills to deal with the problem, and many debates in the House. Without doubt, the issue needs to be addressed, as I have seen over the years from developments in my constituency, especially in Mill Hill, Hale and Edgware wards, but not limited to them—developments that begin, continue and conclude with the changing of the fundamental character of a residential neighbourhood.

In my area one often finds, on turning a street corner, that the old houses have been knocked down and a block of flats has been built since one last went down that road. Some people have sold off their back gardens to developers, who apply for planning consent to build four or five houses or a block of flats on the land. We must do something to protect gardens wherever they may be, even if they are not formally defined as part of the green belt. That is what my Bill seeks to do.

Clause 1(2) inserts new sections in the Town and Country Planning Act 1990 to create a new requirement that planning authorities should give "special regard" to gardens and green spaces. It is not restrictive in the way that designating a piece of land as a greenfield site would be. It simply gives a nudge to planning authorities to use their discretion. Rather than telling them that they must do something, it simply reminds them not to forget about back gardens and their importance to the character of an area and the way of life of a community.

I shall give one or two examples from my constituency. The case is well made by a decision by the planning inspectorate concerning an application at 57-63 Marsh lane and 9-11 Glenwood road, Mill Hill. It was strenuously opposed by the local community, Mill Hill Preservation Society, Laing Field and Moat Mount residents association and many others. The appeal was on the proposal to build seven houses in a row of back gardens, but the inspectorate allowed it. The inspector said:

> "As far as the backland is concerned I think that six dwellings sited as proposed, in spacious gardens . . . would not look unreasonably cramped."

The inspector also commented that the gardens have an interesting biodiversity, but ignored that fact. That application had been opposed by the local community and rejected by the council with my support and that of the ward Liberal Democrat councillors, but the decision was overturned by the inspectorate on appeal. Holders Hill road in my constituency has virtually ceased to exist as it was originally constructed due to such developments.

My Bill also deals with urban green spaces laid out as a public garden and land used for public recreation or having wildlife and biodiversity. A couple of sports grounds have gone. The Mill Hill tennis club in Flower lane sold out to developers. It cannot be blamed for that: it was offered a huge amount of money. A block of flats was then erected on the tennis courts.

The same thing happened in west Hendon. The Neeld tennis club, a long-standing tennis club, was the lessee of the site. The new freeholders gave it a lump sum to take out a new lease and money to move out. There was then a planning application. The inspector said that although

"UDP Policy...seeks to resist the loss of playing fields",

he did not think that private clubs counted towards that. He criticised the council for not having done its homework to establish the level of demand for tennis courts, and, surprise, surprise, he went on to say:

"Despite the opposition of local residents I find no compelling reason as to why residential development would not be an acceptable alternative use on the site if it were to be redeveloped."

He allowed six dwellings on the site.

Now the club has to move out and the council has agreed to give it part of a public park—two thirds of Sturgess park—on which to build a new tennis club. Obviously many questions arise around that, but of greater importance is the sequence. We lost the original club to a housing development—not affordable housing—and now we are losing public open space to relocate the private tennis club that was displaced by that housing development.

My Bill aims to tackle these problems. I could give many more examples, but we do not have the time for that. It does not do so in a heavy-handed way, but it does remind the council, and the planning inspector, that our green spaces, gardens, front and back, parks and recreational spaces and areas of biodiversity are important to all of us. They must be given due regard, but they are not at the moment. We must act as quickly as possible before our green spaces become overdeveloped brownfields. I have had letters of support from all over the country. The Bill's time has come and I hope that my hon. Friend the Minister will not talk the Bill out.

2.26 pm

Mr. Stewart Jackson (Peterborough) (Con): I am aware that time is short. I congratulate the hon. Member for Hendon (Mr. Dismore) on securing his place in the private Members' ballot and bringing forward this important debate. I also pay tribute to my hon. Friends the Members for Meriden (Mrs. Spelman) and for Tunbridge Wells (Greg Clark), who initiated similar debates in the past.

Because of the lack of time, it is not appropriate to go into the full background of the situation regarding garden and backland development. Suffice it to say that one of the criticisms of the Bill is that it has too narrow a focus and does not look at the wider context of the Government's policies on garden and backland development. It is interesting that the concept of special regard to the desirability of conserving gardens and urban green spaces is a loose one. Were the Bill to proceed, I hope that it would be looked at more robustly in Committee.

As we are short of time, it might be worth mentioning that the policy that existed prior to 2000, which was enunciated by the last Conservative Government in 1992 under planning policy guidance note 3, did not include any definition of gardens as brownfield, and neither did it contain density targets. Indeed, the guidance discouraged residential infill where inappropriate and gave a broad discretion for councils to protect the character of their locality. It stated:

"Where authorities consider that the pressure for development and redevelopment is such as to threaten seriously the character of an established residential area which ought to be protected, they may include density and other policies in their local plans."

It added:

"Where the planning authority considers that existing densities in a particular area should not be exceeded, a policy to that effect in the local plan can help to deter the speculative demolition of sound housing."

The hon. Gentleman will be aware that the Conservative party, if elected to government, is committed to altering the rules on brownfield development, returning them to the position in 1992. With that, I support the Bill.

2.29 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright): It is a pleasure to congratulate my hon. Friend the Member for Hendon (Mr. Dismore) on his efforts to introduce the Bill. I pay tribute to his work. I hope that I do not talk the Bill out in the vast number of seconds that I have to discuss it, but I should like to speak briefly about its two main elements.

First—

2.30 pm

The debate stood adjourned (Standing Order No. 11(2)).

Ordered, That the debate be resumed on Friday 26 June.

Business without Debate

CLIMATE CHANGE (SECTORAL TARGETS) BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 12 June

RENEWABLE CONTENT OBLIGATION BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Bill to be read a Second time on Friday 3 July

Sheltered Accommodation (Barnet)

Motion made, and Question proposed, That this House do now adjourn.—*(Ms Diana R. Johnson.)*

2.31 pm

Mr. Andrew Dismore (Hendon) (Lab): I hope that I have rather more success with this debate than I had with my private Member's Bill.

At the start of the year, Conservative-run Barnet council announced that it intended to cut entirely warden and scheme manager services from tenants living in sheltered housing in the borough. The council makes no bones about it: this is a cut to save money. In its consultation document, one of the more outrageous ideas was to ask the elderly and vulnerable people who are affected to suggest what alternative cuts should be made if their services were to be left alone. How ludicrous is it to suggest that the elderly should be able to trawl through the council's budget to identify alternatives?

Instead, the council proposes to provide a floating support service that would be linked not to any particular sheltered housing location, but to an individual and only for a few months, with the long-term aim of ending even that inadequate alternative. It even proposes to end the dedicated alarm service. In its document, the council suggests that

"many people already living in sheltered housing are unhappy about paying charges for a service they could manage without".

That shows just how out of touch Conservative Barnet council is. Not one of the dozens of people to whom I spoke suggested that they were unhappy with the service. Every single one, though, was extremely concerned and frightened about the consequences of the council's proposals. All believed the consultation to be a complete sham, based on bitter experience of Conservative Barnet council's past consultations.

The council suggests that part of the problem is inadequate financial support from the Government, yet it has had above-inflation rises in aggregate external finance every year since we came to power bar one, the year reflecting the census. It was widely believed to have underestimated the population, but Barnet council chose not to challenge it.

If the council wants to look for savings, it should start with the 22 per cent. pay increase that Conservative councillors voted for and Labour and Liberal Democrat groups opposed. If it had not recklessly lost £27 million in speculative investments in Icelandic banks, the interest alone would have gone a long way to meeting the costs of that dangerous cut. It is not fair to expect vulnerable elderly people in sheltered accommodation to pick up the bill for the Conservatives' mismanagement of the council.

Many tenants make the point that they would not be in sheltered accommodation if they had been able to remain in their own homes. They are there because they require that support; indeed, they would not have been offered sheltered housing without first being assessed as being in need of it. The council suggest that others who are not in sheltered housing are being "discriminated against" because they receive less support. That is a false comparison, which shows the need to level service up not down, and the council's failure to provide adequate sheltered housing to those who need and want it. From my own observation, as well as tenants' own comments, it is clear that the majority would be unsafe if left on their own. They have varying degrees of frailty, many are bewildered and forgetful and it is clear that some really ought to be moved into higher dependency support. However, they manage to cope with the help of the current warden service.

Many tenants told me that they gave up larger, family-sized council or housing association properties, which are in high demand, in return for the offer of sheltered accommodation with warden support. Without wardens, the tenants would not have moved. The proposal therefore will have a deterrent effect on other elderly people occupying larger properties, because they will be less willing to downsize to sheltered accommodation.

The tenants' descriptions of the council's proposals include, "very frightening"; "people will die"; "chaos"; "it is a great injustice"; "it will cost more in the end"; and "it's diabolical to pick on the elderly".

I was also shown a number of tenancy agreements that demonstrate that a significant proportion of tenants have a contractual right to a residential warden service, and that it would be a breach of contract to remove the service.

Many health issues—perhaps the most important kind of issue—were raised with me. Individual examples include epilepsy. One resident has had three epileptic episodes; he was found promptly by the warden and an ambulance was called. The fits struck so quickly that there was no time for him to have called for help. A resident with a laryngectomy valve has just one hour to get to hospital if the valve comes out. If it does, she cannot—for obvious reasons—call or phone for help herself. She relies on the warden to do so. An oxygen-dependent tenant relies on the warden to check on his medication and the oxygen to ensure that they are being taken and used properly. Another resident said:

"I collapsed and knocked myself out. The warden came straight away."

Another commented:

"I am asthmatic and the warden regularly checks on me."

Still another asked:

"Who will let in the ambulance staff if there is an emergency?"

With no warden service, the number of calls to the emergency services will increase, because beforehand the tenants would have relied on the wardens.

However, the residents rely on wardens for help in more than just emergency situations. One said:

"The warden calls the GP if we are ill. The GP might not come if it was just us."

Another commented:

"He sits with me, reassuring me until the paramedics arrive."

Many residents told me about wardens organising GP and hospital appointments, collecting prescriptions and supporting ill tenants:

"She cooks a meal if someone is ill."

It is clear that, to the sheltered accommodation tenants, wardens are a lifeline—a word that they frequently use.

Wardens play a big role in the safety and security of their tenants and their homes. They help deter and keep out intruders, and alert the police if necessary. They check on the security of the premises, especially in the

evenings. Some tenants commented that, due to forgetfulness, doors are sometimes not secured at night. One asked:

"Who will deal with the fire brigade? Our common parts alarm is not switched through anywhere, and we rely on the warden to call them."

Another said:

"The warden checks that our smoke alarms and emergency cords work."

A third said:

"I overcooked something, and the smoke alarm went off—the warden was there immediately."

The issue of fire was also raised:

"We've had two fires. We rely on the warden to deal with the fire brigade."

In another example of forgetfulness, a tenant left her handbag on an open staircase. Luckily, the warden found it and returned it to her. The level of reassurance given by the wardens' presence cannot be overestimated—

"Every day, he checks on us."

I was also told that

"The warden holds spare keys for us, in case we lose them or urgent help is needed."

In blocks with lifts and upper floors, wardens are a vital support for tenants who cannot use the stairs unaided in the event of an emergency or lift failure. For obvious health and safety reasons, such tenants will probably have to be rehoused at ground floor level, putting additional pressure on housing stock in acute shortage. Alternatively, they will have to be housed in accommodation with higher, more expensive support.

Following the winter's heavy snow, it is not surprising that many commented that their warden cleared the paths of snow and ice. Furthermore,

"The warden made dinner for me, when the carer didn't come due to the snow."

Wardens know their own tenants well—by sight, name and behaviour pattern. They will be the first to know if someone is missing, unwell or otherwise suffering. No floating service could ever have such important, intimate knowledge of such vulnerable people.

The warden service really comes into its own when it comes to social needs. Its dedicated men and women support their tenants, in ways that go way beyond their contractual duties, out of their common humanity towards people who depend on them for help. Tenants spoke of their fear of isolation, without the social activities that wardens help to organise:

"She helps make life liveable."

Examples given to me include:

"The homely touch—she puts flowers in the reception";

"Who will put up the Christmas decorations and cook the Christmas lunch?";

"The human factor—she remembers my name";

"I can't read or write, and she reads all my letters for me. I don't want to ask others, as they'd know my private business";

and

"The warden delivers meals from the on-site restaurant to me. I'm 94 and can't walk far or prepare my own food."

Extra help given by wardens includes: information and advice; form-filling for benefits; the social club—coffee mornings, visits and outings; cooking meals for the tenants together; help with minor home repairs; changing light bulbs; help with shopping; maintaining contacts and links with residents' families; and ensuring that residents are up and about in the mornings. None of that support can realistically be given by a floating service.

As part of my research, I also contacted and surveyed sheltered accommodation tenants whose warden service had been withdrawn and replaced with a floating service. All complained of very brief visits and a lack of interaction between the visiting support worker and the tenants, either individually or collectively.

Mr. Andy Slaughter (Ealing, Acton and Shepherd's Bush) (Lab): I have listened to my hon. Friend with great interest. What he describes is not only happening in Barnet and Hendon; he may not be comforted to know that many Conservative boroughs across London, including Hammersmith and Fulham, are doing exactly the same, and it goes alongside cuts to meals on wheels, domiciliary services and all services provided for social tenants. In every single case, and despite campaigns by the GMB and other unions, the cost goes up and the service quality goes down. We are talking about a concerted political campaign against social tenants, and it is continuing throughout London.

Mr. Dismore: I am grateful for my hon. Friend's intervention. He is absolutely right. I know a little about what has happened in his borough. If my local elderly people were look at what is happening in Hammersmith and Fulham, they would fear that Barnet might follow it with serious cuts to other services such as meals on wheels.

I am sure that my hon. Friend the Minister has seen the Help the Aged booklet published earlier this year on support for older people living in sheltered accommodation; there is a lot to recommend to him in that publication.

The root cause of Barnet's cruel proposal can be found back in 2003, when the "supporting people" system was introduced, separating support services such as wardens from housing costs. I am sure that when these changes were introduced, it was not foreseen that councils such as Barnet would exploit them to cut services to vulnerable people. I urge my hon. Friend to carry out, as recommended by Help the Aged, a review of the policy on sheltered housing, including consideration of whether sheltered housing should be taken out of "supporting people" to end the artificial separation of housing management and support that will prove so detrimental to Barnet tenants if the council gets it way. We have to be absolutely clear who is responsible for what is going on in Barnet: the Conservative party, heartless, not compassionate, intends to withdraw this service.

It is clear that the council's proposals have caused immense worry and fear for the tenants who stand to lose their warden service. As part of my survey of tenants, I asked them to rate their service: only a handful gave ratings below nine or 10 out of 10, and many went even higher. Not one agreed with the council's proposals. The tenants referred to their wardens as "materfamilias", "friend and confidante", and "our guardian angel". The human cost will be fear and isolation of elderly, frail and vulnerable people—those we should be doing everything we can to support. Some will die through lack of emergency response. Others will inevitably be forced to move to more expensive forms of support, which will no doubt prove to be a false economy. These

[Mr. Dismore]

proposals cannot be justified, either subjectively from the tenants' individual viewpoints, or objectively from their impact on other council services or budgets. The proposals must be withdrawn without delay to give elderly tenants in Barnet the safety and security that they need and deserve.

2.42 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright): I congratulate my hon. Friend the Member for Hendon (Mr. Dismore) on securing this important debate on warden services in sheltered accommodation in Barnet. I have read about his hard work on this matter in his constituency carefully and followed it closely. The whole House will acknowledge that such services are vital to many vulnerable people in the borough of Barnet. My hon. Friend is a great example of a connected, responsive and campaigning constituency Member of Parliament.

I should like to do two things in responding to the debate. First, I will set out the national policy context in respect of housing and related support needs for vulnerable and older people; then, I will turn to the specific concerns in my hon. Friend's constituency. I am sure that he is well aware that this Government are mindful of the housing and support needs of all vulnerable and older people, wherever they live—whether in their own homes, with family, in supported housing such as sheltered or extra-care accommodation, or residential care establishments. The issue is becoming increasingly important as the population of this country ages. The Government's vision in this policy area is to ensure that our vulnerable and older citizens get the best housing and support services that can be provided, locally and in the most effective way.

In order to achieve that vision, we have provided unprecedented sums of money for local authorities to invest in this area. The "supporting people" programme has provided funding to local authorities to deliver housing-related support since 2003. As my hon. Friend knows, "supporting people" is a cross-cutting, preventive programme providing housing-related support to help vulnerable people to live independently. It helps more than 800,000 older people each year, enabling them to maintain their independence through, for example, sheltered housing, home improvement agency and adaptations services, community alarms, and floating support. Such support covers a large number and range of services, generally at a low unit cost, and it can secure independence for a large number of older people. The Government have invested more than £8.7 billion since the programme began in 2003, and we have announced a further £4.9 billion of funding up to March 2011. That three-year settlement will provide stability for service planning and delivery over that period. It will hopefully bring about efficiencies and economies of scale by providing certainty and longer-term contract and procurement services.

Housing-related support services are provided in conjunction with social services for those with more intensive needs. For frail older people, they can be provided in supported accommodation or, increasingly, delivered to their own homes. Those services are for a smaller number of people—some 30,000 a year—and come at a relatively high unit cost, but they still avoid the need for expensive residential care.

That example illustrates an important principle of the "supporting people" programme, namely that it is an invest-to-save budget. Expenditure of £1.5 billion in housing-related support services, alongside other expenditure costs associated with supporting vulnerable people, such as social care costs, delivers estimated net savings to the Exchequer of £2.7 billion. That comes through costs saved to the NHS and savings on the provision of long-term, expensive residential care. The model underpinning that analysis shows the value of providing good-quality, strategically relevant services to meet local needs and priorities and to support the early intervention and preventive agenda. It reduces calls on other services, such as those on the NHS through emergency admission to hospital.

In this financial year, 2009-10, for the first time the "supporting people" budget has been paid to local authorities without being ring-fenced. That provides them with an opportunity to work more flexibly and to develop new and innovative ways to support vulnerable people in a range of situations, including by delivering more holistic and needs-based services for older people.

That brings me to an important part of my speech—the devolution of responsibilities and priorities to local government. We emphasise, and I am sure my hon. Friend agrees, that it is for local authorities to decide how best to design and commission services. Central Government believe that local authorities are best placed to identify services to meet the needs of their local areas, and to balance local priorities. Central Government are not in the business of dictating to local authorities or service providers the details of what local services to provide and how, or indeed of micromanaging the delivery of those services.

However, we are equally clear that in developing and commissioning local services, local authorities should take into account the views and experiences of local service providers, local people and especially service users. I shall discuss that in relation to Barnet in a moment. Consultation and needs assessment are critical to ensuring that any changes in services are effectively managed and reflect the wishes of service users as well as enabling local authorities to meet the needs of all such users. That was emphasised in the "supporting people" strategy paper, "Independence and Opportunity", published by my Department in 2007. One of the strategy's most important features is the emphasis that it places on keeping service users at the heart of the delivery of housing support.

The importance of needs assessment and consultation with service users is also enshrined in the quality assessment framework for the "supporting people" programme, which sets out the standards expected in the delivery of "supporting people" services. It has become an essential part of the administering authorities' means of ensuring that providers deliver services to an acceptable standard and in accordance with contractual expectations. The QAF identifies methods of evidencing achievement and has been a successful practical tool for ensuring continuous improvement in services for delivering housing-related support over the past five years. We have recently raised the bar of what is expected at all levels of the QAF. Its original purpose remains—to ensure that quality standards

across the sector continue to be raised and that services evolve to meet the changing needs and aspirations of clients.

In February 2008, my Department published "Lifetime Homes, Lifetime Neighbourhoods: A National Strategy for Housing in an Ageing Society." In that strategy we set out how sheltered housing is often a positive choice for older people who want to remain independent, but who value the little bit of support or shelter and the sense of security and community that such a scheme can provide, as my hon. Friend articulated. We stated in that document:

"Sheltered housing, extra care and care homes at their best can be vibrant community hubs, tackling exclusion and promoting active ageing, even if the accommodation itself is dated."

I am also aware that a number of residents in sheltered housing across the country, not only in Barnet, are concerned about changes to resident warden schemes. This is an important and complex matter, and, in view of its seriousness, my ministerial colleague, Baroness Andrews, chaired the first meeting of the sheltered housing working group in April. The meeting brought together a wide range of interested parties, including representatives of service commissioners, providers and residents, and considered how best to support good local decision making and practice. The group agreed to take forward two discrete strands of work focusing on resident engagement and consultation, and service models. It also agreed to report to Baroness Andrews on progress in a short time.

I hope that I have made clear to my hon. Friend the Government's commitment to the matter. We believe that local authorities are best placed to decide priorities and the local design of services, but that appropriate consultation with local people should be at the heart of such design.

In that context, let me consider Barnet council. My hon. Friend set out with great eloquence and passion his concern about Barnet's priorities and consultation on the matter. As he said, Barnet proposes to reduce the amount of funding for sheltered housing by £950,000 as part of a borough-wide strategy to find £12 million of savings in the authority in 2009-10.

Of course, it is right for local authorities to examine their activities and the manner in which they provide services to ascertain whether they can provide better value for money for the taxpayer. We endorse that, and I am sure that my hon. Friend agrees. However, I have to say to my hon. Friend that the proposal and the related cuts amount to one twelfth of the financial savings required by the authority. That raises several questions, which I would like the local authority to answer. I question whether such a large proportion of cuts or efficiencies should focus on one part of the authority's activities, especially one a service for older and often vulnerable people.

I also question the timing. I am not one for conspiracy theories, but is it purely coincidental that the local authority wishes to make large cuts in money for supported people and warden services in sheltered accommodation in the first year that we state that moneys provided through "supporting people" are no longer ring-fenced? The intention behind removing the ring fencing was to allow local authorities to provide innovative solutions tailored to local needs and the wishes of the local population. We did not see the removal of the ring fence as a green light to cuts in services for the elderly and the vulnerable.

I question whether Barnet is taking into account the important principle that I mentioned earlier in respect of "invest to save". I have read correspondence on the matter, especially from Unison, and it is clear that unions and others believe that the new scheme would cost more, following the cuts in service that Barnet advocates and the subsequent increase in involvement by other statutory agencies, such as social services and the primary care trust. Unison made the good point that residents who leave hospital would have to spend time in a nursing home because there would be no one on site to monitor them closely. That obviously puts major pressure on budgets and costs in the NHS and social services.

As I have said, it is not the Government's policy or wish to intervene in the affairs and priorities of local government, which is best placed to decide what happens locally. However, I highlight to my hon. Friend my concern that, as part of the £12 million efficiencies programme, Barnet seems to focus on £950,000 of cuts in warden services and a £1.4 million direct cut in children's services—to be fair, the local authority states that changes in services will mean a corresponding increase in resources of around £970,000 for children's services. Nevertheless, there remains a cut of approximately £500,000 to children's services. There seems to be a series of cuts focused on vulnerable people and younger people in the borough. In contrast, I have been told that the proposed cuts in central expenses in Barnet amount to £14,000. Council tax payers in Barnet need to consider whether those priorities are appropriate.

I have been told that Barnet has completed the consultation on the change to its sheltered housing and warden services, but has yet to take the final decision on the budget reductions and the changes to those services. I am also aware that there is considerable interest in the outcome of the consultation and in the future service delivery and funding arrangements that Barnet plans to put in place.

My hon. Friend has led the opposition to the proposals from the front, and I again pay tribute to him. I am told that the Barnet portfolio-holder with relevant responsibility will consider the findings of the consultation later this month. I will keep a close eye on the issue, as I am sure my hon. Friend will. I hope that the portfolio-holder in Barnet will answer some of questions that my hon. Friend and I have raised in the House today.

Question put and agreed to.

2.55 pm

House adjourned.

House of Commons

Monday 11 May 2009

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

WORK AND PENSIONS

The Secretary of State was asked—

Local Housing Allowance

2. **Mrs. Linda Riordan** (Halifax) (Lab/Co-op): What proportion of claimants in each local authority were classified as vulnerable for the purposes of paying local housing allowance in the past 12 months. [273484]

The Parliamentary Under-Secretary of State for Work and Pensions (Kitty Ussher): The information is not available for the past 12 months. However, evidence from the nine local housing allowance pathfinder evaluations indicated that payments of local housing allowance were made to landlords in 12 per cent. of cases where local authorities assessed the claimant as vulnerable.

Mrs. Riordan: There is a great deal of difference in the way that local authorities handle policies on vulnerability and rent arrears in their housing allocation. Many vulnerable people are left homeless and landlords are left with rent arrears. What mechanisms are there for making sure that local authorities apply their policies properly and are there any plans to change those mechanisms?

Kitty Ussher: My hon. Friend raises an extremely important point. The guidance to local authorities on how to implement the regulations, and in particular the safeguards for vulnerable claimants, has been set out clearly. Indeed, we have provided comprehensive training and guidance material to local authorities. Like my hon. Friend, I too have been concerned that some local authorities are implementing the regulations differently from other local authorities, so we shall be reissuing the guidance. I want to make it entirely clear, and on the record, that local authorities by no means have to wait for eight weeks before reinstating direct payments to landlords. They can set their own policies in that regard and make direct payments much sooner if they think there is a likelihood that the rent will not be paid by vulnerable claimants.

Steve Webb (Northavon) (LD): The Minister will know that the effectiveness of the local housing allowance scheme depends on the definition of "local". If the local housing market is defined over a very large area, there will be parts where the rent is too high for anybody on benefit—no-go areas—and ghettoised areas where people on benefit have to live. Will the Minister commit to an early review of the definitions of local housing market areas to see whether that is happening and, if so, to redraw the local housing markets?

Kitty Ussher: The hon. Gentleman needs to check his facts. In fact, 25 per cent. of the broad rental market areas are being reviewed this year; 14 of those reviews will be published quite soon and a further 18 in the next few months, and 25 per cent. a year will be looked at. I have asked the Rent Service to prioritise areas where there was less local consensus and encourage them to involve all local authorities and interested groups, including Members, to make sure that consensus can be reached, precisely to solve the issues that the hon. Gentleman raised. However, I should also like to make it clear that local authorities have at their discretion a pot of money to ameliorate some of the effects case by case. In the vast majority of circumstances when Members have raised cases with me, the local authority has agreed the new boundaries, so the onus is on the local authority to ameliorate any unforeseen circumstances that follow.

Mr. Jim Devine (Livingston) (Lab): Will my hon. Friend review housing benefit? Many of my constituents are trapped on benefit; they have been offered jobs but are afraid to take them because as a consequence they would lose their housing benefit, and then obviously their home. Will my hon. Friend look at that?

Kitty Ussher: My hon. Friend is right to raise that point. It is precisely why shortly—in the next few months or so—we shall be starting a public consultation on what has so far been an internal review of housing benefit, designed to make sure that work incentives are at the core of the way we implement the benefit system.

David Howarth (Cambridge) (LD): May I press the Minister on the timing of the reviews she mentioned in answer to my hon. Friend the Member for Northavon (Steve Webb)? In Cambridge, there are 800 claimants whose housing benefit is being reduced because the area was drawn far too wide. A review has been under way since last year. The Minister mentioned local authorities. Cambridge city council has made its submission, backed by Shelter. How much longer do those tenants have to wait for their review to be completed?

Kitty Ussher: I mentioned in response to the earlier question that 14 reviews were being fast-tracked. Cambridge is one of those and I expect to have recommendations about what should change, if anything, in the next few weeks. Any changes will, we hope, be implemented from 1 July.

Andrew Selous (South-West Bedfordshire) (Con): It is now clear from reports across the country that not only tenants but charities helping the homeless are being very poorly served by the local housing allowance, so will the Minister agree to urgent reform of that allowance, which, frankly, is failing the very people whom it was designed to help?

Kitty Ussher: We always said that we would review the local housing allowance after two years, but the evidence so far does not bear out the hon. Gentleman's

points. In the pathfinder evaluations, it was shown that 96 per cent. of customers had a bank, building society or Post Office account, and a quarter of those had been opened in order for those customers to pay their rent. We are talking about an important policy, giving more choice to tenants. It is an important part of our plans for financial inclusion. We will, of course, listen to all interested parties, but we do not currently have the evidence that the hon. Gentleman needs to make his point.

Mr. Andrew Love (Edmonton) (Lab/Co-op): There have been reports in the newspapers that the expenditure on local housing allowance has been greater than was forecast, and that as a result the Government are considering whether those whose local housing allowance is more than the rent that they pay and who therefore benefit will lose that benefit. Can my hon. Friend report on that?

Kitty Ussher: My hon. Friend is right that the local housing allowance has proved quite generous. That is not a bad thing, particularly in the current economic circumstances, but it is right in looking across the whole of Government expenditure that people should not be able to claim in excess of what they pay for their rent. Once the economic circumstances improve, the issue is to be looked at again, and he is right to make that point. Every single person will have their rent paid if it is at or below the LHA level.

Incapacity Benefit Claimants

3. **Philip Davies** (Shipley) (Con): What plans he has to assist long-term incapacity benefit claimants to move into employment. [275495]

The Secretary of State for Work and Pensions (James Purnell): We are increasing the help available to incapacity benefit claimants, all of whom have access to back-to-work support through pathways to work. We are also taking forward the Gregg review vision that everyone should be expected to take active steps towards work in return for their benefits, except for those in the support group, who are most disabled. In the first instance, we will trial that approach for existing claimants through the invest to save funding model. We will also reassess everyone on incapacity benefit to make sure that they are on the right benefit.

Philip Davies: Does the Secretary of State not agree that the best way to get people from incapacity benefit into work is to make it as easy and least burdensome as possible for employers to take on new people? Would not that be the best approach to take, rather than ridiculous politically correct initiatives such as the Equality Bill, which the British Chambers of Commerce says will discourage job creation in this country?

James Purnell: It is very important for us to provide people with help to get back into work, and to improve the incentives for getting back into work. That is why we are re-testing everybody on incapacity benefit to make sure that they are on the right benefit. That is why we have tightened the gateway to make sure that only the right people get on to the benefit, and that is why we will require everybody for whom it is appropriate to have back-to-work support. The one thing that we will not do is abolish the minimum wage, to which I think the hon. Gentleman is referring. He is the promoter of a Bill on the issue, which will come before the House on Friday. I hope that everyone, including Conservative Front Benchers, will oppose it, and make it clear that that is not the way that we should go.

Jeff Ennis (Barnsley, East and Mexborough) (Lab): In response to what my right hon. Friend just said, before the national minimum wage came in, 17 per cent. of my constituents were on wage rates of £2 per hour or less; some were on 99p per hour. We need to push more worklessness projects that give people who are on incapacity benefit opportunities to move gradually from benefit into work. As my right hon. Friend will know, such an approach has been championed by the worklessness tsar, the leader of Barnsley metropolitan borough council, Steve Houghton, who is doing some great things in that respect.

James Purnell: My hon. Friend is absolutely right, and we strongly welcome the Houghton review. He recommended that we invest money in helping local authorities to prevent the kind of worklessness that occurred in the past, and I am glad to say that that is exactly what we are doing.

Sir Nicholas Winterton (Macclesfield) (Con): Will not the Secretary of State deal with part of the question that my hon. Friend the Member for Shipley (Philip Davies) put? Should we not seek to minimise the cost to employers of employing people? That is, should we not provide them with an incentive, particularly at this time, to employ people? Unemployment is rising dramatically. We want more people in work, even if they are from among those on incapacity benefit. Does he not think that the Government should give more thought to assisting employers and providing them with incentives to employ people?

James Purnell: Of course we should minimise regulation, but I do not think that there is a contradiction between supporting equality and helping more people into work whatever their background, and getting people into work. Knowing his views, I do not think that the hon. Gentleman does either. It is important to point out that the hon. Member for Shipley was talking about abolishing the minimum wage, showing that such views still obtain in some parts of the Conservative party today. *[Interruption.]* It is a Bill that comes before the House on Friday, and the hon. Gentleman is promoting it. It is important that people know about it.

Mr. David Clelland (Tyne Bridge) (Lab): My right hon. Friend will know that it is not only those people who suffer from incapacity but those who care for them who find it difficult to move back into work, not least because if they earn one penny more than £95 a week they lose their entire £55 carer's allowance. When will my right hon. Friend remove that disincentive to work?

James Purnell: My hon. Friend makes an important point, and we are improving our help for carers to get back into work. Carer's allowance is clearly supposed to be a replacement income for people who cannot work, and therefore it has never had that structure in the past. However, we said in the carer's strategy review that we would keep on looking at the issue, and we will do so.

Mr. Mark Harper (Forest of Dean) (Con): The Secretary of State referred to existing incapacity benefit claimants and the importance of getting them into work, and he will know that nearly 1.2 million incapacity benefit claimants are over the age of 50. Under his Government's proposals, those people will be offered only one work-focused interview to help them get back into work, and that is clearly not going to be adequate. Significant numbers have been out of work for more than five years—

The Minister for Pensions and the Ageing Society (Ms Rosie Winterton): The minimum wage?

Mr. Harper: The right hon. Lady says, "The minimum wage". No Opposition Member has mentioned the minimum wage, so why do we not just stick to the questions and the answers? Will the Secretary of State explain how one work-focused interview for those 1 million people over 50 will help them get back into work?

James Purnell: It is not surprising that the Opposition Front-Bench team do not want people to be reminded of their record on poverty wages. On the hon. Gentleman's—*[Interruption.]* If he will just calm down for one second, he will hear that, on his question, he is wrong about the facts: people can volunteer for far more than that which he described. We are the first Government to require people to take part in work-focused activity, and that contrasts with the previous recession, when 1 million people went on to incapacity benefit. They were encouraged, sometimes forced, to go on to it by the Opposition, and they were trapped there, because they were offered no help to get back into work or back to health. It is a record that, frankly, he should be extremely embarrassed about, and I am therefore surprised that he wants to contrast his Government's record with ours.

Local Housing Allowance

4. **Willie Rennie** (Dunfermline and West Fife) (LD): What assessment he has made of the effectiveness of the operation of local housing allowance. [273486]

6. **Andrew Stunell** (Hazel Grove) (LD): What assessment he has made of the effectiveness of the operation of local housing allowance. [273488]

The Parliamentary Under-Secretary of State for Work and Pensions (Kitty Ussher): Local housing allowance is a simpler, fairer and more transparent system of help with rent for people on benefits or low wages. It is designed to promote personal responsibility over payment of rent and to ensure that people do not face disincentives to move back into work.

We are, as I said in an answer to a previous question, closely monitoring how the scheme works in practice and have committed to completing a full review over a two-year period from the commencement of the scheme's roll-out in April 2008.

Willie Rennie: The Minister will have seen reports that about half of all landlords are considering getting out of the housing benefit market because they have lost complete confidence in the system, mainly through tenants who are unable to pay their rent on time. The situation has a significant impact on the finances of landlords' businesses, and it could, in turn, have a significant impact on homelessness. What is the Minister prepared to do—further to the flexibility that she discussed earlier—to ensure that that drastic measure is not taken?

Kitty Ussher: There are quite a lot of things going on in the housing market at the moment, and we do not have the evidence that those changes mean that landlords are withdrawing from the market. In fact, overall, there has been a slight increase in the number of rented properties in the market throughout the country. As I said, we are ensuring that local authorities completely understand that they have the flexibility to reinstate direct payments if they think that the tenant is vulnerable; the authority does not have to wait eight weeks to do so; and we will complete a full review at the two-year anniversary of the scheme. The review will include proper research and data collection, rather than simply the rumours that the hon. Gentleman is clearly trying to promulgate.

Andrew Stunell: Does the Minister recall the time when her hon. Friend the Member for Sunderland, South (Mr. Mullin) was Minister and housing benefit local areas were expanded? Hazel Grove, a constituency with high property and rental values, was linked with inner Manchester, leading to "economic cleansing" of poor tenants in my constituency. Will she undertake to ensure that, in the review, Stockport will be restored as a separate local housing allowance areas, allowing the poorest in my community to remain in that community when they need to do so?

Kitty Ussher: I will not, because I will take the advice of the Rent Service. However, as I said in response to a previous question, we will be reviewing 25 per cent. of broad rental market areas each year. I advise the hon. Gentleman to engage fully with the Rent Service in England, to make his points clearly.

Rosie Cooper (West Lancashire) (Lab): Does my hon. Friend agree that it is important for there to be a wide range of organisations involved in the provision of training and support, developing skills and experiences for people with disabilities? I commend the Brighter Future Workshop and Midstream, two organisations in my local area that do a grand job with people of varying ranges of disability. I invite my hon. Friend to visit any time she can.

Kitty Ussher: I completely agree with my hon. Friend, and I would be delighted to visit.

Jobseeker's Allowance

5. **Mr. Andrew Robathan** (Blaby) (Con): What his most recent estimate is of the (a) number of claimants of and (b) percentage of the work force claiming jobseeker's allowance in (i) Blaby constituency and (ii) the UK. [273487]

The Minister for Employment and Welfare Reform (Mr. Tony McNulty): In March 2009, there were 1,662 jobseeker's allowance claimants in Blaby constituency

and 1,523,482 such claimants in the UK. Those figures represent 2.7 per cent. and 4 per cent. of the working-age population respectively.

Mr. Robathan: Behind those statistics can lie personal tragedy—not only for the person who has lost his or her job, but for their immediate family. We all recognise that. I understand that new statistics are to come out this week. Can the Minister estimate what the next monthly rise in unemployment will be, and what he expects the unemployment figure to be on 1 April next year, which will probably be just before the general election?

Mr. McNulty: The hon. Gentleman will know that the statistics are owned by the Office for National Statistics; it is not for a Government Minister or anybody else to speculate before their arrival on Wednesday at 9.30.

John Mann (Bassetlaw) (Lab): Does the Minister have any estimate of how many of the figures for the UK relate to Eddie Stobart Ltd? That company has been abusing the TUPE legislation across the country to make large numbers of people redundant in small groups. It has failed to consult properly or pay for proper consultancy, including in my constituency.

Mr. McNulty: I understand my hon. Friend's point, but I do not have to hand the figures to which he alluded at the start of his question.

Peter Bottomley (Worthing, West) (Con): How many constituencies now have a higher number of people out of work and claiming benefit than they did in February 1997?

Mr. McNulty: Again—an interesting point, and a fair one. The House of Commons Library issues such data regularly. I do not have them about my person, but I will make sure that the hon. Gentleman gets a copy of the very latest after Wednesday's figures.

Mrs. Theresa May (Maidenhead) (Con): In his response to my hon. Friend the Member for Blaby (Mr. Robathan), the Minister refused to speculate about this week's unemployment figures. Today, the Chartered Institute of Personnel and Development has said that the labour market will deteriorate further in the next 12 months and that unemployment will inevitably rise to more than 3 million by spring next year. Does the Minister agree?

Mr. McNulty: As the right hon. Lady will know, under the established statistics arrangements it is not my place to speculate about Wednesday's figures. The CIPD always brings out its forecast at around this time. I know one thing for certain: unless the right hon. Lady signs up in total to the nearly £5 billion of extra support that we are putting into Jobcentre Plus and assorted other employment interventions, unemployment will be a lot higher than it is otherwise likely to be.

Mrs. May: I suggest that the Minister speaks to his Treasury colleagues; the figures that they put in the Budget—in the Red Book—suggest that unemployment will reach more than 3 million in 2010.

The Minister talks about the steps taken by the Government. The economy has not been growing for a year, yet most of the Government's measures to help businesses are only just coming into operation. Unemployment has been growing for well over a year, yet contracts for the flexible new deal have been postponed and the guarantee for young people under the future jobs fund will not come into operation until next January. Today the CIPD says that 40 per cent. of organisations have made contingency plans to make more redundancies over the next 12 months. The Government continuously claimed that Britain was well placed to weather the recession. Are we not now paying for their complacency in lost jobs?

Mr. McNulty: Quite the opposite. It has been estimated that many of the macroeconomic interventions made over the past year have saved the best part of half a million jobs. The right hon. Lady is entirely wrong to suggest that the flexible new deal has been postponed in any way, shape or form. The Budget put more money into the flexible new deal, rather than otherwise. I repeat: none of these things would happen under her Government, because she cannot commit to the extra £5 billion that is put in through the rapid response service, at pre-redundancy stage, all the way through to what we are doing for people at 12 months. She should listen to her Conservative colleague, the leader of Bradford council, Margaret Eaton, who welcomed the jobs guarantee fulsomely, to the point of embarrassment. I welcome that. I hope that the right hon. Lady's local council, as well as that of every other hon. Member, will be bidding for the future jobs fund and the guarantee.

Women Pensioners

7. **Mr. Laurence Robertson** (Tewkesbury) (Con): What recent assessment he has made of levels of poverty among women pensioners aged over 74; and if he will make a statement. [273489]

The Minister for Pensions and the Ageing Society (Ms Rosie Winterton): Through targeted support, and more than £13 billion-worth of extra funding, the number of pensioners in relative low income has fallen by 900,000 since 1997. Since 1997, the number of female pensioners aged 75 and over in relative low income has fallen by 300,000.

Mr. Robertson: I thank the Minister for that answer. However, she will be aware that there is a great deal of poverty among older pensioners, particularly women. For example, Age Concern and Help the Aged estimate that only 30 per cent. of women retire with a full basic state pension. I am aware of the other things that they can claim for, but the fact that they are a lot older often means that they do not do so, and that they live in poverty, particularly the older they get. Is there anything else that the Government can do to address that particular issue?

Ms Winterton: We have made changes in reducing the number of qualifying years for women so that they will be able to get easier entitlement to state pension. We are also bringing in carers credits and grandparents credits so that they can claim national insurance credit. As a result of those changes, by 2025 more than 90 per cent.

of women reaching state pension age will be entitled to the full basic state pension compared with under half today. At the same time, it is important that we ensure that people take up their full entitlements to things such as pension credit.

Mr. Richard Caborn (Sheffield, Central) (Lab): I thank my right hon. Friend, on behalf of my 92-year-old mother and all the Yorkshire pensioners, for the advances that have been made since 1997. Unfortunately, we had one of the worst records, but now we have had the greatest decrease in pensioner poverty throughout the whole of the English regions. I thank the Government on behalf of all the pensioners of Yorkshire.

Ms Winterton: My right hon. Friend is absolutely right, once again, to say that in 1997 some 32 per cent. of pensioners in Yorkshire and the Humber were living in poverty. The most recent figures show that that has fallen by 14 percentage points, which is the biggest percentage decrease of all the regions. At the same time, I am sure that he will look to the future and endorse what has been said from the Government Front Bench—that the implications of abolishing the national minimum wage would be enormous for future pensioners, who would then be reduced to poverty.

Anne Main (St. Albans) (Con): Numerous pensioners aged 74 and over caught up in the Equitable Life disaster would wish to have their pensions at a fair and reasonable level. Since Ann Abraham concluded last week that the scheme that the Government have set up is not what she had in mind, will they now consider fairly compensating those pensioners so that they do not find themselves with low incomes?

Ms Winterton: As the hon. Lady will know, the Government have responded to this matter. The most recent announcements were made by the Treasury, and she will know about the ex gratia payments with regard to the Equitable Life pensioners.

David Taylor (North-West Leicestershire) (Lab/Co-op): We have certainly made enormous progress in this Government's first 11 years, but the Institute for Fiscal Studies reported last year on the higher inflation rates that affected the poorest pensioners, with a higher average impact than on the rest of the population. As a result, 800 pensioners per day were passing unseen and unheard into the official definition of poverty, making the total number 2.5 million. What does the Minister project will happen in April 2010, when the basic state pension will go up by £2.40 a week but the prices of food and fuel, two of the core items of expenditure for the poorest pensioners, will no doubt be soaring away at a rate much greater than that?

Ms Winterton: My hon. Friend is quite right to point to the IFS report, which also stated that in the longer term pensioners were no more likely than other sections of the population to be affected by the increases in food and fuel prices. However, those rises are exactly why this year we have increased winter fuel payments, increased the Christmas bonus allowance by £60 and tripled cold weather payments. There were also a number of measures in the Budget—for example, to take pensioners out of paying tax. In the round, we have certainly made an effort to respond to rising food and fuel prices. As some of those prices decrease, pensioners will feel the effect to their benefit.

Michael Fabricant (Lichfield) (Con): In the round, as the Minister puts it, Help the Aged states that 4.5 million pensioners who are entitled to means-tested benefit are not getting it, simply because it is so complicated to apply for it. What can the Government do to ensure that people who are not entitled to benefits do not get them, while at the same time ensuring that weak, elderly, vulnerable people who are entitled to such benefits can receive them easily and promptly?

Ms Winterton: The hon. Gentleman is quite right. As I said, we are now spending £13 billion more than we would have been spending had we pursued the policies of the previous Administration, and we are particularly targeting that extra spending on the most vulnerable pensioners. Problems with the take-up of benefits apply often not just to pension credit but to housing and council tax benefits, for which people do not necessarily apply, and that is why we have made a key change so that, from October, by making one telephone call pensioners will be able to get not only their basic state pension credit but council tax and housing benefits. That will make things simpler in exactly the way that the hon. Gentleman outlines.

Jobcentre Plus (Staffing)

8. **Liz Blackman** (Erewash) (Lab): What assessment he has made of the adequacy of staffing levels in Jobcentre Plus; and if he will make a statement. [273490]

The Secretary of State for Work and Pensions (James Purnell): We recognise that Jobcentre Plus is facing an increased work load as a result of the economic downturn. Thanks to the funding assigned in the Budget, Jobcentre Plus will be able to recruit 10,000 more staff in addition to the 6,000 new staff already provided for in the pre-Budget report. The increase in resources will enable Jobcentre Plus to maintain the provision of flexible, responsive and targeted support to help move people into work as quickly as possible.

Liz Blackman: I thank my right hon. Friend for that answer. May I tell him that Derbyshire Jobcentre Plus is well on target to meet the Department's required recruitment levels at both clerical and executive grades? The capacity and expertise are therefore already in place at local level. However, what are my right hon. Friend's contingency plans should further demand on Jobcentre Plus become evident?

James Purnell: Clearly, we will look at that at each pre-Budget report and Budget, but we believe that we have put in place the right number of people for the situation that we face. I am sure that my hon. Friend would join me in taking this opportunity to pay tribute to Jobcentre Plus staff, who are doing a fantastic job. They are coping with almost twice the number of claims of two years ago, but processing benefits three days quicker. We should recognise that in the House.

Phil Wilson (Sedgefield) (Lab): I recently held a series of surgeries with Jobcentre Plus in my constituency. About a third of those who attended gained work within six weeks. Is there any flexibility in the Jobcentre Plus budget to ensure that more such community-based activities can take place, so that we can utilise the good practice of action teams and pathways to work?

James Purnell: Absolutely. We would be very happy to help any hon. Member from any part of the House who wanted to provide such a service to their constituents. I congratulate my hon. Friend on the initiative he has taken, and in particular on bringing together a number of agencies to help people who will be worried about how quickly they can get back into work. It is an excellent initiative that we are happy to support.

Mr. Frank Field (Birkenhead) (Lab): May I make a suggestion to the Secretary of State on behalf of those of our constituents who have worked all their lives and who now find themselves unemployed? They are often horrified by the treatment they receive from Jobcentre Plus. They accept that in the past, there have been people who were not all that keen to work. Jobcentre Plus has been geared to trying to make the transition from benefit to work easier for those people. However, those who have worked all their lives feel that the mechanical way of interviewing them, with interviews over very short periods, means that they do not get a fair share of the Department's resources. I know that those on the Treasury Bench have to say, "It's all hunky-dory; everything's working brilliantly," and I do not expect my right hon. Friend to depart from that line, but might I ask him to take—

Mr. Speaker: Order. Other Back Benchers must get in.

James Purnell: I do take my right hon. Friend's point, but I am sure he recognises that coping with nearly twice as many people coming through has been a significant challenge. The fact that people's benefits are being paid and that we are maintaining the active labour market regime is an achievement for Jobcentre Plus. He is right, however, to say that we need to put more resources into ensuring that everybody gets a good service, not just certain groups of the population. He knows, for example, that we have worked with more than 300 private sector recruitment agencies to provide a service specifically for professionals who are signing on for the first time, but we want to ensure that we support everybody who claims in getting back into work. My right hon. Friend will be glad to know that more than 1 million people have left JSA over the past four months, which shows that the active regime we have put in place is working.

Mr. Lindsay Hoyle (Chorley) (Lab): Is my right hon. Friend aware that there are constraints on Jobcentre Plus managers? We ought to give them more flexibility and a budget that they can use with individuals for training. A job can come up, but managers do not have the flexibility to say, "Yes, you can go on that training scheme, which will ensure that you get a job in future." Can my right hon. Friend give more flexibility and devolve a budget to each Jobcentre Plus office?

James Purnell: My hon. Friend will be glad to know that that is exactly what we propose to do with the adviser discretionary fund—we always take his suggestions very seriously. We are increasing the adviser discretionary fund, which will pay for costs that need to be borne to get people back into work, such as the cost of buying a suit for an interview, or of getting qualifications in order to get people into vacancies in their areas. I am sure that all parties in the House will support that.

Jobseeker's Allowance

9. **Alistair Burt** (North-East Bedfordshire) (Con): How many jobseeker's allowance claimants there were in (a) March 2008 and (b) March 2009 in (i) the UK and (ii) North-East Bedfordshire constituency. [273491]

The Minister for Employment and Welfare Reform (Mr. Tony McNulty): In March 2008, there were 842,827 jobseeker's allowance claimants in the UK and 686 in North-East Bedfordshire. In March 2009, there were 1,523,482 jobseeker's allowance claimants in the UK and 1,812 in North-East Bedfordshire.

Alistair Burt: The Minister will appreciate that he has announced in his figures an increase in unemployment in my constituency over a year of 164 per cent. Is he concerned about the number of reports from local businesses that have failed to get information from the Government about schemes that have been announced that might help their businesses? Those businesses' failure to access that information is costing jobs. Is he concerned that his efforts to reduce unemployment are undermined by a failure of joined-up government and a failure on the part of the Department for Business, Enterprise and Regulatory Reform to get that information to companies that might find it helpful in keeping jobs?

Mr. McNulty: The hon. Gentleman raises a fair point. I would have shared some of that concern in the past, but I know that, certainly over recent months, more and more of both the information and the delivery of those programmes and interventions are getting through to businesses and making a difference to local initiatives and local employment opportunities.

Derek Twigg (Halton) (Lab): What are the Government doing to help former members of the armed forces—particularly those who have been injured or wounded as a result of their service—to get jobs, and has there been any special advice from, or linkages with, the Ministry of Defence on that?

Mr. McNulty: I can tell my hon. Friend that I have had a couple of meetings with colleagues in the Ministry of Defence on precisely that point. We are looking at trying to do something specific, especially for longer-term leavers, around Catterick and other departure points from the armed services. It is more difficult in the case of those who are in the services for only three or four weeks, decide they do not want to do it and come out. We are looking to get armed services advisers in at least the key Jobcentre Plus offices close to facilities where the armed services are. I will write to my hon. Friend in more detail about the specifics regarding those who leave wounded or incapacitated and who cannot go back into the armed services. He makes a very strong point all round.

Mr. James Clappison (Hertsmere) (Con): Ministers continually talk about the extra money they say they are spending, but they consistently fail to put in place the help that people need at the time when they need it. Given the figures that the Minister has just revealed, which show a significant increase in the number of people claiming jobseeker's allowance—it is now up to 1.5 million—it is sadly very likely that there will be an increase in the number of long-term unemployed people by next summer. We have learned that existing contracts to help the long-term unemployed run out at the end of June, while the flexible new deal, apparently, does not begin until October. First, will the Minister assure us that a system of referrals will be in place to help the long-term unemployed throughout the whole country from June until this October? Secondly, will he give a guarantee that the flexible new deal will start as planned this October? We want a guarantee, please.

Mr. McNulty: I am afraid that the hon. Gentleman's starting premise is entirely wrong. We are deliberately ensuring that the almost £5 billion we are investing in Jobcentre Plus and employment opportunities goes across the piece. It is helping before redundancies, with our rapid response services. It is helping people who, unfortunately, find themselves unemployed and for whom the experience is brand new. It is helping people through the more enhanced packages for those with three months' unemployment, six months' unemployment—packages to which all long-term unemployed people will be referred from June and October and beyond—and 12 months' unemployment.

The hon. Gentleman is quite right to imply that we have had to adjust things. After 10, 11 or 12 very fruitful years for the labour market and employment, when the focus has been on the longer-term unemployed, we have had to bring much of that support forward to much earlier in the process. That is precisely what is happening. There is no reason at all to suggest that the FND will be introduced at any time other than in October, as planned.

Jobseeker's Allowance

10. **Mr. Shailesh Vara** (North-West Cambridgeshire) (Con): What proportion of the population in (a) the UK and (b) North-West Cambridgeshire constituency is claiming jobseeker's allowance. [273493]

The Minister for Employment and Welfare Reform (Mr. Tony McNulty): In March 2009 the proportion of the population in the UK claiming jobseeker's allowance was 4 per cent.; in North-West Cambridgeshire it was 3.8 per cent.

Mr. Vara: I am grateful to the Minister for that reply. However, he will be aware that 288,000 new unemployed claimants appeared on the register in the first quarter of 2009—a rapid rise, and the fastest of any quarter. Is that what the Minister meant when he talked of light being at the end of the tunnel?

Mr. McNulty: The direct reference to light at the end of a tunnel came in a rather long-winded and tortuous sentence. It started with, "These are very bad figures and I fear that they are going to get worse." In the middle came something like, "But recession is not the default mode of the British economy," as I recall, and then, "And there will be light at the end of the tunnel." Plenty in the media scrunched all that down to: "Village idiot Minister says that there is light at the end of the tunnel because the figures are so bad." The hon. Gentleman needs to go back to the original quotation, rather than relying on the selectivity of parts of the media.

Mr. Peter Bone (Wellingborough) (Con): Unemployment in Wellingborough, unfortunately, is more than two thirds higher now than it was under the last Conservative Government. I wondered whether that was unique, so I checked. On average, in all Conservative-held constituencies in the country, unemployment is higher now under Labour than it was under the Conservatives. Does the Minister agree that Labour still is not working?

Mr. McNulty: No, and nor would I agree with the hon. Gentleman's support—I have not heard that he feels otherwise—for those Conservative Front Benchers who do not support the £5 billion package that will help in his area, as it will elsewhere. I certainly would not agree with him, given that he is, I think, a signatory to the outrageous little Bill that will seek to abolish the national minimum wage this Friday.

Pensioner Poverty

11. **Mr. Andrew Mackay** (Bracknell) (Con): What steps his Department is taking to alleviate pensioner poverty; and if he will make a statement. [273494]

The Minister for Pensions and the Ageing Society (Ms Rosie Winterton): Compared with 1997, we are now spending £13 billion more per year on pensioners, particularly those on the lowest incomes. As a result, we have lifted 900,000 pensioners out of relative poverty.

Mr. Mackay: When I was manning a stall in Bracknell town centre recently and asking people to sign a petition on pensioner poverty, a large number of pensioners asked me why the Chancellor had not zero-rated or stopped taxing their unearned income, given that they were on the basic rate of tax. I could not answer that, and I cannot believe that he has not done so. Perhaps the Minister would like to explain why that has not happened.

Ms Winterton: I am sure that the right hon. Gentleman will have taken the opportunity, when discussing these matters with pensioners, to point out that we are spending £13 billion extra on pensioners this year, and that, over the term of this Government, we are spending £96 billion more than we would have spent had we followed the policies of his Government when we came to power. I am sure he is also aware that the changes to personal allowances in the recent Budget mean that almost half of pensioners do not pay tax at all.

Topical Questions

T1. [273507] **David Wright** (Telford) (Lab): If he will make a statement on his departmental responsibilities.

The Secretary of State for Work and Pensions (James Purnell): We want people to have the support they need to get back to work quickly. That is why, last month, we

extended our local employment partnership programme to help newly unemployed people as well as disadvantaged jobseekers. I am pleased to confirm that, in the last financial year, these local employment partnerships have been highly successful. More than 20,000 employers have recruited more than 146,000 people, which is 40 per cent. more than expected for the year. The number of people moving into work through local employment partnerships continues to grow, increasing by almost 500 a week over the last quarter, proving that, even in these difficult times, we are still helping disadvantaged customers into jobs in significant numbers.

David Wright: During the 1980s, very little support was available to help young people to find work or training. I am conscious that the Government want to put together partnerships with local government, training providers and local employers to ensure that young people have the opportunity to enter work quickly. What advice can my right hon. Friend give to local MPs on helping to put together those partnerships? Is it not important that local authorities of all political persuasions come forward and play the game?

James Purnell: I am sure that they will. As my right hon. Friend the Minister for Employment and Welfare Reform mentioned, the Conservative chair of the Local Government Association has strongly welcomed this scheme, and I urge all Members to work with local authorities, charities and social enterprises to bid for the future jobs fund, to ensure that we do not repeat the mistakes of the past, when a generation was left on the scrap heap. Instead, we can guarantee to find young people work or training within a year, and hopefully much faster than that.

Mr. Graham Brady (Altrincham and Sale, West) (Con): The Secretary of State will know that many elderly people in private residential homes are struggling to pay their fees. Why are those living in such homes not able to receive the winter fuel allowance, when they could if they were living in their own homes and paying for fuel and lighting?

The Minister for Pensions and the Ageing Society (Ms Rosie Winterton): The first reason is that, in many instances, the cost of the fuel is covered by the fees that are paid by, for example, a local authority. The second reason is that if fees are paid to the home privately, the energy costs are considered to be taken within the payments made. I have looked at this issue closely, and I can assure the hon. Gentleman that we feel that this cost is covered by the fees that are often paid by the local authority.

T2. [273508] **Mr. John Grogan** (Selby) (Lab): Carers week, in early June, will celebrate and recognise the role of the United Kingdom's 6 million carers. What measures are Ministers taking to assist carers, whether they are in work or not?

The Parliamentary Under-Secretary of State for Work and Pensions (Jonathan Shaw): I thank my hon. Friend for raising the issue of carers. He will be aware that the Government are investing more than £255 million to support carers in the short term. That includes £150 million to allow carers to have planned breaks, £38 million from my Department to help carers re-enter the job market and, importantly, £6 million from the Department for Children, Schools and Families to support young carers in the work they do. We have set out our carers strategy and are looking at reforming the benefit system, so as to avoid some of the complexities that carers complain about.

T3. [273509] **John Barrett** (Edinburgh, West) (LD): Many benefit claimants are going to experience real hardship when their payments are moved from weekly to fortnightly in arrears, and they have been told that the answer is to take out a loan to repay the weekly amount. How will this change benefit recipients, rather than just the bureaucrats?

Ms Rosie Winterton: The reason why we are making these changes is, in a sense, to simplify the overall system. At the moment, some benefits are paid in arrears and some are paid in advance, which has caused confusion for recipients. On the loan, the idea is to give people a payment up front, so that they will still have the money and nobody will lose out as a result of the changes. The loan will ensure that people do not face difficulties in the transition period.

T4. [273510] **David Taylor** (North-West Leicestershire) (Lab/Co-op): The reduction in interest rates is clearly having a serious impact on pensioners' income from savings, but the problem is aggravated for those on pension credit as a result of the official assumption that for every £500 over the threshold, a pound a week in interest is generated. That works out in the calculations as an annual rate of 10.4 per cent., which is clearly well detached from reality. Is there nothing we can do in these particularly difficult times to reform that assumption, which has essentially been inherited from previous Administrations—in the plural?

Ms Winterton: First, the assumption made in respect of the tariff income has never had anything to do with interest rates. It was laid down in legislation. We changed the position so that instead of assuming a pound for every £250 of savings, which was the case under the previous Administration, we make that assumption for every £500. We reduced the upper limit so that people could go much higher up the scale before they started to pay. In the recent Budget, following representations from hon. Members and a number of charities and organisations representing older people, we have changed the amount at which people have to start making a contribution from £6,000 to £10, 000.

T6. [273513] **Philip Davies** (Shipley) (Con): When in opposition, the present Prime Minister said that he wanted to see the end of means-testing for elderly people, and I think he was right to do so because means-testing penalises people who have done the right thing, worked hard, been thrifty and tried to save a bit for their old age. Given that the Government have expanded means-testing by an astronomical amount, will the Minister explain why the Prime Minister was wrong?

Ms Winterton: When we came into power, we said we would make the system for claiming extra benefits simpler. If the hon. Gentleman wants to abolish means-testing altogether, that will, of course, benefit the wealthiest

people more. What we have done is to target money on the most vulnerable people. As I have said, overall, £96 billion more has been spent on pensioners under this Government, but what we have not done is to take away means-testing entirely, because that would have the greatest effect on the poorest people in our society.

T9. [273516] **Lyn Brown** (West Ham) (Lab): Ministers will be aware that Labour Members, particularly those in London, have been campaigning hard for changes in the housing benefit regime, particularly with regard to high-rent and low-wage areas and the phenomenon known colloquially as the "cliff-edge", which disincentivises work. What progress has been made on this issue?

The Parliamentary Under-Secretary of State for Work and Pensions (Kitty Ussher): I am grateful to my hon. Friend for her question and I am indeed extremely aware of the campaign that she and other hon. Friends have run, which has been very effective. I am particularly concerned, as she is, about work incentives for people in low-income areas who face high rents. That is a real problem in her constituency and in a number of others, quite a few of which are in London. That is one reason why we are looking at the whole operation of housing benefit, and I hope to publish a consultation paper on this very point in the next few months.

Ann Winterton (Congleton) (Con): May I pick up a point made by the right hon. Member for Birkenhead (Mr. Field)? Given the current background of large increases in the number of redundancies and the lowest number of job vacancies coming on to the market since records began in 2001, will the Minister ensure that the newly unemployed receive the maximum possible assistance, that they are treated sensitively, that they are encouraged to widen their choice of jobs, and that it is pointed out to them very firmly that it is easier to improve one's position when one is in employment—that is, to move from one job to another—than to obtain one's first job from a position of unemployment?

The Minister for Employment and Welfare Reform (Mr. Tony McNulty): All that is rooted in precisely what we are doing with the £5 billion of extra investment. As I said earlier, we have had to change the model slightly to offer much, much more both pre-redundancy with the rapid response service and when a person is first made unemployed, and then again after three and six months of unemployment. However, the hon. Lady has made a fair point, and I take it seriously. Given the present downturn, we are ensuring that Jobcentre Plus is learning all the time, and that it treats people differently if, for instance, they have a history of 15 or 20 years' successful employment or come from backgrounds or professions that make them unaccustomed to using its services.

T7. [273514] **Michael Fabricant** (Lichfield) (Con): What is the Department's attitude to access to vouchers for food banks? Social services, the probation service and health visitors all provide such vouchers, but when charities want to provide them at Jobcentre Plus offices many refuse to issue them, saying that it is wrong and that according to the Department's guidance they should not be issued. Why are the Jobcentre Plus offices doing that, and is it right?

Mr. McNulty: I will certainly take the matter up further for the hon. Gentleman, but his starting premise is correct: the advice is not to disseminate information or procedures of that kind for the use of third parties, at least those in the public sector. However, the matter has been raised with me before, and I will take it up and get back to the hon. Gentleman.

Mr. Jim Devine (Livingston) (Lab): Does my right hon. Friend recall that when the Conservatives were in power, high unemployment was a price worth paying, if it wasn't hurting it wasn't working, and a whole generation was abandoned to poverty and benefits? Is it not the case that we are trying to stop—

Mr. Speaker: Order. The hon. Gentleman should ask a question. We have heard that statement and that speech before.

Sir Patrick Cormack (South Staffordshire) (Con): Given that the Secretary of State has talked about helping the disadvantaged and given that these are topical questions, may I ask what message he has for the disadvantaged victims of Equitable Life, who are the subject of repeated pleas by the ombudsman in unprecedented critical reports?

James Purnell: As the hon. Gentleman knows, we have said we will make ex gratia payments and also apologise where appropriate. As he also knows, the problem happened under both Governments and we have taken steps to put it right. If he has further proposals, he should say how he would fund them.

T8. [273515] **Mr. David Amess** (Southend, West) (Con): The Building Societies Association has suggested that the Equality Bill could outlaw "silver saver" accounts for over-50s, which would mean diminishing returns on savings for many hard-pressed senior citizens in Southend, West. What are the Government going to do about that?

Ms Rosie Winterton: I assure the hon. Gentleman that we do not believe that the Equality Bill would have the effect that has been alleged on "silver savers". I should add, however, that we shall be consulting on some of the detail in the coming weeks to ensure that there is no such detrimental effect, and that it is possible to make available products aimed at particular age groups.

Mr. Lindsay Hoyle (Chorley) (Lab): Will my right hon. Friends on the Front Bench consider introducing a short-time working subsidy in order to keep people in employment, rather than paying them to be unemployed? That would be a way of ensuring that people are in the right place when we move forward and the economy picks up. Rather than trying to find the skills afterwards, we could keep the skills and allow people to be trained in the workplace.

James Purnell: I am sure my hon. Friend will welcome the fact that, thanks to tax credits, more than 300,000 people are getting an extra £35 a week to soften the blows from the current recession. He will also welcome the fact that people who are working short-time can claim JSA for a short period, and he may want to make that known to his constituents. What is most important, however, is that we take the necessary action to get the economy going again and to support confidence. We believe the actions we have taken have saved 500,000 jobs so far, and we will continue to do more.

Speaker's Statement

3.30 pm

Mr. Speaker: Members will be aware of the unauthorised disclosure of material relating to their allowances, which has appeared in the press on Friday and over the weekend. This has caused great public concern.

Leaving aside the legal aspect, to which I shall return in a moment, the House has to make serious change to the system of allowances. Right hon. and hon. Members will know that we have been working to new rules from 1 April. We also know that there will be further changes, with proper, independent audit assurance. But working to the rules and the rules alone is not what is expected of any hon. Member; it is important that the spirit of what is right must be brought in now. We are also setting up an operational assurance unit with independent oversight to secure the proper handling of claims. This will be operating very shortly.

To return to the legal aspect, the Clerk of the House immediately sought advice. He was advised that there was no real basis for seeking an injunction but that there was some basis for considering that a criminal offence or offences may have been committed. As right hon. and hon. Members will know from a communication that they received on Friday afternoon, he accordingly referred the matter to the Commissioner of the Metropolitan police. I can understand hon. Members' concerns about the revealing of details of bank accounts, style of signature and verbal passwords and their concern that an individual who may have sold the data is also capable of selling this information further. That is why the police have been informed. I am also writing to the publisher of the newspaper, drawing this fact to their attention and reminding them of the serious security implications if personal data that might expose Members and others to risks to their safety were to be published. The letter will be copied to all national newspapers.

I turn to the matter of what action on publication, originally scheduled for July, should now be taken, I can tell the House that the House of Commons Commission will be meeting this evening to give this matter its immediate attention.

Several hon. Members *rose—*

Mr. Speaker: Order. I will take some points of order, but I remind Members that I cannot reveal every piece of information, or every action that the Commission and Officers of the House will take.

Dr. Julian Lewis (New Forest, East) (Con): On a point of order, Mr. Speaker. May I say something of a more positive nature about this matter? I was pleased to see that, in publishing some of the material, *The Daily Telegraph* has been careful to black out such information as Members' home addresses. That is reassuring given that *The Sunday Telegraph* has been the newspaper that has been arguing for so long that Members' private home addresses should be published to all and sundry. I have communicated with the editors' office of *The Daily Telegraph* and I have their permission to say what their position is on this. I have just received the following from the consulting editor, Mr. Wynn Davies, who says:

"We have taken exceptional steps to ensure that home addresses, private telephone numbers, bank account details, signatures and so forth are not published...We have responsibly withheld such information so far and you may rest assured we shall continue to do so."

Would it be possible, Mr. Speaker, for you to consider making public the advice that this House received from the security advisor to Parliament as to what bits of data really must be withheld under such circumstances? For example, while withholding addresses, they have released the tradesmen's details.

Mr. Speaker: I cannot discuss security matters on the Floor of this House, but I have heard what the hon. Member has to say, as has every other hon. Member.

Kate Hoey (Vauxhall) (Lab): On a point of order, Mr. Speaker. Is it in order to point out that many of us—I hope from all parts of the House—feel that bringing in the Metropolitan police, who have a huge job to do in London at the moment in dealing with all sorts of problems, to try to find out who has leaked something, when, as has been pointed out, the newspapers have handled the personal details very responsibly by blanking them out, is an awful waste of resources? Will the public not see this, whatever the intention, as a way of hiding—

Mr. Speaker: Let me answer the hon. Lady. I listen to her often when I turn on the television at midnight, and I hear her public utterances and pearls of wisdom on Sky News—it is easy to talk then. Let me put this to the hon. Lady and to every hon. Member in this House: is it the case than an employee of this House should be able to hand over any private data to any organisation of his or her choosing? The allegations—I emphasise that they are allegations—are that that information was handed over to a third party in order to find the highest bidder for private information. If I do not ask, or rather if the Clerk of the House does not ask, for the police to be brought in, we are saying that that employee should be left in situ with all the personal information of every hon. Member, including the hon. Lady's own information and that of her employees. Let me say that anyone who has looked at their own un-redacted information can see that the signatures of employees are exposed, that private ex-directory numbers are exposed and that passwords—telephone passwords—are exposed. I just say to the hon. Lady that it is easy to say to the press, "This should not happen," but it is a wee bit more difficult when you have to do more than just give quotes to the *Express*—or the press, rather—and do nothing else; some of us in this House have other responsibilities, other than just talking to the press.

Mr. Chris Mullin (Sunderland, South) (Lab): On a point of order, Mr. Speaker. I am all in favour of owning up and apologising when we are in the wrong, but would it be in order to inquire whether the House authorities should be a little more robust in responding to the many falsehoods that have been written about our use of the allowances? On 4 April, a Mr. Ian Cowie wrote an article in the financial section of *The Daily Telegraph* in which he falsely suggested that we were all pocketing the office costs allowance, that we are subject to special tax treatment and that, on average, each of us owes the Inland Revenue £54,000 in tax a year. He

elaborated on this thesis over more than two pages, he has repeated the claim on other occasions and other newspapers have made similar allegations. After Mr. Cowie's article appeared, I contacted a senior official of the House and suggested that he issue a rebuttal, only to be told that it is not your policy to respond to falsehoods of this nature. Is that the case, Mr. Speaker? If so, would you reconsider, because we are in a climate now where any nonsense can be written about anybody, and it is dragging us all down?

Mr. Speaker: Let me say to the hon. Gentleman that I will make sure that that matter, and how these things can be rebutted, is raised at the Commission's meeting this evening.

Norman Baker (Lewes) (LD): On a point of order, Mr. Speaker. Would you, as part of a clarification of your statement, indicate whether the House of Commons Commission will tonight be considering the early release of all information, which I believe to be in all Members' interests, as opposed to dragging this matter out until July? And will—

Mr. Speaker: Order. May I say to the hon. Gentleman that I did say that in the statement? Perhaps he was reading the statement. Another individual Member who is keen to say to the press whatever the press want to hear has said that the House of Commons Commission has done nothing. Just remember that it was less than a year ago—on 3 July—that the House of Commons Commission put a report before this House, in which some of the problems that we have got today were examined and rejected, so it is wrong for him to say that the House of Commons has done nothing, but I answered his point in my statement in any case.

Miss Ann Widdecombe (Maidstone and The Weald) (Con): On a point of order, Mr. Speaker. If the Commission is looking at the possible earlier release of the information, can I be assured that we will all keep our heads and recognise that at present hon. Members are going through many thousands of sheets of paper? I have today sent to the Fees Office many sheets, asking for corrections which consist of nothing more esoteric than the removal of a credit card number or private individuals' names and addresses, making it clear where something has not been claimed. I have done that today. If that is multiplied across the House, there is a huge task. May I ask that we keep our heads and not be driven by what is happening?

Mr. Speaker: I say to the right hon. Lady that I am very aware that at present hon. Members are looking at the information that is on those documents, and they have a right to protect not only themselves, but their staff and their families. Matters such as bank accounts and cheques have sometimes been involved, and those items been replicated in the so-called disk that is doing the rounds.

John Mann (Bassetlaw) (Lab): On a point of order, Mr. Speaker. On 3 July last year the House unanimously passed a resolution relating to capital gains tax and second homes. Will the Commission tonight be looking at what has happened to enact that resolution?

Mr. Speaker: I will make sure that that happens.

Mr. Gerald Howarth (Aldershot) (Con): On a point of order on another matter, Mr. Speaker. Yet again, the centre of our capital city has been brought to a standstill—

Mr. Speaker: Order. I am taking points of order on the statement.

Ms Patricia Hewitt (Leicester, West) (Lab): On a point of order, Mr. Speaker. Deplorable though it is that private information relating to hon. Members and our staff has been offered as a leak or possibly for sale to members of the press, we clearly cannot blame the media for the situation in which we find ourselves. I wonder whether, when the House of Commons Commission meets this evening, you would consider adding to what you are already doing a rather different approach. Because it is the public who elect us and pay for us, would you and the Commission consider establishing citizens juries, as they are called, perhaps one for each region, to consider the matter both of our salaries and of—

Mr. Speaker: Order. I think it is clear that it is time for me to move on.

Sir Alan Beith (Berwick-upon-Tweed) (LD): On a point of order, Mr. Speaker. May I clear up a different point that emerges from your statement? It has been suggested in some quarters that the use of an outside body to check the receipts and the auditing, which seems to me a desirable thing, would in some way exempt those from the provisions of the Freedom of Information Act. My assumption is that that is simply not the case. Have you been advised accordingly, and can you confirm that?

Mr. Speaker: There is no intention that any action that we take will, inadvertently or otherwise, allow the freedom of information to be restricted. I hope that is of help to the right hon. Gentleman.

I move on. Does the hon. Member for Aldershot (Mr. Howarth) now wish to raise a point of order?

Mr. Howarth: On a point of order, Mr. Speaker. Yet again, our capital city has been brought to a standstill by a bunch of demonstrators who have, in effect, occupied Parliament square for about six weeks. I have raised the matter with you before. Although it is true that Members have had access, albeit not to the main entrance of the House—we have had restricted access—there are nevertheless hundreds of thousands of people out there going about their business, who have had their business lives and their personal lives disrupted by the demonstration, at enormous cost to them and their businesses, as well as inconvenience. I know that the Metropolitan Police Commissioner has had added to his list of things to do that which you asked him over the weekend to do, but I have raised the matter with you before. It is surely unacceptable that these people should be allowed to take over Parliament square and disrupt the entire centre of our capital city. I wonder what on earth the Metropolitan Police Commissioner is doing about it, bearing in mind that every police officer to whom I have spoken has made it clear to me that it is his view that the Commissioner will take no action, because after the G20 they are completely frit of doing anything for fear of ending up in court themselves.

Several hon. Members *rose*—

Mr. Speaker: If hon. Members allow me to answer, perhaps they will not need to make their points.

I have a great deal of sympathy with the case that the hon. Gentleman makes. Perhaps later on this week I will make a statement after I have brought people into the House to try to resolve the matter. Many of us were involved in demonstrations before we came into the House, because demonstrating is part of a democracy, but we would have those demonstrations and then leave. No one has ever expected a demonstration to hijack Parliament square and the roads, and thereby stop others performing their democratic duties. I will be able to give the hon. Gentleman more information later in the week.

Jeremy Corbyn (Islington, North) (Lab): Further to that point of order, Mr. Speaker. I am pleased by what you have just said, but will you assure us that demonstrations and the right to demonstrate will not be impeded? Could we all not have some sympathy for the Tamil people out there who are desperate to do something to achieve safety for their families back home? Can we not recognise, at a human level, that people want their voice to be heard and for this House and our Government to do what they can to bring about a ceasefire in Sri Lanka?

Mr. Speaker: I can understand that people have issues on which they wish to be heard, but to hijack an important part of this city—with hunger strikers, tents and food stalls, but no toilet facilities—is not the proper way to conduct a demonstration. I will say something further on the situation later this week.

Sir Patrick Cormack (South Staffordshire) (Con): Further to that point of order, Mr. Speaker. When you have your discussions later this week, will you please discuss with the Metropolitan Police Commissioner the advisability of bringing in an implement that would be used in virtually every other capital city—the water cannon?

Mr. Speaker: We have enough problems without water cannons; we do not need water cannons.

Sir Nicholas Winterton (Macclesfield) (Con): Further to that point of order, Mr. Speaker. May I seek your advice, because I was personally involved in Parliament square this morning? I was coming in by car and I was almost at Chancellor's Gate when the Tamil demonstrators burst out of Parliament square and occupied the road. I was delayed in attending a meeting in the House. Indeed, I was held up for an hour and 10 minutes, until the police were able to sort out the traffic. Is it not the case that Members of Parliament and those associated with the House should have unimpeded access, and the police and the authorities should seek to guarantee that?

Mr. Speaker: I ask the hon. Gentleman to wait until I have further information later this week.

Simon Hughes (North Southwark and Bermondsey) (LD): Further to that point of order, Mr. Speaker. I do not condone people going on to the streets, but I wish to place it on record that I know for a certain fact that the demonstration in the square was applied for lawfully and granted permission for at least the last four weeks, and it will be able to continue lawfully for some weeks to come. I hope that colleagues will understand that there are laws, passed by this House, governing these matters, and the applicants for the demonstration have complied with those laws.

Mr. Speaker: I know that I might be in a bit of a bad mood today, but let me say that when authorisation is given for 50 people to demonstrate, it means 50 people. It does not mean tents or food stalls, or texts being sent to supporters to tell them to bring little children along. That is not part of the authorisation of the demonstration. As a former trade union officer, I know that when somebody co-operates with the authorities to obtain permission for a demonstration, they comply with the rules that they lay down. No one can say that that happened in this case.

Let me add a further thing, because it relates to what Sir Nicholas has said. People, including me, who have had to drive around the square have been put into a dangerous situation—the roads have been blocked off, because police officers have had to put their vans in the filter lane. So when anyone tells me that permission was given, I say that it was given for a limited number of people, not a mob.

Several hon. Members *rose—*

Mr. Speaker: Order. I think that we must move on. We have got something called the main business, and we had better get that dealt with.

Equality Bill

[Relevant document: The Third Report of the Work and Pensions Committee on the Equality Bill: how disability equality fits within a Single Equality Act, HC 158-I.]

Second Reading

Mr. Speaker: I have selected the amendment in the name of the Leader of the Opposition.

3.50 pm

The Minister for Women and Equality (Ms Harriet Harman): I beg to move, That the Bill be now read a Second time.

For us, equality matters because it is right as a question of principle, and it is necessary as a matter of practice. It is essential for every individual. Everyone has the right to be treated fairly, and everyone should enjoy the opportunity to fulfil their potential. No one should suffer the indignity of discrimination—to be told, "You're old, so you're past it," to be overlooked because of a disability, to be excluded because of the colour of their skin, to face harassment because they are gay, or to be paid unfairly because they are a woman.

Equality is not just the birthright of every individual, but necessary for the economy: a competitive economy is one that draws on everyone's talents and abilities and is not blinkered by prejudice. It is also necessary for society: a more equal society is more cohesive and at ease with itself than one marred by prejudice and discrimination. So this Labour Government are, like other Labour Governments before us, a champion of equality.

The Bill is not about turning back the clock—quite the opposite. It is looking to the future. It is backward societies that are marred by discrimination against lesbians and gay men, where women are expected to know their place and which are bound by rigid hierarchies. It is the modern and open society that can look to the future with confidence.

The point about a meritocracy is that only if we have fairness and equality will people really be considered on their individual merits, free from discrimination and unfairness. So this is not an argument against a meritocracy—quite the reverse: fairness and equality are necessary to underpin a meritocracy.

Mark Pritchard (The Wrekin) (Con) *rose—*

Andrew Selous (South-West Bedfordshire) (Con): Will the Minister give way?

Ms Harman: I will give way during my speech, but I am afraid that it is quite a long one; the hon. Gentlemen might have an opportunity to come back after dinner and intervene. I will try to press on with my speech.

Some people have said, "Why do this now? We know it was in your manifesto, but we're in the middle of a global recession. Now's not the time." But we do not accept that. When times are hard, it is even more important that everyone feels that they have an equal chance and that we all pull together, because we are in the same boat.

Andrew Selous: I am extremely grateful to the Minister for giving way. I have a very serious point to raise with her, and I hope that she can be of some help to me. I have come across a number of incidences of employers stipulating that it is a necessary condition for a job at the minimum wage that the applicants speak Polish. I consider that discrimination against the vast majority of my constituents who left school at 16 without being able to speak Polish. Will she take this opportunity to say very clearly to employers across the country that, where there is no genuine occupational requirement, it is illegal for them to stipulate that a foreign language is required to apply for a job at the minimum wage in this country at a time of rapidly rising unemployment?

Ms Harman: If a job was to teach Polish, for example, that might well be why the employer needed to recruit such people, but that is not a question in the Bill, which, as I will say again as I get through it, deals with discrimination on grounds of race, gender and disability.

Mark Pritchard *rose—*

Andrew Selous *rose—*

Mr. John Redwood (Wokingham) (Con) *rose—*

Mr. Henry Bellingham (North-West Norfolk) (Con) *rose—*

Ms Harman: I am going to press on.

We really must make the most of every individual's talents and potential, whatever their age, sex or race *[Interruption.]*

Mr. Bellingham *rose—*

Mr. Speaker: Order. Let the Leader of the House speak for a while. Perhaps then she will take interventions.

Ms Harman: Just as we give real help to people now, we need to give real hope for the future, and that hope is a strong economy and a fair and more equal society, so I am proud to be bringing the Equality Bill to the House for its Second Reading.

There are many great champions of the equality movement in the House of Commons, and many, many more outside. I pay tribute to their efforts in the cause of equality. The Equality Bill is a Government Bill, but the campaign for equality is a great movement and we are proud to play our part in it.

Mr. Graham Brady (Altrincham and Sale, West) (Con): Under the terms of the Bill, will it be possible for an employer to choose to employ a white woman rather than an equally well qualified black man?

Ms Harman: I will get to the points about positive discrimination and positive action further on in my speech—[Hon. Members: "Ah."]—if Members will bear with me. *[Interruption.]* Yes, the Bill includes positive action.

The Bill is in the great tradition of Labour Governments. The first equality laws were brought in by a Labour Government more than 40 years ago. First, in the 1960s came the pioneering race laws and then in the 1970s there were new laws on equal pay and sex discrimination. Then nothing was initiated by the Tory Government for 18 years. Then Labour returned to office and introduced

[Ms Harman]

a range of new laws—from recognising gay and lesbian partnerships, to protecting older people from discrimination at work.

Although progress has been made, the job is not yet done. While the most blatant forms of discrimination are just distant memories, inequality and discrimination persist, so we need the Equality Bill and the related action that I will outline to the House today to build on what we have already done. I shall now turn to the Bill's provisions.

We have made it easier for women who work, with more child care and longer maternity leave, for example, but there is still entrenched pay discrimination. Despite women forming half the work force, men still earn on average 22 per cent. an hour more than women. We do not accept that that is because women work 22 per cent. less hard or are 22 per cent. less intelligent or 22 per cent. less qualified than men. It is pay discrimination, which is mostly a legacy of the idea that a woman's job is less important than a man's, because her main role is in the home. Although the lion's share—

Mark Pritchard *rose—*

Ms Harman: I will give way to the hon. Gentleman.

Mark Pritchard: I am grateful to the right hon. and learned Lady for giving way. I think that there have been 15 attempts at an intervention since the last time she gave way, when she gave way on the 36th attempt, so perhaps she—

Mr. Speaker: Order. The Leader of the House has given way now, so let us hear what the hon. Gentleman has to say.

Mark Pritchard: As ever, I am grateful to you for your advice, Mr. Speaker.

I am concerned that the Bill is not really about equality. There is a contradiction at the heart of Government policy: while the Leader of the House is setting out the Bill today, Muslim women up and down the country are suffering under the extension of the powers of sharia councils. Under matrimonial, child custody and financial settlements, Muslim women are being discriminated against, so the Government have to change their policy, otherwise the Bill is a complete mockery.

Ms Harman: There is certainly discrimination, and the Bill provides more opportunity to tackle it. There is certainly nothing in our law that endorses, and allows for, discrimination in private contracts or private agreements that may purport to have been made under sharia law; they do not count as the law in this country if they are discriminatory. The hon. Gentleman knows that, because I have answered him on that point at business questions. I have now been deterred from answering questions—

Ms Diane Abbott (Hackney, North and Stoke Newington) (Lab) *rose—*

Ms Harman: Except from my hon. Friends.

Ms Abbott: I am grateful to my right hon. and learned Friend. Does she agree that if the general public are watching the debate they will be surprised to see the Opposition so agitated at the prospect of equality legislation? The point about equality is not just that it offers fairness and justice for every group in society, but that in a globalised economy it will actually enable us to compete better and be a stronger and more effective society.

Ms Harman: I could not agree more strongly with my hon. Friend. Although the lion's share of caring for children and older relatives still falls to women, women's income is now vital for their household, and their work is important to the economy, too. It is simply unfair that they should not be paid the same as men for the work that they do. Unequal pay is not the fault of the woman; it is the responsibility of the employer, yet in the past, it has been entirely down to the individual woman to complain, and never down to the employer to explain.

Lyn Brown (West Ham) (Lab): Will my right hon. and learned Friend assure me that the Bill will finally ban secrecy or gagging clauses, used by firms and companies around the country, that allow and encourage firms to discriminate against women when setting their pay rates?

Ms Harman: Yes, I can reassure my hon. Friend that the Bill will do exactly that. A veil of secrecy over pay allows discrimination to flourish. The Bill will change that by means of a power in clause 73 to require employers to make a gender pay report every year. Fair employers have nothing to fear, but unfair employers will have nowhere to hide. Knowledge is power for employees, their unions, consumers, and shareholders. I hope that employers will compete for the reputation of being fair to their women employees. It is not a burdensome requirement; employers know whom they employ, whether their employees are men or women, and what they pay them.

The public sector will lead the way, with the Bill providing a power in clause 147 to require all public sector employers with more than 150 employees to publish annually details of their gender pay gap. However, 80 per cent. of employees are in the private sector, and gender pay discrimination there is even greater. The Equality and Human Rights Commission will bring together employers and unions to work out how gender pay reporting will operate in practice. In July this year, it will begin to consult, and it will release the first of its annual reports before the end of this year.

Lynne Featherstone (Hornsey and Wood Green) (LD): Does the right hon. and learned Lady not see that if we require the measure to be consulted on in the summer, but the Bill is to go through the House before the summer, it will mean that we will have to agree to something the extent of which we do not know?

Ms Harman: No, it will not. We would like to achieve our aim through voluntary action, but if we cannot, we must take a power in the Bill to make sure that we can force companies to be prepared to acknowledge their pay gap. In the first instance, we will ask private sector employers to report without a legal requirement, but because all employers must do so for the system to be

fair, we will impose the legal requirement on all employers of more than 250 people in 2013 if sufficient progress on reporting has not been made. We hope that it will not be necessary to do so, but if there has not been sufficient openness, we will use that power.

Transparency is important in itself, and in every workplace where there is a yawning gap between the pay of men and the pay of women, it will spur employers to reflect on their practice and take action to change what they do. As a further measure for openness on gender pay discrimination, the Bill will ban secrecy clauses that prevent employees from discussing their pay with their colleagues, as my hon. Friend the Member for West Ham (Lyn Brown) asked. An estimated one fifth of employers impose secrecy clauses; those clauses will all be banned.

I should like to turn to the equality duty.

Mr. Bellingham: I am extremely grateful to the Leader of the House for giving way, because she knows that I have been a long-term supporter of many of the aims that she mentions. Does she share my view that the Government should have done more to lead by example, and does she share my concern that the gender pay gap in a number of Government Departments is far too high? In fact, it is as high as 25 per cent. in five Departments. Surely the Government should have done more to lead by example and to put their own house in order.

Ms Harman: That is why we have acted to bring transparency not only to the private sector but to the public sector. So long as the problem remains hidden and is swept under the carpet, everybody says, "We're equal; it must be somebody else who is not," and we cannot address it. I should be grateful for the hon. Gentleman's support not only on Second Reading but in Committee and throughout the Bill's passage. I know that he is concerned about age discrimination, too, so I thank him for his support on that.

Equality for women is a public policy imperative, and that is why in 2006 we brought in the gender equality duty, which requires public bodies to tackle discrimination and to promote equality of opportunity. The duty has proved to be a lever for change, but the Bill makes it clear that the new public sector equality duty, which the Bill provides for, will apply when public bodies not only employ people or provide services, but use their £175 billion purchasing power. The duty will apply to public procurement, too. The provision will enable us to take the current duty further into those organisations and companies providing goods and services that are funded by the public purse.

I turn to the issue of positive action, which many Members have mentioned. We will allow employers to use positive action in recruitment and promotion. The purpose of the new power is to tackle the systemic and well-documented glass ceiling that stops women from going up the career ladder in organisations. That is why the Bill includes the power to take positive action. Sometimes a company has many women in its work force, but no women on its management team. Currently, if a vacancy arises and the employer is faced with two equally qualified candidates, one a man and one a woman, the employer cannot actually say, "Right, we've got two equally qualified people for this job, but I'm going to take you, because you're a woman and I want to diversify my management team." The provision, however, will allow employers to address under-representation where they so choose.

We have already legislated for positive action to increase women's representation in Parliament, and, because we in the Labour party have used that power for all-women shortlists, we have gone from having only 13 Labour women MPs when I was first elected to having 95 now. However, the proportion of women MPs from all parts of the House is still only 19 per cent., and that is why clause 100 extends to 2030 permission for political parties to use women-only shortlists. The Government are proud to have three times more women MPs than all the other parties put together. That is because we have used all-women shortlists, and we will continue to do so. We urge others, if they are serious about improving representation, to follow suit.

The Bill also strengthens the powers of tribunals when dealing with systemic discrimination.

Sandra Osborne (Ayr, Carrick and Cumnock) (Lab): *rose—*

Lynne Jones (Birmingham, Selly Oak) (Lab): *rose—*

Ms Harman: I shall give way to my hon. Friend the Member for Ayr, Carrick and Cumnock (Sandra Osborne).

Sandra Osborne: Does the Leader of the House agree that, although tremendous progress has been made through all-women shortlists, we have some work to do in Scotland, where we have fallen behind as a party? Things could do with much improvement.

Ms Harman: One thing that was so important and encouraging about Scotland was the formation of the Scottish Parliament and the good representation of Labour women, in particular, as Members of it. We have an excellent team of Scottish Labour MPs, but we need to make more progress in order to have more women Labour MPs in Scotland.

Clause 118 will allow tribunals to make recommendations that benefit the whole work force, not just the individual who won the claim. It will mean that we can stop the waste whereby many individuals in the same organisation take similar action against the same employer.

Mr. Brady: Will the right hon. and learned Lady give way?

Ms Harman: I am about to address the question of breastfeeding. Would the hon. Gentleman like to intervene on that point?

Mr. Brady *indicated dissent.*

Ms Harman: Okay.

Labour has a proud record of backing mothers at work, but we also do everything that we can to support new mothers. That is why clause 16 will make it clear that it is unlawful to force breastfeeding mothers and their babies out of places such as coffee shops, public galleries and restaurants. That still happens. It will be banned.

[Ms Harman]

I am sure that the whole House will agree that, in this day and age, it is not acceptable that places exist where women can be treated as second-class citizens. Part 7 will outlaw private members' clubs discriminating against their women members. So, down at the golf club, every day will be "ladies day".

I turn to how the Bill will tackle discrimination against older people. In 2007, pensioners outnumbered children for the first time, and in just 20 years' time half the adult population will be over 50. Today we can expect to live a quarter of our lives in retirement. That is a seismic demographic change, and it demands action to tackle the prejudice that still constrains older people. Our ban on age discrimination in the workplace in 2006 was important, but we need to go further.

Older people are being discriminated against by those providing goods and services. We all know of examples of that from constituents' complaints. For instance, a constituent of mine came to see me after he had booked a holiday to go and see his daughter in the United States. He had arranged travel insurance for £175 and then had to postpone the holiday for a fortnight because his daughter was ill. During that time, he had his 70th birthday and the insurance went up from £175 to £831. He simply could not afford to go.

The Bill will prohibit such unjustifiable age discrimination in the provision of goods and services. It will mean that an insurance company will not be able to discriminate arbitrarily against older people. We will outlaw the discrimination and unfairness that still persists against older people in social care and in the national health service. My right hon. Friend the Secretary of State for Health has initiated a national review led by the South West strategic health authority to look at how to implement the ban on age discrimination in health and social care, so that we can be sure that, whether treatment for mental illness or back pain is involved, older people get care every bit as good as that for younger people.

As the Bill goes through the House, we will consult on how the measure will be put into practice. The new provision will not prevent the justifiable preferential treatment of older people, such as free bus passes or cheaper ticket prices for pensioners.

Philip Davies (Shipley) (Con): As one who opposes all forms of discrimination, I have a lot of sympathy with the right hon. and learned Lady's point about age discrimination. However, will the Bill have any unintended consequences? Saga, for example, provides lots of great services for people over 50. Will its operations have to cease? Lots of older people get cheaper car insurance by virtue of the fact that they are older. Will that now end? There may be unintended consequences.

Ms Harman: I am glad that the hon. Gentleman has asked that question, because it gives me the opportunity to reassure older people that justifiable, preferential treatment such as he has described will not be banned—far from it. Unjustifiable treatment and discrimination against older people will, however, be banned under the Bill. I can reassure the hon. Gentleman on the point raised by Saga.

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): There are some concerns about the issues raised by Saga, which is keen for there to be exemptions in the Bill. Can my right hon. and learned Friend give the House an assurance that, as the Bill goes through Committee, it will be made absolutely transparent, by one means or another, that those exemptions will exist?

Ms Harman: There will be a consultation, as my hon. Friend requests. There will be able to be exemptions, sector by sector, in the regulations that bring the measure into force. We all agree on the principle that unjustified, unfair treatment against older people is wrong. However, we all want some preferential treatment, such as free bus passes, to continue. The House will know that we will go forward on the basis of agreement.

Mr. David Winnick (Walsall, North) (Lab): The measure is indeed excellent. As my right hon. and learned Friend said, it continues the work of all the anti-discrimination Acts passed by Labour Governments, although never by Tory ones.

May I ask my right hon. and learned Friend about the injustice to people—not MPs, fortunately—who are forced to retire at 65? In Committee, could we not strengthen the approach to the issue of the national default retirement age? As it stands, all employers need to do in such cases is consider applications to continue working.

Ms Harman: As my hon. Friend will know, when we outlawed discrimination against older people in employment, the default retirement age was set to one side. We undertook to review it in 2012; the issue is on its own separate track.

The public sector equality duties that already apply in relation to race, gender and disability will be extended under the Bill to ensure that public bodies will also have to take action to tackle discrimination and promote equality for people of different ages—for example, by offering free IT lessons to older people, as Dame Joan Bakewell and I saw today at Age Concern's Great Croft resource centre in Camden.

It is important to consider not only those who are older but the position of the growing number of people who care for an older relative. For most people, the care they get from their family is every bit as important as the care they get from health or social services, if not more so. The Bill will outlaw discrimination against carers. Most people who are caring for a relative also go out to work. So the woman who applies for a promotion at work will no longer be allowed to be told, "Sorry—we've given the promotion to someone else because we know you have your hands full looking after your elderly mother." We will back up people who are doing the important work of caring for children and older and disabled relatives as well as going out to work.

Simon Hughes (North Southwark and Bermondsey) (LD): There is great support for what the Minister proposes, which is very positive. Can she confirm that after the passage of the legislation, it will not be possible for a person aged between, say, 50 and 65 to be discriminated against for employment or other purposes on the basis that they would have only a certain maximum number of employable years left? I understand what she said

about the pension age, but pending that decision, can they be assured that they will be looked after and not indirectly discriminated against?

Ms Harman: The Solicitor-General, who knows her onions on the law, and the Under-Secretary of State for Justice, my hon. Friend the Member for Liverpool, Garston (Maria Eagle), have confirmed to me that that would already be unlawful discrimination against an older person in employment.

Next, I turn to race. Labour brought in the first race relations laws in the 1960s. We built on that when we brought in the first public sector equality duty—the race equality duty—in 2000, following the murder of Stephen Lawrence. We expect that the new public sector equality duty in the Bill will require public bodies with more than 150 employees to publish their ethnic minority employment rate. That will allow people to see how inclusive their public bodies are of the communities they serve and enable employers and the public to monitor progress.

Mr. Tom Clarke (Coatbridge, Chryston and Bellshill) (Lab) *rose—*

Ms Harman: The one thing that the Tories were able to do in all their years in government was to pick up the proposals that my right hon. Friend made on disability discrimination, so I am grateful to be able to allow him to intervene.

Mr. Clarke: I am grateful to my right hon. and learned Friend. On the subject of disability, has she had time to reflect on the views of Mencap and others about people with learning disabilities? Some 65 per cent. of them want to work but only 17 per cent. get the opportunity to do so, as against 49 per cent. of other disabled people and 74 per cent. of the general population. Does she agree that we should recognise that problem in legislation?

Ms Harman: The transparency that is provided will enable us to see the progress that is being made by public authorities, in particular, in their employment practices.

By extending the use of positive action in the workplace, the Bill will allow employers to take action to make their workforce more diverse and representative of the communities they serve when selecting between two equally suitable candidates. This positive action on race in recruitment and promotion will help to make organisations such as the police more effective.

Lynne Jones: One area where there is a great deal of hidden discrimination is in the employment recruitment process. We know that society discriminates against people with particular disabilities or long-term conditions such as mental illness or people with HIV. There is still provision for employers to ask in pre-employment questionnaires about a person's medical condition, and that allows for discrimination. The Disability Rights Commission and the Work and Pensions Committee have recommended that such provision should be outlawed. Will my right hon. and learned Friend consider that?

There is also discrimination in the heart of this Parliament, against people with mental illness. Under section 141 of the Mental Health Act 1983, any Member of Parliament who is detained in a mental health hospital for more than six months has to resign their seat. That sends a stigmatising message to all people with a mental illness, and I should like provision to be made in the Bill to withdraw that requirement.

Ms Harman: Employers cannot ask questions such as my hon. Friend describes to discriminate against a person, but they sometimes ask questions with a view to making a reasonable adjustment, so that they are aware of the situation before employing somebody. Her point about people with mental health problems is important, and it might well need to be addressed in the Constitutional Renewal Bill.

Lynne Jones: Will my right hon. and learned Friend give way to allow me to make some further points?

Ms Harman: I shall press on and then come back to my hon. Friend in a moment.

Jeremy Corbyn (Islington, North) (Lab): The Minister will be aware that one of the biggest types of discrimination all around the world is by caste and descent, and that Dalit people suffer appalling discrimination, particularly but not exclusively in India. Is it possible that, under the Bill, such discrimination by caste and descent would be absolutely illegal?

Ms Harman: I think that such discrimination is already outwith the law.

David Taylor (North-West Leicestershire) (Lab/Co-op): The Speaker's Conference, which considers the under-representation of minorities in this place and in wider public life, thankfully has a specific section that deals with the woefully low level of people with disabilities who are elected here and elsewhere. How will the Bill tie in with the Speaker's Conference, and can my right hon. and learned Friend point to specific elements of it that will tackle the number of people with disabilities in wider public life?

Ms Harman: I have already talked about increasing the representation of women in public life, and I am just about to turn to the question of black and Asian representation in public life. As my hon. Friend knows, the Speaker's Conference will play a role in considering all these issues, including disability.

The Bill will allow political parties to use positive action to address the lack of black and Asian representation in political life—for example, by reserving a specific number of places on every electoral shortlist for black and Asian candidates when a party is selecting a candidate. The Labour party has four times more black and Asian MPs than all other parties put together, but still not enough properly to reflect our community, so we want to do more. The Labour party will be using the new powers in the Bill, and we challenge the other parties to do the same.

We have already taken action to outlaw discrimination against disabled people, but prejudice still blights the lives of disabled people looking for work or a home or using services, so there are a number of new measures in the Bill. The new public sector equality duty will build on the disability equality duty that we introduced in

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2005. We will use the powers under the new duty to require public bodies with more than 150 employees to publish annually the percentage of disabled people that they employ, so that we can build on good practice and see improvements year by year. It is a public policy imperative to include disabled people, so the public sector must lead the way.

Ms Abbott: Will my right hon. and learned Friend give way on that point?

Ms Harman: I have already given way to my hon. Friend, who made an excellent intervention, so I shall let her rest on that.

There is no place in 21st-century Britain for homophobic prejudice and discrimination. We have already taken steps such as recognising gay and lesbian partnerships and outlawing homophobic discrimination, and the Bill builds on that with a number of further steps. Because tackling homophobic discrimination is a public policy imperative, the Bill also imposes this new obligation on public bodies as part of the new equality duty.

In a diverse multicultural society, it is important to tackle discrimination on grounds of religion or belief, which we have already outlawed. Because that, too, is a public policy imperative, the Bill addresses disadvantage and responds to the needs of people of different religions and beliefs in the new public sector equality duty. We will also consult on whether we can outlaw multiple discrimination in the Bill, where the problem is not one characteristic—for instance, someone's gender, race or disability—but a combination of them.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): There is much in the Bill that I support, but is the right hon. and learned Lady aware that extending the public sector duty to religion is highly controversial, albeit not in respect of the elimination of discrimination or fostering good relations, but in respect of advancing equality of opportunity, because of the risk that that creates of people claiming that, because one religion does one thing, the local council must provide the same for another religion in a specified way? That means running the risk of balkanising services and entrenching resentment. Will she consider carefully whether the public sector duty in respect of religion could be modified slightly to avoid the sort of inter-religious conflict that the rest of the Bill seeks to avoid?

Ms Harman: Let me reassure the hon. Gentleman that I do not think that the Bill will have the effect that he describes. It will ensure that the needs of people of different religions and beliefs are addressed as part of a public sector duty. However, if he serves on the Public Bill Committee, he will have an opportunity to table amendments to the Bill, as he will on Report, too.

We all recognise that discrimination can happen not just because of someone's age, gender or race. It can also be rooted in someone's family background, socio-economic status or class. We know, for example, that less academically able but better-off children overtake more able, poorer children at school by the age of six. We know, too, that although women generally have a longer life expectancy than men, poorer women live less long than richer men.

An important aim of public policy is to reduce the gaps that still exist between rich and poor—to narrow the gap between the top and bottom of our society. Because we believe that to be a public policy imperative, the Bill places a legal duty on public sector organisations with strategic responsibilities—it applies to Ministers and Departments, as well as to health authorities, local councils and regional development agencies—to play their part in narrowing the gap between rich and poor in the strategic decisions that they make. Although there are various public service agreements and targets across government to that effect, the approach has been piecemeal, not comprehensive, as it will be now. We will be assisted in putting that into practice by the excellent work of the national equality panel, chaired by Professor John Hills.

Over the decades, our anti-discrimination laws have become wider and stronger, but because of that development over 40 years, the whole picture is now more complex. There are nine major pieces of anti-discrimination legislation, 100 statutory instruments and more than 2,500 pages of statutory codes of practice—I have an example of them here, on the Table of the House. That is what we have got so far. However, it is important for those who have rights to be able to know them and for those who have responsibilities to be able to understand them without having to pay a lawyer to interpret them. So as well as extending and strengthening equality legislation, the Bill will replace the thicket of legislation with a single Act. The Bill is therefore a simplification and codification measure.

Also, to ensure that it is completely understandable, the Bill is the first statute to have, running alongside it, clause-by-clause explanations of what the provisions mean that are written in plain English. I pay tribute to the Government Equalities Office officials, who have done a brilliant job on that. Not only do we have the legalese; we have the Bill in plain English.

We have also produced an easy-read version of the Bill, which is especially for people with learning difficulties, but I find it really useful myself and I recommend it to everyone including hon. Members. This is all aimed at making the law easier to understand and as a result easier to comply with.

To put this new law into practice, the Equality and Human Rights Commission will consult widely, including with voluntary groups, businesses and trade unions, in order to work out how it will be brought into force and to publish the guidance that will be useful.

This is a good, timely and strong Bill that will make our country a fairer and more prosperous place for all its people. We cannot afford in Britain in the 21st century to be hidebound by prejudice or blinkered by discrimination. This is a modern, forward-looking argument that will underpin our future success. I commend the Bill to the House.

4.30 pm

Mrs. Theresa May (Maidenhead) (Con): I beg to move,

That this House declines to give a Second Reading to the Equality Bill because it fails to address the root causes of the reduction in social mobility in recent years, fails to address the disability pay gap, especially in the Civil Service, gives employment tribunals too many powers in areas where they are not best placed to judge, contains disproportionate and bureaucratic proposals on the

gender pay gap which will impose unnecessary costs on business whilst failing to solve the problem, fails to implement proposals on compulsory pay audits for those organisations which are found guilty of discrimination by an employment tribunal, gives Ministers the power to amend the Act by order instead of leaving this to Parliament, and allows discrimination in recruitment and promotion decisions.

I thank the Minister for Women and Equality for bringing this Bill before the House, and we look forward to debating it with her and other hon. Members during the coming weeks and months. Indeed, I am tempted to say that this Bill has been so long in the making that I am sure I am not alone in the feeling of déjà vu that I have in speaking about it today.

I absolutely believe that fairness and equality of opportunity should be rights of every single individual in this country. Discrimination, unfair treatment and imposed disadvantage are wrong, and as politicians we should strive to stamp them out. However, the Bill and the Minister's speech have made it clear that we come at this issue from different perspectives, and that is why we have tabled our amendment today, on which I shall comment in detail later.

In the four years since the Government first pledged to introduce an Equality Bill in their 2005 manifesto, we have had false starts, empty announcements and more delays than I care to remember, so all credit to the Minister for having the staying power to stick with it. The Bill must be a labour of love for her and I am sure that hon. Members will agree that we can see her fingerprints over many of the provisions. When the right hon. and learned Lady made a statement to the House explaining the intention of the Bill, I welcomed it. We continue to welcome the fact of the Bill and I am pleased that the Government are using it to consolidate existing legislation and simplify the guidance given to businesses and other organisations. We welcome many parts of the Bill and we will be willing to work with the Government to ensure that they get on to the statute book.

I must confess that I had really high hopes for this Bill, but despite the fact that the Minister has had ample time to hone it to perfection, the overwhelming sense that one gets on reading it is of an enormous missed opportunity. The Government had the opportunity to put together a meaningful and significant piece of legislation with fairness and common sense at its heart, but by including unworkable and overly bureaucratic proposals, they have undermined the benefits of the Bill and caused us to have serious misgivings about its probable outcomes.

We must also address the fact that the environment in which we now find ourselves giving this Bill its Second Reading is vastly different from that in which it was first envisaged four years ago. The country is in deep recession, unemployment is soaring and businesses are struggling to stay afloat. I am on record as having said on many occasions that equality is not just something for the good times, but the Government have shown a complete lack of awareness of the changed conditions. Equality matters whatever the economic climate, but I am sure that Ministers would agree that we should be trying to work with business to develop equality policies that are not unnecessarily onerous or costly. I believe that there are ways we can champion fairness without penalising employers.

Linda Gilroy: Does the right hon. Lady not think that the simplification of the legislation is precisely what we need at this time, as was so visually illustrated by my right hon. and learned Friend the Minister in her opening statement?

Mrs. May: I can only assume that the hon. Lady was not listening to the third paragraph of my speech, in which I made exactly that point. One of the aspects of the Bill that we welcome is the fact that it simplifies existing legislation. That will, of course, benefit not only businesses but others operating within the Bill.

Emily Thornberry (Islington, South and Finsbury) (Lab): I apologise that I, too, missed the third paragraph of the right hon. Lady's speech. I also apologise to the House, as I meant to be here earlier. However, I am confused about whether the right hon. Lady is going to support the Bill's Second Reading or not.

Mrs. May: Perhaps the hon. Lady's late arrival in the Chamber means that she has not read the Order Paper. I suggest that she do so.

Roger Berry (Kingswood) (Lab) *rose—*

Mrs. May: I will give way for a third time, then I must make some progress.

Roger Berry: I have read the Order Paper, and I note that the Opposition's amendment

"declines to give a Second Reading to the Equality Bill".

All the organisations that have contacted me about the Bill want to do the opposite. Could you tell me how many organisations have contacted you to say—

Mr. Deputy Speaker (Sir Michael Lord): Order. I think the hon. Gentleman now recognises the mistake that he has made.

Roger Berry: I apologise, Mr. Deputy Speaker. Would the right hon. Lady care to name the organisations that have contacted her to urge that hon. Members should decline to give the Bill a Second Reading?

Mrs. May: Perhaps the hon. Gentleman would like to listen to my speech; he will then learn exactly what our concerns about the Bill are. They are concerns that have been expressed outside the House. Indeed, if he was listening to earlier interventions, he will know that a Labour Member raised a concern about the Bill from an external organisation, and I will come to that later.

Mr. David Heath (Somerton and Frome) (LD): Will the right hon. Lady give way?

Mrs. May: No; I did say that I wanted to make some progress.

The main problem with the Bill is that it has some really good intentions that have been muddled by ill-thought-out and, frankly, unworkable proposals that appear to have been tacked on at the last minute. I refer mainly to part 1, which deals with socio-economic inequalities. I know that this is one of the Minister's favourite projects, but giving people a legal right to a better life will not magic up a better life for them. What

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the Government need to do, but have so far failed to do and show little sign of doing now, is to tackle the root causes of inequality: family breakdown, poor education, and worklessness. To push the responsibility on to local authorities is to duck the issue, and it will achieve nothing. People's lives will not be changed by the provisions in the Bill, but Ministers will no doubt feel that they have fulfilled their obligations.

Last week's poverty figures showed that the number of adults living in poverty had risen by 800,000 on this Government's watch. Surely the Minister does not believe that the provisions in part 1 will change their lives by making new opportunities available to them and lifting them out of poverty. Sadly, in the past 12 years, this Government have failed to grasp the fundamental truth that just passing a law or setting a target will not change things. It takes more than that, as the 4 million children and 7.5 million adults living in poverty right now can tell them. I hope that the Government intend their forthcoming child poverty Bill to do rather more than this Bill does.

Mr. Robert Syms (Poole) (Con): On the point about socio-economic groups, is it not terribly important that the next census has the necessary investment to get the right information? We are already having arguments about population issues in the last census. If such data are to inform part of the Bill, they must be accurate in order for us to have a debate on them.

Mrs. May: My hon. Friend has made an extremely valid point, and I agree that we cannot make any moves unless the data are up to date and relevant, and are the correct data for making the necessary changes.

Dr. Evan Harris: Does the right hon. Lady agree that the best way to deal with inequality in relation to wealth is not necessarily through the measures in the Bill—she has already expressed her concerns about those—but to have policies to improve equality of opportunity and the taxation policies to redistribute wealth? Will she comment on whether she has any tax proposals, other than that on inheritance tax, that would tackle the problem more effectively than the Government have done? As she has rightly said, things have become more unequal under this Government.

Mrs. May: I am happy to mention one policy of ours that would tackle that issue: it is to change the working tax credit arrangements to get rid of the couples penalty. That policy would lift 300,000 children out of poverty, and I commend it to the hon. Gentleman.

Lynne Jones *rose—*

Mrs. May: I did say that I was going to make some progress, and I am aware that many Members wish to speak. Moreover, the Leader of the House and Minister for Women and Equality said that her speech would be long—and, indeed, it was.

Equality of opportunity in the workplace is something on which I have campaigned for some time, particularly the gender pay gap. The Conservative party put forward proposals to tackle that gender pay gap more than a year ago, and my colleague in the other place, Baroness Morris of Bolton, has a private Member's Bill in progress. After the comments made in the other place when that Bill was debated, I was hopeful that this Equality Bill would include our proposals to address the gender pay gap, which would mean that we could work with the Government. Sadly, however, the proposals in this Bill are clumsy and ill judged. In four years' time, the Government will have the power to demand that every private sector company with more than 250 employees carries out a compulsory pay audit, regardless of whether or not it has a record of discrimination.

By the way, there is clearly one law for the public sector and another for the private sector. There are no provisions in the Bill that would have a similar effect on public sector bodies, even though the pay gap in the public sector is far from satisfactory. Our own policy, the Conservative party policy, would compel only companies found guilty of discrimination by an employment tribunal to carry out a pay audit—a punishment for those that have offended and a deterrent for those that might. Our proposal is fair and measured; the Government's is heavy-handed and obstinate.

The Leader of the House and Minister for Women said last week:

> "Fair employers have nothing to fear but unfair employers have nowhere to hide."

I have to say to her that it seems she does not understand her own policy, because her proposals would do exactly the reverse of what she said—fair employers will have to bear just as much cost and inconvenience as unfair employers, and the result will be a bureaucratic nightmare that will set back the equal pay campaign. I think that this proposal shows the Minister's complete lack of empathy for the situation in which many businesses find themselves. Adding another burden that will be costly and time consuming when many are struggling to stay afloat and keep people in jobs at all is completely insensitive. Even the Business Minister, the noble Baroness Vadera, has warned businesses not to be distracted by the Equality Bill, so I suggest that she, too, does not feel entirely comfortable with its proposals.

Mr. Bellingham: Surely what my right hon. Friend is saying makes a great deal of sense. What we should do is move towards a system of compulsory pay audits only if the situation does not improve. As she rightly points out, we need to change the culture, and placing oppressive burdens on all businesses at this stage would make no sense at all. Audits should be carried out only on companies that have broken the law.

Mrs. May: I entirely agree with my hon. Friend. If a company—

John Bercow (Buckingham) (Con): Will my right hon. Friend allow me?

Mrs. May: May I respond to my hon. Friend the Member for North-West Norfolk (Mr. Bellingham) first? I entirely agree with him that it is right for companies found guilty of discrimination to pay a price for that—and I believe that the price should be having a compulsory pay audit.

John Bercow: I am extraordinarily grateful to my right hon. Friend for giving way. May I beg to differ with my hon. Friend the Member for North-West Norfolk

(Mr. Bellingham), and, indeed, with my right hon. Friend? I put it to her that unless there is universal transparency, as opposed to a selective policy, none of us in the House will be able confidently to say that there is not widespread undetected and unreported discrimination taking place.

Mrs. May: I have to say to my hon. Friend that I believe a proportionate response is necessary, which is what we have proposed. I also say that it is not possible to be sure that the positive impact that my hon. Friend suggests will result from its clauses will indeed happen. We do not know exactly what information the companies are going to be publishing, as that will be a matter for the Equality and Human Rights Commission to determine in due course. The Bill may not therefore have the impact that my hon. Friend believes it will. I do not believe that company pay audits will have the desired impact. What is important is ensuring that we have a system under which people can take discrimination cases to a tribunal and if companies are found guilty of discrimination in individual cases, action will—unlike at the moment—be required of them. I think that those companies should be required to pay a price—effectively by having a pay audit.

Mr. Parmjit Dhanda (Gloucester) (Lab) *rose—*

Mrs. May: I will give way to the hon. Gentleman so that I can have a drink of water.

Mr. Dhanda: I am grateful to the right hon. Lady. I hope that she enjoys her drink of water.

I have been listening carefully to what the right hon. Lady has been saying. Her argument seems to be, "We can't do this because it is too difficult and too technical, and businesses would suffer." I put it to her that most fair-minded employers would support these changes. She is backing herself into the same corner as her party, as she will see if she reads the *Hansard* report of the debate on the minimum wage a few years ago.

Mrs. May: The hon. Gentleman's interpretation of what I said is not entirely accurate. What I want is a change in the equal pay legislation that is proportionate and requires companies that have been found guilty of discrimination to undergo a compulsory pay audit, which I believe will serve as a punishment for those who are found guilty and as a deterrent for those who may consider discrimination.

Lynne Jones *rose—*

Mrs. May: I want to finish this point. I did not say that the proposals in the Bill were impossible to implement for technical reasons. The technical aspects have not yet been agreed on, decided or discussed. What I did say was that requiring every company of a certain size to undergo a compulsory pay audit, regardless of whether it had been practising discrimination, would mean that fair employers would have to pay a price despite not having been guilty of discrimination.

Lynne Jones *rose—*

Lynne Featherstone *rose—*

Mrs. May: I am going to make some progress now.

Lynne Jones *rose—*

Lynne Featherstone *rose—*

Mrs. May: I have said that I am going to make some progress.

Mr. Deputy Speaker: Order. The right hon. Member for Maidenhead (Mrs. May) has made it quite clear that she is not going to give way at this point.

Mrs. May: Thank you, Mr. Deputy Speaker.

I say to the Government once again that I hope they will consider our own proposals on equal pay, which I believe to be more measured and more workable. We also appreciate that the gender pay gap is about more complex issues than discrimination in the workplace. It is also about issues such as the careers advice given to young women and girls, and the choices that they make.

We will press the Government to look beyond the figures and think about how we can make workplaces more female and family-friendly—although I have to say that I suspect that the Minister for Women and Equality herself will have a view on how to help women to deal with overbearing male bosses who do not allow them to progress, and who force them to give up their promotion ambitions. We will also be pressing the Government to reconsider their wider proposals on employment tribunals. Giving tribunals vast, sweeping powers that affect all employees would place too much power in their hands. We do not know the exact nature of the powers or how stringent they will be—the Bill is very scant on detail in that regard—and we intend to press for more information in Committee.

Much has been made of the provisions on positive action, and the Minister paid a great deal of attention to it in her speech. She made a point that she has made many times before about the difference between the numbers of women on the Conservative and the Labour Benches in the House, and the importance of all-women shortlists in having delivered the current number of women Labour Members of Parliament. I repeat what I have said on many occasions in the past: we support the extension of the Sex Discrimination (Election Candidates) Act 2002. *[Interruption.]* The Solicitor-General says, from a sedentary position, that we are not going to use it. That suggests that the Solicitor-General does not understand what the legislation does. What it does is enable political parties to use positive action of a variety of sorts. It is what has enabled us to introduce our priority list. It is not necessary for a political party to start imposing all-women shortlists under that legislation.

Mr. Tim Boswell (Daventry) (Con): Will my right hon. Friend give way?

Mrs. May: I will make one further point, and then I will give way to my hon. Friend.

As I have said, on a number of occasions the Minister has referred to the discrepancy between the numbers of women on the Conservative and Labour Benches. Because of our use of positive action, we have selected a far higher proportion of women in winnable seats than we had previously.

The Parliamentary Under-Secretary of State for Justice (Maria Eagle): How many?

Mrs. May: As I was about to tell the House, if the Conservative party wins the next general election by only one seat, the number of women Conservative Members will increase from 17 to 55. The issue for the Labour party is that some of those women will have defeated Labour women. The issue for the House is that the overall number of women in this House may not rise as a result of that increase in the number of Conservative women Members.

Mr. Boswell: I am most grateful to my right hon. Friend for giving way. Just for the record, is she aware—I suspect she is—that my own seat, from which I retire at the next general election, is to be split in two, and as a result of the well-conceived A-list system that we have come up with, there are to be two candidates who are both of very high quality, one of whom is a man, while the other, who will be my MP in the future, is a woman?

Mrs. May: I am very grateful to my hon. Friend for that intervention. They are, indeed, two very good candidates, and I am sure they will make a very positive contribution to this House when they are elected.

On positive action, I must say that there seems to be a discrepancy between what the Leader of the House has said in public and what the Bill was originally supposed to do. One example that is often given on the wider issue of positive action and its use is that in circumstances where a primary school that has only female teachers has a job vacancy for which there are two candidates of equal merit, one of whom is a man and the other a woman, the head teacher or school governors could be allowed to appoint the man in order to address the imbalance in the work force. That must only be allowed as a tie-breaker in situations where there are two genuinely equally qualified candidates. In such circumstances, I would be happy to support the proposal to allow companies to take into account the diversity of a work force when making appointments, so long as that applied only where there are two candidates of equal merit—although I suspect that it might be hard to find many circumstances in which the candidates were genuinely absolutely equally qualified.

However, that is not the approach that the right hon. and learned Lady has been taking when explaining the proposal, because last week we learned that she wants to use it to pack the boards of nationalised banks with women, saying:

"It is about saying, 'because you are a woman I'm going to put you in this promotion'."

That is precisely what this proposal should not be about. The right hon. and learned Lady has given the impression that this proposal will allow widespread positive discrimination, and if that is the effect, then we oppose it. Indeed, the explanatory notes to the Bill, prepared by the Government Equalities Office, state that this proposal might allow a police service to give preferential selection to candidates from an ethnic minority where there are

"a number of equally qualified candidates".

I am not sure that there would ever be a situation where there are "a number" of genuinely equally qualified candidates, but the note continues:

"This would not be unlawful, provided the comparative merits of other candidates were also taken into consideration."

Taking into consideration the merits of other candidates is not the same as allowing positive action only when there are two candidates of equal merit. The Government therefore seem to be confused about this proposal: either it is a limited measure to be used only as a tie-break in rare cases, or it will allow positive discrimination as a widespread recruitment policy. We therefore intend to examine this proposal further in Committee.

We also need more detail on the proposals relating to public sector procurement. I understand the Government's intention in this area, but the Bill is, again, worryingly vague. What exactly will be required of a company in order to demonstrate that it is meeting acceptable equality levels? Indeed, how are acceptable equality levels to be defined, and who will define them? We all agree that there needs to be fairness in the business world and that the public sector should always take care in procurement, but as the Government have spent so much time preparing the Bill, we expected more detail. Given the concerns raised by the Glover review about small businesses and procurement, we need to ensure that an appropriate balance is struck so that equality flourishes in our business sector, but without placing unfair burdens on small companies.

I welcome the inclusion in the Bill of age discrimination measures. Unfair discrimination on the basis of age should be as unacceptable as any other form of discrimination and we welcome the action to tackle it. However, I want to press the Government on a few points to ensure that there are no unintended consequences of the legislation. We all want to tackle age discrimination, but I am sure Members would accept that

"there will always be a need for age-specific facilities and services".

Those were the exact words of the Government's discrimination law review and that principle is maintained by the Government's correct decision to exclude under-18s from the age provisions of this Bill. The Minister for Women and Equality will be aware that there is concern that the Government have ignored that principle, particularly as regards insurance.

The discrimination law review stated that there was a need for the continuation of

"age-based concessions, whether in the private or public sector"

as well as a need to allow

"insurance companies to design and provide products for specific market segments"

and

"age limits on group holidays."

Ministers have been challenged on the issue of Saga Holidays by my hon. Friend the Member for Shipley (Philip Davies) and the hon. Member for Plymouth, Sutton (Linda Gilroy). Ministers have recognised these issues in the explanatory notes, but they have failed to come up with a satisfactory way of dealing with these issues in the Bill. What they have had to resort to in clause 190 is an unacceptable power for Ministers to amend primary legislation by order every time someone thinks up an example that Ministers want to permit. That will not be acceptable for businesses such as Saga and for other insurance businesses that need more clarity about the framework in which they are going to operate.

Although one of the understandable desires of the Government is to open up services for older people, there is a danger that the clause will damage the specialist services on which older people rely, in particular insurance

services and specialist holidays, by requiring them to provide for younger people as well. Saga has said the following about the Bill:

"our insurance business, if forced to offer premiums to all age groups, would become less competitive for the over 50s because we would have to bear extra costs of quotation for the under 50s."

It says that without assurances from the Government, the following will occur:

"This will inevitably make business planning impossible for us, since we will not know whether our holidays will remain legal."

I am sure that the Government do not intend to damage specialist services in that way, but they must listen to the genuine concerns that have been expressed. Equally, they must ensure that insurance companies that use age assessment—where that is appropriate—are not damaged. The Government have failed to set out clearly where they are coming from on this, so I hope that when the Solicitor-General winds up the debate she will be able to assure us that age-based treatment, where appropriate, can continue.

I am glad that the Bill is bringing under one roof the vast array of existing equalities legislation, so that we have more coherence in this area of law. Over recent years, equality has been given a bad name—to many people, "equality" has become about bureaucracy and box-ticking—but it should never be the enemy of common sense, nor should it hamper business; it should help business to work better.

Mr. Paul Goodman (Wycombe) (Con) *rose—*

Mrs. May: No, I am coming to a—[Hon. Members: "Peroration."] My hon. Friends are flattering me by calling it a peroration. I had hoped that the Equality Bill would not just sweep away existing equality legislation, but improve on what we have. However, rather than instilling some simplicity and common sense, some of the measures in this Bill serve merely to overcomplicate and undermine. Fairness is a very straightforward concept, yet the Government have managed to turn it into a quagmire of regulation and recrimination. We shall be pressing them on many of their proposals and I hope that, where possible, we shall be able to work together to create some better legislation. But the Bill, as it stands, is littered with inconsistencies and obstacles to real fairness, and for that reason we need to start again. I urge hon. Members from all parts of the House to support the amendment, so we can work together to provide legislation that truly does deliver a fair society.

4.58 pm

Ms Patricia Hewitt (Leicester, West) (Lab): It is a pleasure to be able to participate so early in this debate. I very warmly congratulate my right hon. and learned Friend the Minister for Women and Equality on introducing this excellent Bill. She has been a stalwart and consistent champion for equality from well before it became a reasonably fashionable cause. I listened to the right hon. Member for Maidenhead (Mrs. May) and I was puzzled by her decision, and that of her party leader, to vote against Second Reading, given that she and her party profess, albeit perhaps a little late, to be converts to the cause of a fairer and more equal society. The points she was making would more appropriately have been reflected by trying to press amendments in Committee, rather than by deciding to oppose Second Reading completely.

I have been struck in recent weeks by the sheer number of briefings on the Bill that I have received—more than I can remember for any other recent Bill—and the range of organisations from which they have come. That reflects the way in which the debate about equality and diversity is increasingly a mainstream and not a minority issue. There are a few key points that I want to make, but I shall start with a quick reflection on just how far we have come.

Mr. Goodman: The right hon. Lady refers to the briefings that she had received, which gives me a chance to raise the matter that my right hon. Friend the Member for Maidenhead (Mrs. May) did not have time for me to raise.

The briefing from the Roman Catholic Bishops conference states:

"The Bill creates competing rights with no indication of how problems should be resolved."

I assume this is a reference to the competing claims of the so-called faith lobby and the so-called gay lobby. Does the right hon. Lady believe that the bishops conference has a point, and if so, how can these tensions be resolved?

Ms Hewitt: The hon. Gentleman raises an extremely interesting point. There is no doubt that there are occasions when there are competing rights. I dealt with that as Minister for Women when we were considering, for instance, the introduction of laws against religious discrimination and laws against discrimination on grounds of sexual orientation in employment. We arrived at, I believe, the right compromise in those two separate strands of legislation. I assume, although I have not checked the detail, that that is reflected in the new Bill.

That was one of the reasons I came to the view that we needed a single Equality and Human Rights Commission in place of the three predecessor bodies. Where there are conflicting rights—and sometimes there will be—a body is needed that can work within a broader framework, including the broader human rights framework, to help society as a whole, as well as the courts and the House, to resolve those conflicts.

To illustrate how far we have come, I recall, as another young campaigner for equality legislation 35 years ago, just how dismal the situation was. This morning I had the pleasure of joining an excellent organisation, Working Families. We were looking at which employers to include in our top 20 list of organisations that are helping families to balance work and caring responsibilities. What I found would have been unthinkable 35 years ago, and pretty extraordinary even 15 or 20 years ago—over and over again, organisations saying that more than 90 per cent. of women who take maternity leave, which is much longer than it was, say, 20 years ago, are returning to work, often with a change in their working arrangements.

Over and over again, organisations were saying that the right to request different working hours was not limited to those covered by our current laws, but had been extended to everybody, and even on that basis more than 90 per cent. of requests were granted. Those are just a few examples of the huge strides we have made.

Mr. Boswell: I hope the right hon. Lady will not be surprised to know that I agree with many of her comments, including her specific recommendation in favour of the

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single equality commission. On balance, I think that has been right, but will she concede that in these discussions—it has been rather under-represented in the debate so far—we need to be very sensitive to the needs of disabled people, because the nature of their position, the remedies for their position and any discrimination against them might be somewhat different in kind from the digital situation that exists as to whether there is racial discrimination or gender discrimination? Does she agree that it is very important that in Committee we take that factor into account?

Ms Hewitt: I strongly agree with the hon. Gentleman. I do not think there would be much disagreement in any part of the House. We carefully considered that in setting up the single equality commission, and I know that the commission takes it extremely seriously.

Mrs. Eleanor Laing (Epping Forest) (Con): I agree with everything that the right hon. Lady has said so far. Does not the example that she has so eloquently given about her meeting Working Families this morning suggest that the current situation is working well, based on the Equality Act 2006, and therefore does not require the micromanagement that the Government now propose?

Ms Hewitt: I disagree with the hon. Lady on that point for the reasons so eloquently expressed by the Minister for Women and Equality. The point that I wanted to make about the right to request flexible working and, more broadly, work-family balance is that the new challenge we face is how employers can make it much easier and more normal for men to vary their working hours so that they can play the full part in bringing up their children, or caring for elderly or disabled relatives, that so many would like to play but find difficult to achieve at the moment.

I especially welcome certain aspects of the Bill. The new public sector duty is part of a very welcome simplification of the law. My right hon. and learned Friend, in illustrating the need for simplification, could have mentioned the appalling number of volumes now required to deal with case law on all the different strands of legislation. Having a single public sector equality duty, rather than a series of separate duties, will allow the Department of Health—my old Department—and the NHS to take a single view of the challenges they face and the opportunities they have to combat inequality. For instance, Departments could look at the real challenge they still face in achieving the proper representation of women in more senior positions. They might consider advertising almost all jobs on a flexible rather than a full-time basis—a suggestion specifically made by Working Families.

I equally strongly support My right hon. and learned Friend on the measures on positive action. Clarity is badly needed in that area. When I was a governor of my children's primary school, we found it almost impossible to recruit men into the classrooms, even though we badly wanted more men to teach those young children, especially in a community in which so many children were growing up without the active presence of their father in their family.

I hope that the Bill will permit positive action not only at the point of making an appointment, but when a public sector body or private company—seeking greater diversity in its work force or on its board—solicits applications from well qualified people within the underrepresented group. Perhaps the Minister will address that point when she winds up.

The third aspect that I warmly welcome is the proposed new duty on public sector organisations to consider how they can narrow the gap between rich and poor. I referred to the work I had done as Minister for Women and as Secretary of State for Trade and Industry in making proposals for a single Equality and Human Rights Commission. In the end, the factor that most led me to the conclusion that we needed a single body was the fact that—whatever the actual legal position—some groups felt completely left out of the law and the debate on diversity and equality. In particular, white men—especially white working class men—simply did not see themselves represented or reflected in the equality and diversity debate. Yet we all know very well—I certainly know this from my constituency—that school results, for example, show that white working-class boys are typically most likely to leave school without anything resembling the skills and competences that they need to open up opportunities in the modern world.

What I have also seen in my constituency and many other parts of the country is the powerful change that can come about when the Government and the public sector more generally get behind disadvantaged communities, as we have done, for instance, with the new deal for communities, certainly in my constituency, in the neighbourhood of Braunstone, where the public, private and not-for-profit sectors have come together to support local people in a desperately disadvantaged neighbourhood, to start to transform their own lives and their neighbours' lives.

I have no doubt at all that local councils, the local NHS, the police and so on will be helped in focusing their priorities by the new duty to consider how they can narrow the class gap, as well as taking into account the different needs of, for instance, men and women and of—to use another Leicester example—the south Asian community in respect of health care and so on. That is crucial. If that is one of the main reasons behind the Opposition's decision to oppose the Bill on Second Reading, it illustrates just how out of touch they are.

Linda Gilroy: I join my right hon. Friend in welcoming that provision. Does she agree that it has proved very difficult to address those inequalities, that it takes a very long time to do so and that entrenching such things, as in the very good work of the Plymouth local strategic partnership, is very important indeed?

Ms Hewitt: My hon. Friend is absolutely right—in fact, I recall getting some sense of the work of that local strategic partnership when I visited her constituency—about the concerted effort that is needed over a long period to address such deep-seated disadvantages, which are transmitted intergenerationally within extended families in a neighbourhood.

I want to raise two specific, more narrow issues, on which I hope my hon. and learned Friend the Minister will comment when she makes her winding-up speech. The first issue is discrimination against women who are pregnant or on maternity leave. It is truly shocking that 30 years, or whatever it is, since the introduction of paid maternity leave so many women still find themselves

discriminated against by their employer when they are pregnant or on maternity leave. That includes utterly crass forms of discrimination, such as the woman who telephones or tells her employer that she is pregnant only to be told, practically in the next breath, that she has lost her job. The alliance against pregnancy discrimination has expressed concerns that clauses 16 and 17 will not be as strong as the existing law, and it would be helpful if my hon. and learned Friend reassured us on that point.

Emily Thornberry: I speak as the chair of the all-party group on maternity, and I add my voice to the concerns being expressed about clauses 16 and 17. Perhaps we can seek some reassurance from the Minister on that point.

Ms Hewitt: I am grateful to my hon. Friend for her support, because she has done outstanding work on the issue.

On the second issue, I want to return to the point made by my hon. Friend the Member for Islington, North (Jeremy Corbyn) about caste discrimination, because it is certainly the belief of Caste Watch UK that the current law does not adequately protect those in south Asian or, indeed, other communities who find themselves discriminated against on those grounds. I understand that the UN human rights convention on the elimination of all forms of racial discrimination prohibits discrimination on five grounds: race, colour, national or ethnic origin, or descent. Of course, the UK ratified the convention in 1969, but I do not believe that our existing law, or indeed the Bill, is as explicit on that point as, for instance, the legislation in Australia. It would be helpful if the Minister addressed that issue.

The Bill is a landmark measure and it deserves the wholehearted support of the House. I certainly wish it well in Committee. I believe that in years to come it will be seen as another milestone on our long march to a fairer and more equal society.

5.15 pm

Lynne Featherstone (Hornsey and Wood Green) (LD): The passion that drives and motivates Liberal Democrats—that beats in our hearts—is our quest for, and commitment to, a fairer and more open and equal world, so we very much welcome the Bill. It was too long in gestation and far too late in arriving but it is very much welcome nevertheless.

Fairness and equality are Liberal Democrat watchwords and we shall support outcomes in the Bill that genuinely further their cause, but where there is weakness or omission we shall challenge and probe and add improvements to deliver even fairer outcomes and even more equality. Our equalities pedigree is well known. Lord Lester, who will lead for us in the other place, has a long and impeccable track record in these matters—basically, he wrote the book. Equalities legislation reflects his pioneering and lifelong commitment to the cause.

Before I turn to the key issues in the Bill, I shall touch on a few overarching matters. We think the Government could have taken a more radical perspective and extended the commitment to equality beyond the Bill, with an overarching equality guarantee. As the Equality and Human Rights Commission said, that would ensure that equality was considered in every action of the state and in every future piece of legislation. Such a guarantee would be radical and would give us a constitutional right to fairness.

It is important to establish what we are trying to achieve through the Bill. How will we measure success? How much inequality will be eradicated? My overall sense is that the Bill does not go far enough and that the length of time it has taken to reach the Floor of the House does not seem adequately reflected in the final product or the urgency to be given to some of the provisions, given the scale of inequality that the Leader of the House briefly outlined.

Women in full-time work are paid 17 per cent. less than men, and 36 per cent. less if they work part-time. A disabled person is two and a half times more likely to be out of work. A person from an ethnic minority is 15.5 per cent. less able to find work. Sixty-two per cent. of over-50s believe they have been turned down for a job because of their age, and six in 10 lesbian or gay schoolchildren experience homophobic bullying. Will the Bill cure those horrific statistics? That must be the measure of how far it can go.

The simplification and unification of our equality laws will help. It will not be a panacea for eradicating inequality but it is a good start. There are 35 Acts, 52 statutory instruments, 13 codes of practice and 16 European directives—only lawyers will get rich from them.

As has been mentioned on both sides of the House, we are in the middle of one of the deepest recessions in history. Legislation does not exist in a vacuum, so we cannot completely ignore the plight of business and the impact of new laws. However, after 10 years of boom, when the Government did not act on equality issues—especially equal pay—it would not be acceptable if there was any weakening of equality legislation. I welcome the Leader of the House's assurance that the delivery of the law will not be affected. I shall argue some of those points when I speak about the gender pay gap.

We are rewriting 40 years of equality law, and it has to be fit for the next 40 years. I encourage the Government to have the courage of their convictions, and to believe their own analysis of the cost-benefits of the new law, which is that there would be a net gain for UK plc within three and a half years. I would like to address some concerns of a general nature. An awful lot of very important things will not be in the Bill. A lot of powers are being left to Ministers, and powers to amend decisions—on, for example, exceptions regarding age discrimination in the provision of goods and services, multiple discrimination and how equal pay should be measured—are being kicked into the long grass.

Mr. Boswell: I am most grateful to the hon. Lady for giving way; she is most gracious. Does she accept that the lack of detail on some of those matters makes it difficult to compute the impact and compliance costs for business and others? We simply do not know at this stage.

Lynne Featherstone: The hon. Gentleman makes a very good point. We Liberal Democrats are trying hard to support the measures in the Bill, but it is hard to see the legislation going through its stages without the detail that we need to be sure that we are doing the right thing. These are uncertain political times, and it causes

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me concern that future Ministers might be anti-equality. Powers left to a Minister in future will be powers for a Minister to undo what has been done today, if they should, by any chance, not share an equal conviction in the equality legislation.

Socio-economic inequality is the deepest and most intractable inequality. That is the one into which we are born, and we have very little chance of changing that. The Liberal Democrats have long argued, in this Chamber and elsewhere, that poverty and inequality are intrinsically linked. In nearly three decades of Thatcherite and new Labour Governments, Britain has steadily become a less equal and less fair society. Under this Labour Government, rates of social mobility have fallen. A person born into a poor family now is more likely to remain poor throughout their adult life than a person born 30 years ago. Educational chances are almost entirely correlated to social class, which means that children's prospects are set before they even reach school.

The equality gap has widened, and as Ms Polly Toynbee wrote last week:

"in Labour's decade, billionaires' wealth quadrupled and three out of five of them paid no income tax."

Even more importantly, in the five years before the crash, average incomes barely changed, and the poor became poorer. Inequality is at its highest level since records began—and that is under a Labour Government. The Government should have introduced measures to tackle stubborn, worsening inequality 10 years ago, and they should not have done so in a last-minute, throwaway clause, even though it has been put at the start of the Bill. It muddies the water; it has been jumbled into a Bill that was intended to unify, clarify and strengthen existing legislation.

The Government should have made legislative proposals to tackle socio-economic inequality in a Bill of its own, given the vital importance of narrowing the equality gap. It is the right aim, but the wrong vehicle and the wrong means. It is just a very weak measure. In some ways, the proposal in the Bill is no different from saying that when our taxes are spent by public bodies, those bodies should bear in mind whether they are damaging our environment in how they spend those taxes. It makes sense to think about the wider implications of how money should be spent. If we can use it to address and tackle more than one issue, and to achieve more than one goal, that is even better news, as it is more value for money in cash-strapped times, but the way in which the duty is laid out in the Bill is, I fear, simplistic and unfair. Its wording is broad enough to attract controversy, worry, and legal argument, but too weak to have much of a real impact or really address the equality gap, which is widening and damaging to all of us. That is the worst of all words.

I cannot express how disappointed I am with the Government's overly patient approach to equal pay for women. I know that their heart is in the right place, but the idea that business is to be given another four years in which to change its ways is a cop-out. It would seem that the Minister for Women and Equality has forgotten that businesses were given five years to get their house in order after the original Equal Pay Act of 1970. Forty years later, we are about to repeat that same error. How much time do businesses need to get their house in order? I am sorry that the Government have backed away from mandatory pay audits. What the Government propose is not a pay audit at all, but simply a statement of average pay by gender, without any context to make it truly meaningful. My goodness, the Government clearly understand the benefits of openness and transparency, because they rightly seek to end the mystery that shrouds pay by prohibiting firms from issuing gagging orders that require a vow of silence from their staff. However, they fall short of requiring a real pay audit that would evaluate the quality and nature of the work being done and then be published.

Recently, off the back of a publication about pay at the university of Cambridge, I noticed an unhealthy preponderance of men at the top of the scales and women at the bottom. I referred the issue to the Equality and Human Rights Commission and blogged about it, and two very concerned gentleman from the university's external relations department rushed down to Parliament to meet me and inform me of all that they were going to do to deal with that glaring challenge—exposed by meaningful figures that they had had to publish. That is the point: what is exposed to public scrutiny will concentrate the mind. The main benefit of such an audit, however, is that it becomes a tool for the individual who has no idea what the pay scales are and who gets what. In seeing what is what, the individual will be able to decide whether she or he is being discriminated against, and they will have the evidence and knowledge to take their case forward.

Conservative Members discussed the knock-on effect on a whole company, but how will an individual take forward a case to be examined by a tribunal in the first place if they do not have the evidence? The Government's hand may be forced if businesses do not change their ways, but the Bill deals only with those private sector firms that have 250 staff or more, representing 0.5 per cent. of the whole sector. As the Leader of the House pointed out, 80 per cent. of people work in the private sector, so the Bill is unlikely to right many of the wrongs ensuring that, economically, women continue to be second-class citizens.

Moreover, the Government's plan seems to require the Equality and Human Rights Commission to spend the summer consulting various bodies, but it is a bit rich for the commission to consider it after legislation has gone through the House, because we will have no idea of the extent of the measure. We are also disappointed that, on legal protection against pay discrimination, the Government have not introduced hypothetical comparators for equal pay claims, because that continues the disparity between the way in which different types of discrimination are dealt with. We will therefore push the Government in Committee to have the courage of their convictions.

Much of the Bill deals with when one is in work, but I am concerned about the discrimination that takes place in respect of applications for work, because, even before the interview stage, there are barriers that eliminate those people from black or ethnic minority communities, women, those with disabilities and older applicants. Applicants must be given an equal chance of employment from the first moment that they apply for a job, whether private or public.

I once had two interns, one whose surname was Patel and one whose surname was Hussein. They were bright, able and talented, but, out of the many jobs that they

had applied for before they came to work as interns, they had not qualified for a single interview. Obviously, after interning for a while in my office and being able to put on their CV that they had worked for an MP, which is, after all, the point for them, they both went off to good jobs, I am pleased to say—one in public relations and one at the Ministry of Defence. However, the situation got me thinking—it is not rocket science—that they might not have got past that first, application stage because of their surnames.

Nicola Brewer, the outgoing chief executive of the Equality and Human Rights Commission, gave voice not long ago to the fact that employers avoid employing women because they wish to avoid becoming liable for maternity benefits. We will table an amendment to introduce a name-blank application that would apply to all written applications to work. Just as children are given an exam number to put on their exam papers so that there is no recognition, prejudice or unfairness, job applicants should be required to submit, for example, only their national insurance number. No one would know whether they were female, male, black, brown, young or old, and that first, possibly subliminal, discard would be eliminated. Obviously, when one reached the interview stage, the employer would know one's background, but prejudice would be much harder, and personality and character come through at interview in a way that they do not on a piece of paper. I hope that the Government will look favourably on that suggestion. Financially, the cost would be almost nil.

Dr. Evan Harris: My hon. Friend has made a good suggestion, which I hope the Government will take on board. Does she agree that it is far better to explore such ways of solving the problem of discrimination against women than to agree—I do not know whether Ms Brewer was suggesting this—that we should somehow dilute the important benefits attracted in respect of maternity to meet what employers are doing? It is far better to tackle the discrimination than to dilute the benefits that they are concerned about.

Lynne Featherstone: Absolutely. When Ms Brewer made her announcements, I felt that the message was rather along the lines of, "Well we mustn't do that then. We will have to tone down the magnitude of maternity benefits." That would be entirely the wrong approach.

While we are on the subject of work applications, a subject already discussed in this debate, I want to mention disability. At present, the onus is on the individual to state whether they have a disability. One hopes that it would not, but that might somehow allow the employer to reject disabled applicants at an early stage. If the employer had to state on a form what sort of disability would be a bar, it could be judged whether that was appropriate and the person concerned would be more likely to get to interview.

Roger Berry: In that context, does the hon. Lady agree that it is simply unacceptable that the Ministry of Defence has an exemption from the employment provisions of the Disability Discrimination Act 2005?

Lynne Featherstone: I agree.

I turn to positive action. It seems completely illogical that we should be allowed to fast-track the training of ethnic minority and women police, but not be allowed to fast-track their employment. The rebalancing of the workplace is hugely important, and I do not disagree with the Leader of the House's vision of the bank boardrooms of the future. When both the genders make a decision, it is likely to be more balanced.

I was chair of transport at the Greater London authority, and I noticed that decisions on budgets were often weighted towards the working world. Although I am a great supporter of Crossrail and I believe that the big infrastructure projects are vital, there was a bit of one type of issue being against another—who had the longest train and the biggest airport, for example, versus travel to school and soft measures on travel planning. The disparity between those budgets was irreconcilable. Both genders need to take part in the decision making so that they can argue the case fully. I look forward to seeing more women in the banks.

Mr. Brady: Is the hon. Lady seriously making the worrying suggestion that if more women were on the boards of the large banks they would make decisions not in the commercial interests of the banks, but on other grounds?

Lynne Featherstone: I thank the hon. Gentleman for his intervention, but banking is not going so well. If we brought other considerations into the boardroom, we would get better decisions and the country would not be in its current mess.

Mr. Brady: Will the hon. Lady give way again?

Lynne Featherstone: No. The hon. Gentleman made a ridiculous point.

Let us move on to age. Three cheers for what the Government have proposed on age discrimination! I cannot say how glad I am that protection against age discrimination is being extended to goods and services. However, it is unacceptable for the exemptions to be handled through regulation; they should be in the Bill, and fully debated in Parliament. They are an intrinsic part of the package. I have a concern about the start date of the proposals on age discrimination; it is not satisfactory to leave it up to a Minister to decide at a later date when the measures should be introduced. For the avoidance of doubt, we will ask the Government to set a mandatory deadline.

My last point about age discrimination and matters mandatory is that I cannot for the life of me understand why the Government have retained a mandatory retirement age. It seems completely wrong. I am surprised, as it is clearly discriminatory to decide on an arbitrary age as a cut-off. I heard what the Leader of the House said about the default retirement age being on a separate track, but the issue should be included in the Bill.

I want briefly to touch on some of the good things in the Bill. We welcome the inclusion of sex and age in the positive duty. We also welcome what we hope is a move away from treating transsexualism as a medical condition. It is currently labelled gender reassignment under the protected characteristics. For a long time, those in the transgender community have had physically to change gender before qualifying for the same protection as other strands. To date, the transgender spectrum has not really been understood. While we understand the desire for clear definitions in the Bill, many people find

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themselves on that spectrum but do not necessarily want a sex change. This is about people who face discrimination because of how they express their gender but do not fit into neat boxes. As the Bill progresses, we will test the Government on exact definitions, because we are still concerned about the continued, fairly narrow definition whereby transgender is seen as part of a process on the way to a change of gender. That is only a slight advance on where we are now, and we would wish those anywhere on the spectrum to have the full protection of equality under the law.

We are pleased with the Government's proposals on carers and welcome the enshrining in law of the Coleman case and the protection that that affords. We also welcome the measures on breastfeeding, pregnancy and new mothers. However, there are some missing strands that we will probe in Committee: for example, castes are missing from discrimination protection; and there may be separate issues to do with children.

We have outstanding concerns about the proposed changes to restrictions on who can give blood. Obviously, the safety of the blood supply is paramount. However, prohibiting homosexuals as a group from giving blood, as has been the case, bears close examination. It is, without a doubt, discrimination to say, in blanket terms, that all homosexuals should not give blood because they pose such a tremendous risk. Surely we need some sort of risk-based system that assesses the risk posed by an individual, given that there will be overactive heterosexuals who practise unsafe sex and abstinent homosexuals.

Liberal Democrat Members understand the Government's motives in including religion and belief under the positive duty for equality. However, given the arduous and extensive arguments on the Racial and Religious Hatred Bill—on which the Government, I hate to remind them, were defeated—we hold to the view that religion and belief should not be a protected characteristic. Of course, we all believe that people should not face discrimination in their work because of their religion, and subscribe to promoting good relations to advance equality of opportunity and eliminate discrimination. However, religious views on matters such as abortion, alcohol, homosexuality and sex education in schools are varied and often at odds, and it would be absurd to require public authorities to accommodate all those views in public policies that affect us all. We are also worried that if exceptions for religious organisations in employment are too broad, there will be abuse of that protection. It is obviously acceptable to discriminate in some circumstances, such as advertising for a Catholic to fill the job of a Catholic priest—that makes complete theological sense—but it would be unacceptable if we then found it specified that only a Catholic caretaker could work in a religious school. I have no doubt that my hon. Friend the Member for Oxford, West and Abingdon (Dr. Harris) will spend many hours in Committee happily arguing our case, particularly in relation to harassment, where there is a balance to be struck between protection from harassment and free speech.

We are somewhat disappointed that the Bill proposes to continue the medical model of defining disability and that greater consideration has not been given to the social model. We also believe that there is a lack of clarity about the extension to the reasonable adjustment requirement for common areas in rented accommodation. Is that proposal workable? Where liability for costs is shared, who will bear those costs? Such details matter if a Bill is not to come into disrepute. The intention is very good, but the proposal has to work.

We welcome the correction of judgments that have seriously undermined protection from disability discrimination, but we are seriously concerned that the remedy proposed in the Bill will not undo the Malcolm case. I shall pursue that issue in detail in Committee.

I draw my remarks to a close by saying that the Liberal Democrats will challenge, and seek to improve, what is on offer in the Bill. It would be easy to knock the proposed measures, as we heard to some degree from the Conservatives. However, legislation in the equalities field has been the advance guard of change.

The Solicitor-General (Vera Baird): Absolutely right. We have to change the culture.

Lynne Featherstone: Absolutely, and the Bill is an important foot solider in that regard. It sends out a clear and determined message about how the world will have to change. However, legislation must will the means, not just the ends, and we have to ensure that what we put down in law is matched by the will and resources to ensure its delivery. That will come into play when procurement is considered. Equality has advanced, but there is still a long way to go. If we do not continue to advance the cause and deliver a much fairer and more equal world, the cost to us as individuals and collectively as a country will be huge. A fairer and more equal world will mean that all of us fare much better, and I look forward to the battles ahead.

5.41 pm

Julie Morgan (Cardiff, North) (Lab): Thank you, Mr. Deputy Speaker, for calling me to speak in this very important debate.

I know that we have all been waiting for a long time for the Bill to come to the House, and I strongly welcome it. It is a flagship Bill that will affect everybody in the country in some way or other. We all know that unequal societies are unhappy societies, and the Bill represents a great effort to address the discrimination and the barriers that exist throughout the UK. I congratulate the Government on getting it to Second Reading, and I totally support the direction in which they are going.

The Bill is the culmination of many years of hard work and struggle by many different movements. The women's movement, the movement of disabled people fighting for their rights and many others throughout the country have fought for such a Bill for many years. The test will be in making the words on the page become reality, but the right words mean that we are getting there.

I am absolutely amazed that the Opposition are voting against the Bill and have tabled their amendment. I am surprised that they wish to send the message that they are sending against equality measures.

Mr. Mark Harper (Forest of Dean) (Con): My right hon. Friend the Member for Maidenhead (Mrs. May) made it clear that we welcome many measures in the Bill, such as simplification of the law and the extension

of legislation on age discrimination. However, there is a lot in the Bill that we do not support. We have laid out our concerns in our reasoned amendment, and that is why, when I wind up the debate, I shall ask my right hon. and hon. Friends to support it.

Julie Morgan: I think that everybody will see where the Opposition—the Conservative party—are coming from.

Dr. Evan Harris: I am grateful to the hon. Lady for making it clear that it is not all Opposition Members who will oppose the Bill's Second Reading, but the Conservative party. My understanding is that if one opposes certain things in a Bill—I understand the sincere reasons that the hon. Member for Forest of Dean (Mr. Harper) has for doing so—one should give it a Second Reading and try to amend it in Committee and on Report. If one is still not happy on balance, one should vote against it on Third Reading. I would have thought that the Conservatives had that alternative.

Julie Morgan: I thank the hon. Gentleman for that intervention and urge the Conservative party to support the Bill today so that the whole House is united in its proposals for equality.

As the Bill is so wide ranging and there are so many aspects that could be raised in this debate—I am sure that, like me, other Members have received many briefings, showing the extent of interest in the Bill from so many different sectors of the community—I want to use this opportunity to raise some of the issues that have been brought to my attention that I hope can be considered further in Committee.

As an MP from Wales, I have been approached by many Welsh organisations about different aspects of the Bill. The Equality and Human Rights Commission in Wales recently produced a document about the road to equality for women in Wales, which it says is too slow. That report showed the huge inequalities that still exist for women in Wales. When the Welsh Assembly was set up, the balance of women and men was nearly 50:50, which was a huge achievement. In her opening remarks, my right hon. and learned Friend the Minister for Women and Equality said that the positive action that Labour has taken has made a huge difference to the number of women MPs in this place and the number of Labour representatives in the devolved bodies. In 2003, the Assembly was the only body in the world to have parity—a 50:50 balance—between women and men. That was a huge achievement. I welcome the fact that the permission to have mechanisms such as the twinning mechanism that we used in the Welsh Assembly and all-women shortlists will be extended for a further period.

However, in other parts of life in Wales, outside the political sphere of the Assembly, there is still a huge way to go. For example, 74 per cent. of all teachers in Wales are women, but only 16 per cent. of secondary school head teachers and heads of further education colleges are women. That is a huge disparity, and it cannot be a good model for pupils or students. It is very important to address that. Also, 73 per cent. of all staff in local authorities are women, but only 21 per cent. of local authority chief executives are women, which again is a huge disparity. It is important to do what we can to address those issues. In Wales's top 100 private companies there are no women chief executives. Achieving a more equal society in Wales has been a very slow process, despite the fact that we have such a good gender balance in the Assembly. I welcome the measures in the Bill that will tackle those issues.

One of the biggest issues in Wales, as elsewhere in the UK, is the pay gap. In some areas of work, the pay gap is particularly stark. My right hon. and learned Friend has drawn attention to the huge gender pay gaps—up to 60 per cent.—in the finance sector. Research into the finance sector has shown that women are overwhelmingly concentrated in lower-paid administrative jobs. In Wales, the latest available figures show that the pay gap has widened to 12 per cent. The pay gap has always been somewhat narrower in Wales, but that is because more men there are on low pay than the British average.

We need to tackle the pay gap, not only, as has been said, for reasons of equality and fairness, but for strong economic reasons. The women and work commission's report of 2006 concluded that removing the barriers to women working in occupations traditionally undertaken by men and increasing women's participation in the labour market would be worth between £15 billion and £23 billion. The gap is wider in the private sector than in the public sector. I therefore welcome the proposals in the Bill to tackle the pay gap. We have been trying to do that for a long time, but progress has been slow; indeed, the pay gap has recently risen in Wales, although it is still lower than in the UK as a whole.

Unison in Wales reckons that, putting together all its members with claims in all branches, there are now 9,000 outstanding claims, many of which are equal value claims. There are huge issues in respect of such claims, because there is a shortage of ACAS-approved independent experts in Wales, which means that huge legal bills are being built up. I understand that about six months ago, Cardiff council, whose area I represent, had paid out £160,000 in legal fees to just one firm of solicitors—something that will be reflected all over the country. The pay gap in local authorities is a problem. The money that local authorities are having to pay out to solicitors is causing a huge problem, when really that money should go on services. We need to do something to try to speed the process up and sort it out.

Unison and the Fawcett Society have made some proposals in their briefings. They both strongly support the Bill, but believe that it should be strengthened in some ways. They believe that as well as mandatory pay audits there should be representative actions so that individuals can make a claim as a group, which would cut the costs and perhaps the delay. I wonder whether that could be considered during the passage of the Bill.

The Bill requires private sector companies that employ 250 or more people to report on their gender pay gap, and public authorities with 150 employees will also have to report on equality issues. I think that that will be consulted on this summer, which would be a good opportunity to consider what issues will be raised. Will the Minister confirm the position in Wales as regards the list of public bodies that will be included? What role will the Welsh Assembly Government play in deciding which bodies are included?

I strongly support the socio-economic duty; it is absolutely great that it has been brought into the Bill. It is a huge challenge to try to reduce the inequalities that have come about as a result of the division between the

[Julie Morgan]

rich and the poor, but I feel that the Government and the Labour party are determined to address it. It is very important. Will the Minister say who will make decisions about which public bodies in Wales are included in the list? I also have some concerns about the exception in that clause of people who are subject to immigration control. Will she expand on the thinking behind that?

Another issue that has been raised constantly with me by voluntary bodies and children's groups is age discrimination and young people. I know that children and young people need to be treated in an age-appropriate way, but many of the young people who have spoken to me feel that they are discriminated against and not listened to just because they are young. The last Children's Commissioner for Wales, Peter Clarke, said that one of the most common complaints that he received from young people was that they were not listened to. The Young Equals campaign highlighted the fact that 43 per cent. of those under 18 felt that they had been treated unfairly because of their age. I have been in correspondence with the Minister about that issue and have asked why age discrimination against those aged under 18 is not included as part of the Bill. I hope that we can explore that issue a bit more, because the young people and children who speak to me and the bodies that represent them do not understand the logic of why they are not part of this Bill with the appropriate exceptions built in.

Mr. Colin Breed (South-East Cornwall) (LD): I agree very much with the hon. Lady's last few remarks. Does she agree that that issue is particularly important when young people are subject to residency orders? Their parents might be going through difficulties so that residency is an issue, and too often the courts and the Children and Family Court Advisory and Support Service do not take into account the views of the children and young people who are involved.

Julie Morgan: The general feedback that I have received from many bodies is that children and young people's views are not given enough due attention. Those children who are active in such movements see it as a slight that they are not included in the Bill. I understand the reasons behind that decision, because of the many exceptions that would have to be made, but the bodies and young people involved do not understand. We need to discuss that subject at greater length.

The Solicitor-General: I know that there is an issue to discuss about age discrimination and the under-18s, but I hope that my hon. Friend is not under the misapprehension that the Bill does not apply at all to those aged under 18. Of course, in every other strand, it does.

Julie Morgan: Yes. I thank my hon. and learned Friend for that intervention.

One issue that young people complain about in particular is inappropriate health care provision. Let me take this opportunity to welcome initiatives in my constituency, particularly the Skypad unit, which is based at the University hospital of Wales. It has special age-appropriate facilities for teenage cancer sufferers. The rooms are geared towards teenagers and there is a chill-out zone as well as computer games. That sort of development is exactly what we should be encouraging, because it is appropriate for the age of those young people. They are not children, and they are not adults, but in the health service in general about two thirds of those who are at that in-between age are not in appropriate accommodation. Those are the sorts of issues that have been brought to me by young people.

Another point made to me by the Young Equals campaign in particular—I have met a lot of these groups—was that research has shown that children do not expect the police necessarily to take them seriously when they make serious points. Sometimes, groups of young people are not allowed access to leisure facilities and shops. A shop near my office allowed in only two young people at any one time. That is labelling all young people as potentially disruptive, and I wonder how young people who feel very deeply about such issues can be protected from such discrimination. How will such issues be addressed under the Bill? That is an important point, and I hope that we can have a further discussion so that it can become clear to young people, who often feel strongly about such issues, that the Government are considering their role.

I want to mention other welcome provisions. Many of us have campaigned for a ban on discrimination in private clubs for years, and have even stood outside such clubs making our views known, so it is great that that is now happening. I also welcome the measures to protect pregnant women and new mothers, and to make it illegal to eject breastfeeding mothers from cafés, restaurants and public places—I know that that has happened. Many of us have suffered from such discrimination.

The Bill will reinforce some of the good initiatives that are already happening. In Cardiff, there is a "Breastfeeding Welcome" scheme. Businesses put up a sign saying, "Breastfeeding mothers are welcome." The scheme has spread all over Cardiff and is particularly strong in the Cardiff Bay area, which is a tourist area. The Bill will strengthen the scheme. We can make the legislation, but we also need efforts to encourage women and to say, "We are pleased that you are breastfeeding here. We think that breastfeeding is good for you and good for the children and we want to do all we can to help you feel welcome." We have the legislation to back up that approach, but we still need the schemes to reinforce the message and to make people feel welcome.

I congratulate the Government on this wide-ranging Bill, and I am sure that it will make a huge difference to individuals in this country. I want to conclude by mentioning one particular group. I am chair of the all-party group on Gypsy and Traveller law reform and I know that Gypsies and Travellers are among the most discriminated-against groups in this society. I hope that the Bill will help them to achieve their rightful place in society and that they will play a major future role in their communities with its help.

5.59 pm

Mr. Tim Boswell (Daventry) (Con): It is a personal pleasure to follow the hon. Member for Cardiff, North (Julie Morgan), for two reasons. First, as she will be aware, I, too, have some interest in Wales. Secondly, I am an officer of the all-party Gypsy and Traveller law reform group to which she has just referred. I strongly

confirm her impression that the situation for Gypsies and Travellers in education and health, for example, is deplorable and a clear example of discrimination.

It will already be clear from an intervention that I made earlier—I ought perhaps to declare an interest—that I am now safely past the state retirement age and, as the Americans would say, am slated for retirement from this House at the next general election, whenever it might come. This subtle passage of time might have led me to take a progressively greater interest in ageism, although I do not intend to say much about that tonight. I have had the rather sobering thought that, given the way things are going, this could well be the last time that I participate in the Second Reading debate on a major, substantive Bill. I am proud and pleased to be able to do so on this occasion.

For a variety of reasons, I have developed an interest in equality issues over the past 10 years, and I hope that I can display what I might call a progressive Conservative position on them across the piece. My main experience has been on disability issues, and I still chair my party's disability group. For other reasons, I have an interest in race relations and community cohesion, and I have a further interest given the gender make-up of my own family. When listening to the speech of the Minister for Women and Equality, I vividly remembered her tabling an amendment to national health service legislation some 20 years ago, in which she called for a gender quota of at least 40 per cent. women in the membership of NHS bodies. I countered at that point by saying that, as I was the only male in my own family, the gender ratio was already 4:1.

I found the right hon. and learned Lady's speech interesting, and I am not against the Bill in principle, for reasons that I shall deploy, but I felt that it was a little deficient in historic sensitivity. It required an intervention to get her to concede, somewhat grudgingly, that the Disability Discrimination Act 1995 was Conservative legislation. In my view, that legislation was path-breaking.

Roger Berry: Would the hon. Gentleman care to remind the House of the circumstances that led to the introduction of that legislation?

Mr. Boswell: Not in detail, but I think we got to the right outcome in the end.

I felt that there was a certain naiveté on the part of the right hon. and learned Lady in assuming that legislation could somehow automatically eliminate any difficulties. At one point I was moved to intervene on her—I aborted the attempt—to ask whether the absence of a public sector duty was somehow directly responsible for the fact that inequalities in this country had increased over the past 10 years.

We should be looking for agreement where we can find it, however, and I certainly broadly welcome the concept of the Bill, and many of its provisions. We are not going to get into the business of abolishing inequalities overnight, but almost everyone in the Chamber would accept the principles of equality under the law and of equality of opportunity as being important for a healthy society. I am happy to say that I believe there is a moral case for greater equality, because we all deserve decent treatment. There is also a social case, because a society that is not frustrated by inequalities is more likely to be a happy and cohesive one. There is also an economic case, although the evidence for that is not conclusive, because gross income inequalities are likely to depress national output and competitiveness.

I go on from that to support the broad approach to the single Bill and the body of law that bridges the various strands of discrimination. I admire the work led by Trevor Phillips in his equalities review, not least because it brought the question of outcomes—to which I have already referred in relation to the Gypsy and Traveller population—to the fore, and the careful, painstaking, parallel review of equality law that took place. Both reviews have informed this legislation.

It is surely sensible to unite concepts and process in a piece of overarching legislation. I would add for consideration, possibly in Committee, that we need to give some attention to equality of access, and I can mention two areas in which there have been difficulties historically. The first is educational discrimination in relation to special educational needs. When there is a special educational needs and disability—SEND—tribunal in the compulsory years, access is much more likely to take place than it is in further or higher education, where there might have to be recourse to the county court.

Secondly, disability discrimination duties are expressed in part II of the Disability Discrimination Act 1995 in relation to employment and, in part III, in relation to goods and services. I am not saying that a tribunal is always the right approach, but the fact is that more people use them than go to the courts. All these points should be subject to detailed scrutiny in Committee, and I am particularly anxious that there should be no perceived dilution of the Bill's coverage of disability, which is a more complex case.

Having said that, I am happy to have a single codification of the law, and I do not rule that out as an important factor in driving social progress. It is, to some extent, a lever of desirable change. However, given the experience with equal pay—the relevant legislation is now more than 30 years old—very few people would argue that the law itself will achieve an immediate or conclusive result. I hope that we will have a common aim of equality and that we will use the law appropriately, and not unduly puff its ability to deliver. At the same time, for moral reasons, neither direct nor indirect discrimination should be acceptable.

I shall move on from the body of law—important though that is—to examine some wider and more positive concepts, some vision matters and some matters of culture, where things can be a little more difficult to deliver. My unease—such as it is—about the detailed provisions of the Bill echoes some of the concerns set out by my right hon. Friend the Member for Maidenhead (Mrs. May) in her speech and in the reasoned amendment. The Bill is sometimes waffly and unspecific on public duties, which are not yet adequately defined or costed in regard to compliance. At the same time, however, it is unduly intrusive on the private sector. This is not a good time to introduce further costs, not least those involved in familiarising industry with the legislation. There are likely to be substantial one-off costs and continuing compliance costs, at a time when industry already has considerable burdens of its own.

Lynne Featherstone: Does the hon. Gentleman not accept that there will be a net profit to UK plc?

Mr. Boswell: I am quite sure that there will be cost savings in the long run, and that the situation will settle down. There is a difficulty in the short term, however.

I want to turn to public sector bodies. Even if we drop the argument that the pursuit, in one clause, of socio-economic equality amounts to socialism, as I have heard it described, it does provide a charter for politically motivated interference. In some cases, it could even threaten equality under the law. For example, should we wind up the public library service because it is allegedly used by middle-class people rather than by the population as a whole? Worse, the public sector duty could become a cop-out from doing the real work that is needed in other parts of the public sector.

In some respects, the public sector and the civil service, of which I have some knowledge, are good employers and meet many of the requirements in the Bill. I know a bit about job share in the civil service, for example. Nevertheless, there is still a gender pay gap in the public service. A recent issue of *Westminster & Whitehall World* highlighted a problem in recruitment advertising that could deter a substantial amount of part-time applicants from applying for certain jobs—I think that the estimate was that 25 per cent. of jobs were not open to job sharers or part-timers. That would mean that many women with family responsibilities could not apply for those jobs. There also continues to be a lack of gender balance in public board appointments, although positive discrimination is perhaps not the right way to address the problem.

Yet the Government are somehow exempting themselves from many of the duties relating to publishing information on the gender pay gap. Characteristically, however, they go on to impose mandatory gender pay audits across the private sector, not on a targeted basis, and such an imposition on hard-pressed businesses is particularly difficult in present circumstances.

We also need to remember the social implications of the Bill. Not to put too fine a point on it, people will know that I do not go along with what is sometimes unfairly implied about the white working class. In a very interesting speech, the right hon. Member for Leicester, West (Ms Hewitt) spoke about the interests of the white working class. However, wherever we come from in this debate, we have to understand that there is a very fine line to tread between the social progress most of us—nearly everybody in this Chamber—would want and the risk of a backlash from grass-roots opinion. It is not always racist to protest if people feel that they are being treated unfairly because of a body of law or how it is interpreted; if that happens, we could have social unrest, particularly at a time of economic difficulty and unemployment.

At the same time as the Bill focuses on one or two headline-catching initiatives, which are obviously part of the particular Minister's agenda, it does not go far enough or give a sufficient lead in other directions. In respect of the private sector, there is, of course, no direct lever that Parliament or Ministers can pull other than setting out particular legal provisions. In terms of example, however, I have always felt that the best results come from the private sector when the moral and social case for equality and inclusion coincides with the business case. I have shared platforms with the Institute of Directors and other such bodies and argued that that coincidence of interest is the best way of guaranteeing social progress.

Employers need every sensible encouragement to good practice in equality. If one were to go into a bank in Leicester, it would hardly be surprising—or, to put it the other way, it would be extremely surprising if it did not happen—if one saw two or three Asian cashiers. Of course that will be the case, because that is the characteristic and make-up of the population.

We do not have enough disabled prospective parliamentary candidates, but we are beginning to address the problem.

In the public sector, there is also the question of principles and people debate whether the Bill should have a principles clause. I tend to agree with the Equality and Human Rights Commission that we should have such a clause. It is a "King Charles' Head" issue for me, so I was delighted that the Mental Capacity Act 2005 kept such a principles clause in, and I have drafted them for other Bills. I did not have much success with them, but I believe that there is a strength to having such clauses. I can understand exactly why Government lawyers are uncomfortable about principles-based laws; they think that they are somehow a foreign invention that could create a clash between specific requirements and wider principles of good behaviour. Actually, however, these clauses enable tribunals or courts of law to look behind the fulfilment of box-ticking and to move towards compliance with the underlying principles, meeting the challenges that the legislation is designed to address.

We have seen similar sorts of problems with our own expenses, when MPs have said that they complied with the rules, but we all know that that is not a sufficient response. If we are going to make real social progress, whether it be in the private or the public sector, it does mean a change of culture and it means that people have to go the extra mile beyond what is specifically written down in the law.

In truth, my personal vision of equality is, in a sense, motivated less by discrimination—I am not, however, a lawyer—than by an approach informed by human rights. I believe that employers should have to treat all their staff—and, of course, job applicants, too—decently. Equally, for those offering public services, we know that they are difficult to resource and to join up, but what should motivate all public officials is the offering of considerate, personal, holistic and decent treatment. Doing that properly in the interests of the person concerned should transcend the mere letter of the law. Passing this Bill, notwithstanding its many virtues, is at best a step towards that wider social advance.

6.15 pm

Dr. Desmond Turner (Brighton, Kemptown) (Lab): When the Bill was published, I really thought that we would be conducting not so much a debate as a mutual appreciation afternoon, but it has turned out quite surprisingly differently in view of what can only be described as the curmudgeonly response from the Conservative Opposition. Given that the Bill is largely a consolidation measure and that hon. Members of all parties agree that there is much virtue in consolidating all the legislation on equalities in one Bill, thus simplifying the law, it is remarkable that the Tories oppose it.

We have fought tooth and nail over equalities issues since 1997 and the Opposition seemed progressively, to their credit, to have come round on the whole, especially

on sexuality legislation. They accepted it, so I thought that we had secured a large degree of consensus in the House on equalities.

Mrs. Laing: We do have a large degree of consensus, but why is it wrong for us to debate the parts of the Bill on which we do not have a consensus? Is that not what we are here for—to hold the Government to account?

Dr. Turner: I am happy that areas of disagreement can be debated, but that is different from throwing the whole Bill out, which is what the Conservative Opposition are suggesting. That seems to me to be a total negation of what the hon. Lady has just said. By all means let us fight in Committee on all the issues that are worrying, but anyone seriously in favour of equality should back the Bill so that there is a vehicle in place to argue about. That seems to me to be simple logic, but I have problems understanding the Opposition.

Although the Bill is, as I say, mainly a consolidation, it introduces some new principles and points, many of which are essentially philosophical. In bringing all equality strands into one Bill, it creates, if I may put it this way, an equality of inequalities. In other words, whatever the inequality is, "We're agin it, and we are agin it to the same degree." I think that that is an entirely healthy development of a kind that will lead to the cultural change that several Members have mentioned. That is what we really need at the end of the day. Yes, we set legal frameworks, and it is important to do so; but unless those legal frameworks end up creating a culture change in society or are met by such a change, the overall outcome will not be the one that we wish to see. I believe that the legal framework is at least one half of that broader picture.

I am pleased that the Bill places an equal duty on public sector and private sector bodies in respect of equalities in the delivery of services. At this point, I must advise my hon. and learned Friend the Solicitor-General that I shall introduce what I hope will be regarded as a helpful amendment because there seems to be a small oversight in clause 1, which specifies a list of public bodies. Unfortunately, it leaves out unitary councils while including the council of the Isles of Scilly. I think that rather more people are represented by unitary councils than by the council of the Isles of Scilly. Similarly, when it comes to the health service the Bill specifies primary care trusts, but I think it would be much wiser for it to cover all NHS trusts. It should be made clear that any arm of the NHS that deals with patients and the public in general must observe the equalities duty.

The Solicitor-General: If my hon. Friend is right and we have left some things out, of course we will put them in. I am grateful to him for being so observant.

Mr. Harper: And assiduous.

The Solicitor-General: And assiduous, as the hon. Gentleman says.

In addition to the list of public authorities, there is a definition of a public authority as any authority or organisation delivering a public function. So probably everything will be covered in any event, but we will box up the list, because it would certainly look better if all the organisations were included.

Dr. Turner: I thank my hon. and learned Friend for her helpful response. As she says, it is possible to infer that all such bodies are covered, but it is always good to have things spelt out clearly. Otherwise, members of the profession that she so lately graced will always be trying to find loopholes.

Among the new provisions, the socio-economic strand represents a legislative breakthrough. Given that since 1997 we have placed attempts to achieve socio-economic equality at the top of our agenda, it is disappointing that, in some respects, the gap seems to be widening. That tells us two things. It tells us that socio-economic equality of opportunity is extremely hard to achieve, and it tells us that there can be confusion between absolute poverty and relative poverty. There has undoubtedly been an increase in relative poverty, but examination of the figures will almost certainly demonstrate a decrease in absolute poverty.

This problem is very difficult to define and very, very difficult to tackle. In that context, public sector bodies have a vital role to play. Councils, for instance, can deliver education. The Bill provides for positive bias and discrimination, and I believe that we need local authorities to exercise more of it towards people from socio-economic backgrounds that are deprived not only financially but in terms of parental aspirations, and all the other factors involved in the complex mix that we are discussing. The Bill gives local authorities an opportunity to do more than they do now. The extent to which they take their duty seriously is variable at present, and we need to make them all recognise that it is a prime duty.

Age has always been with us, and I am very pleased about the advances that the Bill makes in tackling age discrimination. I am pleased about the emphasis on goods and services, and I am pleased that while wrinklies will not lose the advantages provided by Saga Holidays, older members of our society may also be given greater opportunities. I have always believed that, in some respects, we could learn quite a few lessons from the United States, where people are not automatically disregarded or discriminated against on the basis of age. If they are still up to the job and can still deliver, people in the States are able to operate until they are in their eighties, and I see nothing wrong with that.

I hate to say it, but I agreed with the Liberal Democrat spokesman, the hon. Member for Hornsey and Wood Green (Lynne Featherstone), on the subject of the compulsory retirement age, which strikes me as a discrimination in itself. I wish that it had been covered by the Bill, but there is still an opportunity for that to happen. Certainly it should be dealt with in the near future. The existence of a range of compulsory retirement ages defies logic. In the armed services, the police and the fire services the retirement age is about 50, while the general retirement age of 65 is enforced, in my view inappropriately, by many institutions.

That sits ill with our problem with funding pensions for the future, and the fact that the Department for Work and Pensions is considering an eventual raising of the retirement age from 65 towards 70. The two strands are in conflict. I believe that we should think about changing the current compulsory retirement ages to pension qualification ages, enabling those reaching the relevant age to claim a pension and retire or, if they choose, continue to work, provided that they can satisfy the requirements of their occupations. That would give

[Dr. Desmond Turner]

us true equality, and would also give society the benefit of all the experience and wisdom which, at present, are being foolishly discarded.

If there were a compulsory retirement age in this place, there would be a very heavy cull straight away. Governments, including this one, could perhaps look to the age discrimination requirements when it comes to Front-Bench appointments—but I will say no more about that, because I do not want to embarrass my hon. Friends.

Positive action will be essential. It is the only way we can finally achieve results, because there will always be resistance. Talking of resistance, I wonder if the nub of the attitude of Conservative Front Benchers can be traced back to the CBI's briefing paper, which, while welcoming the Bill in principle, devoted its entire length to opposing and criticising the measures on gender-related pay discrimination. It claims that business will always say, "You can't do that; it will ruin us." However, if we had listened to that argument, we would never have made any social progress in this country. It is the old story of the roads to ruin. It applies to the minimum wage—you name it.

Gender-related pay discrimination will only be truly eliminated if the requirement to report is universal. If reporting is carried out selectively after the event, it will take so long to eliminate such discrimination that we will all be 6 ft under long before it happens. This is therefore vital.

The Bill clears up some matters that should have been dealt with previously. The insurance provisions are a particular case in point. Insurance companies have been allowed to discriminate too freely for too long, such as through age discrimination in insurance. When someone reaches 70, they are normally immediately rejected by the insurance industry for travel insurance. One day they are perfectly healthy, the next day they are thought to be a calamitous risk; that is clearly nonsense. Unless insurance companies are required to undertake a proper assessment of the insured's risks instead of simply having an arbitrary age descriptor, this discrimination will continue and that is totally unjustifiable. Travel insurance becoming unavailable at 70 is also ridiculous. People who are 70 nowadays are like the 50-year-olds of 50 years ago, and preventing them from travelling is dreadful discrimination. I am very glad we are putting a stop to that.

Mr. Breed: I entirely agree with the hon. Gentleman. Would he apply the same logic to people trying to get driving licences over a certain age?

Dr. Turner: Yes, I would, and, in fact, that is the current situation: when someone reaches 70, they just have to satisfy the Driver and Vehicle Licensing Agency that they are still fit to drive. I do not mind that. The licence is not being withdrawn from them; indeed, there are people aged over 100 who are still driving.

There is another loophole in the excellent legislation that we have passed. In dealing with discrimination in the provision of goods and services on the grounds of sexuality, the last equality legislation omitted insurance, and this Bill fills that gap.

I have used up almost all my allotted time. I simply want to give this Bill broadly a very hearty welcome and assert that it is something of a groundbreaking Bill; it will lead to a quantum change in the whole national approach to equalities and in the outcomes for equalities.

6.32 pm

Mrs. Eleanor Laing (Epping Forest) (Con): I am a committed campaigner for equality—I always have been, and I always will be—and I welcome most of this Bill. It is a pleasure to follow the hon. Member for Brighton, Kemptown (Dr. Turner), who gave a balanced analysis of the Bill and pointed out many of its good aspects. I particularly welcome the parts of the Bill that simplify and consolidate previous equality legislation, the main principles of which we Conservatives have wholeheartedly supported. I also very much welcome the positive equality duty imposed on public authorities; that will go a long way towards changing the cultural attitudes to equality in all its manifestations and in all walks of life in our country. That is right, because equality of opportunity is a basic moral imperative. As the hon. Gentleman said in his speech, there is general consensus in favour of that principle in all parts of the House.

The difficulty with the Bill, however, lies in the extra bits that have been added to it. I am not against the drive for equality—not at all. Labour Members have frequently peppered their speeches and interventions with attacks on Opposition Members for doing our job of holding the Government to account. It is extremely important that we dissect the Bill, and look at its outcomes as well as its good intentions. I do not agree with every proposal in it, because no political system—neither the most liberal, nor the most totalitarian—can make people equal by passing laws that say that equality is desirable. Therefore, the good parts of the Bill are, sadly, undermined and diminished by the unworthy parts, which revert to the worst excesses of old-fashioned unreconstructed socialism. *[Interruption.]*

I am particularly concerned that—*[Interruption.]* As usual, the Solicitor-General laughs. She cannot bear to be identified as a left-wing activist; she wishes to come before this House and—*[Interruption.]* She continues to laugh, but she does not actually make a positive contribution to the debate. She expects us all to bow down and agree with what she says because she says it, but that is not what we are here for. I am particularly concerned about the effects of these measures on the employment prospects—*[Interruption.]* If the Solicitor-General wishes to intervene, I will give way to her, but she should not speak from a sedentary position.

The Solicitor-General: I am not sure what the matter is with the hon. Lady—but I have given her a chance to calm down now, so I shall sit down again.

Mrs. Laing: Well, that was a very helpful contribution to the debate!

I am particularly concerned about the effects of these measures on the employment prospects of women, disabled people, gay people, religious and racial minorities and older people, because if employers are forced to act in a way that they perceive to be against the best interests of their businesses, they will, in a normal, practical way, find a way of not employing a person who might in future bring a case against them. Therefore, there is a

danger that parts of this Bill will reduce, rather than increase, equality in the workplace, and I want equality in the workplace to become universal. There is, of course, a delicate balance to be struck, especially at times of economic downturn such as now. If too great a burden is put on businesses, businesses will fail and not only the employer, but the employees, will become jobless. That is surely not the Government's intention.

Lynne Featherstone: We have heard a lot about the costs to business, but does the hon. Lady think that business might support the introduction of compulsory pay audit measures in the first quarter following the economy having returned to growth—or might businesses welcome such measures after two quarters of growth, perhaps?

Mrs. Laing: I think that the hon. Lady has a reasonable point; I cannot imagine quite how it would work in practice, but, in principle, it is quite a good point. My concern, however, is that if the measures go too far, not only will that damage the economy itself and hinder growth, but it will damage the prospects for individuals, who might not be given the chance of employment that they would otherwise have had. If the pendulum swings too far in the direction of protection of employment rights, the potential employee will lose the opportunity for the job, and therefore for the right, because the reality is that most businesses do not exist to act altruistically; they exist to make money, keep their businesses going, pay their employees and satisfy their customers. Statistics show that companies that have good equality practices benefit in terms of business success. The right hon. Member for Leicester, West (Ms Hewitt) made that point extremely well at the beginning of her speech. The Government should encourage all employers to do what good employers have been doing for years. That is what the previous equality Act did very successfully and, as she showed in the very good examples that she gave, we are succeeding to that extent. I am concerned that if the pendulum swings too far, people will lose the rights we want to give them.

I am also concerned about the imposition of targets, especially those on the gender pay gap. We all want sensible measures to be taken to close that gap, which remains a scandal in this country. It is particularly bad in respect of how it affects women who earn least and, often, work the hardest: part-time casual employees. They suffer most and they are the ones whom I want to benefit, but I am concerned that the Bill will require a focus on just one indicator and thus risk ignoring the underlying causes of inequality. Those causes have to be remedied to create the equality and the economy of the future that we wish to see. Proper growth will come back to our country only if we have the right conditions in which business and industry can flourish and thereby benefit everyone who works in them, employer and employee alike.

Instead of producing reams and reams of rules and regulations, the Government should be making the business case. As my hon. Friend the Member for Daventry (Mr. Boswell) said, the "coincidence of interest" between the moral case and the business case for equality is the way to encourage genuine cultural shift. That approach is far more effective than centrally imposed political imperatives—history has shown, throughout the ages, that they simply do not work.

There is good evidence to suggest that flexible working benefits everyone. It has been introduced step by step, and that is what the Government should be doing; they should be understanding how business and employers work. By proving the business case step by step, we will take employers and businesses with us in the quest for equality, instead of imposing top-down conditions that they may have difficulty meeting. We can build on that business case to try not only to achieve the equality that we all wish to achieve, but to rebuild our shattered economy—more than a decade of Labour's good ideas has destroyed it.

I dare mention, just for a moment, the difficult issue of breastfeeding. Breastfeeding is a private matter. I entirely agree that, of course, it should be encouraged, as all the medical professionals tell us but, like all these matters, it should be dealt with in a reasonable way and with discretion. In some places it is appropriate to breastfeed one's child and in some places it is not, yet the measures in this Bill outlaw someone's ability to suggest reasonably that breastfeeding should not occur in one place or another. In matters such as this, we should proceed with discretion, reason and respect for everybody concerned, including, of course, the mother and the baby. This is not a matter where the Government can dictate that mothers should be allowed to breastfeed everywhere and anywhere without having due consideration to those around them and the circumstances in which they find themselves. We have all managed it, Madam Deputy Speaker, even in this building and the matter can easily be dealt with by discretion; we do not need primary legislation in a Bill such as this in order to bring this about. The reason this makes me angry is that the measures on breastfeeding are just one example of where the Bill goes too far.

I do not want this Bill to fail. I want it to succeed, which is why I would like the Government to concentrate on the basic issues that will actually make a difference to people in Britain today, who deserve equality of opportunity and currently do not have it. By adding on all these extra conditions, the Government make it much more difficult for this Bill to be supported and for it to work in practice were it to become law—it would be so much better to concentrate on what really needs to be done. It is very sad that, after 12 years of a Labour Government, the gap between rich and poor in Britain is greater than it has been for decades; opportunities, particularly educational ones for young people from disadvantaged families, are worse than they have been for decades; and social mobility is very much reduced compared with what it was 40 years ago, when a young person from a poorer background had a far greater chance of succeeding in whatever they set out to do than such a person would today—the Government know that. They have failed, and they are not going to put their record straight by introducing all the extra rules and regulations in this Bill. What a condemnation that is of 12 years of a Labour Government.

We all want equality in the workplace. We all want equality across all strands of life in Britain today. We all want equality of opportunity, for it benefits not only the individual, but our society as a whole. The way in which the Government have drafted parts of this Bill will not bring about what we all want to see, which is why it is necessary that sensible people examine the reasoned amendment tabled by my right hon. Friends and support it this evening.

6.47 pm

Roger Berry (Kingswood) (Lab): It is a pleasure to speak in this debate. I welcome the Bill most warmly, and I congratulate my right hon. and learned Friend the Minister for Women and Equality, and her colleagues, on producing this measure after what have clearly been Herculean efforts. Bringing together a lot of the existing equality legislation, with harmonisation, in part, into a comprehensible whole is clearly challenging. There have been debates along the way and many people have expressed reservations from time to time about the direction in which things might be going, such as in respect of public sector duty. It takes time for Ministers to consider comments that have been made, for example after the Green Paper, and return with a good document.

This is an excellent Bill, which is why it has been almost universally welcomed. It has been welcomed by the Equality and Human Rights Commission; by a massive number of voluntary organisations such as Age Concern, Carers UK, the Royal Association for Disability and Rehabilitation—RADAR—and so on; by the Royal College of Psychiatrists; by the TUC; and by the British Medical Association. In fact, I could find only one organisation that has not welcomed the Bill: the Conservative Opposition. When I intervened to ask the right hon. Member for Maidenhead (Mrs. May), who spoke for the Opposition, whether she could name a single organisation, nay individual, who had expressed concern and opposition to this Bill, no example was forthcoming. Reference has been made to the CBI and its concern about the proposal for gender pay gap reports. In fact, the CBI's document starts by saying:

"The CBI supports the clarity and simplification that the Equality Bill should achieve in bringing together forty years' worth of discrimination legislation. Having a single Act as a reference point will help compliance for employers and give them the confidence to address diversity within their companies."

That is exactly what the hon. Member for Epping Forest (Mrs. Laing) wants—she is nodding. The CBI spends half of its submission explaining why

"Business welcomes new clarity in discrimination legislation".

Mrs. Laing: Of course everybody welcomes the parts of the Bill that consolidate previous legislation and do exactly what the hon. Gentleman has just quoted. We all welcome that part. It is the other parts of the Bill that we question.

Roger Berry: I looked carefully for advice from the CBI on how I should vote today, as I always do. I listen to everyone. I cannot find in the CBI's submission any suggestion that I should vote for a motion to decline agreement on Second Reading. I see the CBI welcoming the

"new clarity in discrimination legislation".

If the CBI welcomes something, I get the impression that it is saying I should support it, which I do. I have yet to find—I am happy to take interventions—any organisation that is openly opposed to the Bill.

Philip Davies: May I commend to the hon. Gentleman a marvellous organisation, of which I am proud to be a member, called the Campaign Against Political Correctness? If he looks at its website, he will find that it is wholly opposed to the Bill, as am I.

Roger Berry: I am so grateful for that most welcome intervention. The only organisation that any Member in the House has been able to put forward as opposing the Bill is the Campaign Against Political Correctness. *[Interruption.]* Age Concern supports it, but forget Age Concern—listen to the Campaign Against Political Correctness; I very much hope that the hon. Gentleman will inform his constituents, who may be active supporters of Age Concern, that he dismisses their support in that rather scornful way—*[Interruption.]*

Madam Deputy Speaker (Sylvia Heal): Order. The hon. Member for Shipley (Philip Davies) knows the correct way to conduct himself in parliamentary debates.

Roger Berry: I am well aware that there are Members in all parts of the House, including the hon. Member for Daventry (Mr. Boswell) and one or two others who I hope will speak soon, who support improvements in equality legislation. I must, however, comment on the one or two Members who, from a sedentary position, in response to the comment from the Minister for Women and Equality that it was the Labour Government who introduced
the Race Relations Act, the Equal Pay Act, the Sex Discrimination Act and so on, objected to the idea that nothing at all had been introduced by the previous Conservative Government.

It is correct to say that the Disability Discrimination Act 1995 was introduced by a Conservative Government. I remember it well. It is well documented. I will not detain the House, other than to say that the only reason why the DDA was introduced in 1995, with all the loopholes—it was like a string vest—was that various hon. Members, with support from all parties, had on several occasions tried to introduce the Civil Rights (Disabled Persons) Bill. Following the way in which the then Conservative Government blocked that Bill, when I happened to be the promoter that year, and how three Members of the House had to apologise to the House for using tactics that were misleading, the Government were so embarrassed by the public opposition that they introduced the DDA.

Like my colleagues, I genuinely thought we had got past that. We have had cross-party support for almost all the equalities legislation since. We had support for the Disability Rights Commission Act 1999, the Special Educational Needs and Disabilities Act 2001, the Disability Discrimination Act 2005, and the Equality Act 2006. Those are only the disabilities measures that spring to mind. Therefore I was hoping that we would get cross-party support this evening, and I am sure we will, but the official Opposition will not be with us.

Despite comments to the effect that there are lots of wonderful things in the Bill—the hon. Member for Epping Forest said that she supported most of it—we will be urged by the official Opposition to vote for an amendment that kills the Bill in its tracks. The only organisation that will be happy about that is the Campaign Against Political Correctness—not Age Concern, RADAR, the BMA or anybody who has taken a serious interest in these issues.

Bob Spink (Castle Point) (Ind): May I assure the hon. Gentleman that he has the support of this party, even though this party is a one-man band as an independent in this place? Nevertheless, I support the Bill, which has

some wonderful things in it. Does he agree that we need to examine it carefully in Committee to strengthen it if we can? For instance, public bodies are told by the Bill that they may take into account the impediments of disabled people. There are many disabled people with serious impediments who think that public authorities should always take those impediments into account.

Roger Berry: I agree that we need to look at all these matters carefully, and I welcome the hon. Gentleman's intervention.

I shall focus on the disability provisions, but there are three general issues that I want to raise. First, I strongly support the extension of the rights of older people facing discrimination in goods and services. That is good news for older people, which of course means it is good news for many disabled people and many carers as well. It is terrible news for the organisation referred to earlier, but good news for such people. Secondly, the more effective use of public procurement for delivering equality is to be welcomed. Thirdly, the empowerment of employment tribunals to make wider recommendations to stop future discrimination in employment is also welcome. I may say a little more about that in a moment.

In relation to disability, there has been significant progress in recent years. Ten per cent. more disabled people are in employment than 10 years ago. Many service providers now provide a more accessible environment, but sadly it is still the case that disabled people are twice as likely to be unemployed as non-disabled people, twice as likely to lack qualifications as non-disabled people, and twice as likely to live in poverty. There has been progress, but there is still a long way to go.

In relation to disability issues, the Bill should be tested against three criteria. The first, as I said, is that the Bill is in large measure about harmonisation, but it must ensure that the distinctive aspects of the DDA are not lost, in particular the fundamental principle that equality for disabled people is emphatically not about equal treatment. It is about different treatment to produce equal opportunity.

Secondly, gaps in existing legislation must be plugged. There are still areas where discriminatory legislation is condoned, such as, yet again, the Ministry of Defence's exemption from the employment provisions of the DDA. Goodness gracious me. The third point is that enforcement is a real issue. Hon. Members are right when they say that passing legislation itself is not enough. There are important questions that need to be asked about the best ways to enforce that legislation.

Let me say a few words about each of those things. As the hon. Member for Daventry said, the DDA differs fundamentally from other forms of anti-discrimination legislation. It is asymmetric. It creates rights for disabled people to be protected against discrimination, without a corresponding right for non-disabled people. Treating disabled people the same as non-disabled people will not deliver equality. Wheelchair users do not experience equal opportunities by being treated the same way as non-wheelchair uses. Women with learning disabilities are less likely to use breast-screening services. That is a matter of fact. This is likely to arise not as a result of direct discrimination, but as a result of the provision of information in exactly the same way as it is provided for those without learning disabilities.

That is why the public sector duty, introduced in effect in December 2006, required health authorities as public authorities to do something about such situations. If it is observed that some patients are not accessing a service equally, questions need to be asked about what can be done to give them equal access. The fundamental distinction in disability discrimination legislation is the recognition of the need for more favourable treatment—in specific ways—for disabled people. As I read the Bill, I think that it contains a recognition of the importance of more favourable treatment, but I would like an assurance from Ministers that the new public sector duty indeed addresses that issue and would in no way dilute the provision in the DDA.

I welcome the many areas where the Bill will extend rights for disabled people. For example, it will extend protection against direct discrimination and harassment to people who are perceived to have a disability and to those associated with someone who has a disability. Some of us remember the debates about the DDA in 1995 and the Americans with Disabilities Act—a wonderful piece of legislation that we aspired to emulate. It made specific reference to protection from discrimination for those perceived as having a disability. The argument is obvious: if someone is discriminated against by, for example, an employer, because he or she thinks that that person has a disability, and the person turns out not to have a disability, the employer has done nothing wrong. That is a bit daft. Similarly, if a carer for someone with a disability is discriminated against by an employer or a service provider for that reason, that is surely wrong—that was the issue in the Sharon Coleman case. I therefore welcome those improvements.

I welcome the fact that the provisions on age discrimination in relation to access to goods and services will help older people and therefore many disabled people. I also welcome the duty on landlords and management companies to make reasonable adjustments in relation to communal areas, such as hallways and stairs. I also welcome the fact that political parties will be allowed to do more to enable disabled people and others to seek selection as candidates. I congratulate Mr. Speaker on the Speaker's Conference on these issues. Indeed, the vice chair of the conference is in her place—

Miss Anne Begg (Aberdeen, South) (Lab): I am grateful to my hon. Friend for that recognition of the work of the Speaker's Conference. I apologise for not being here at the start of the debate, but we have been in Manchester for a very useful evidence-taking session, where we spoke to many disabled people and people from ethnic minorities.

Roger Berry: I thank my hon. Friend for the work that she and others are doing.

The hon. Member for Hornsey and Wood Green (Lynne Featherstone) suggested that the Bill should take a more thorough look at the definition of disability. While that is in many ways an elephant trap, we still have the medical model and the DDA definition and I am concerned about, for example, people with severe depression that lasts for less than 12 months but who cannot show that it is likely to recur. They have no rights under the law because disabled people have to show that they have an impairment that has a long-term—at least 12 months—substantial and adverse impact on

[Roger Berry]

their ability to carry out day-to-day activities. That is too restrictive a definition and I hope that the Government will at least consider reducing the time to six months.

The Conservative amendment suggests that employment tribunals are given too many powers in the Bill. That is not the case, and they should have the power to reinstate in the DDA and other employment cases.

7.5 pm

Mr. Graham Brady (Altrincham and Sale, West) (Con): I am pleased to follow the hon. Member for Kingswood (Roger Berry), who is a sincere man who has achieved much in this area. I pay tribute to him for that. However, at one or two points in his remarks, he fell into the great paradox of this issue in that some of the most fervent advocates of equality exhibit a degree of intolerance of the views of others. He and the hon. Member for Brighton, Kemptown (Dr. Turner) both appeared to be slightly bemused that others could take a different view of this Bill. I hope to help them with my remarks.

I believe passionately in equality, especially in equality of opportunity. I do not like the way in which the issue is addressed in this Bill, but I believe perhaps more in social mobility—as one of the factors that has brought me to this House—than in anything else. However, I profoundly reject the Bill. My right hon. Friend the Member for Maidenhead (Mrs. May) spoke about the difference between now and the time when the Bill was first conceived some four years ago. She said that equality matters, whatever the economic climate, and I agree. But competitiveness also matters. This would have been a bad Bill four years ago and it is a bad Bill now, for a variety of reasons.

One reason—and by no means the most important—is the cost and bureaucracy that it will pile on to businesses at a time when so many of them are unable to bear the additional cost.

The hon. Member for Brighton, Kemptown said that the Bill was about consolidation and asked how anybody could object to it if they agreed with its constituent parts. Well, I agree with most if not all of the constituent parts, but the hon. Gentleman also said that some philosophical changes are at stake in the Bill. Some of those are quite worrying. Some of the concerns are about bizarre definitions, and some people may not understand why they are a necessary part of the Bill—I have struggled with them. Clause 11 states that

"a reference to a person who has a particular protected characteristic is a reference to a man or to a woman".

I would have thought that that was axiomatic. However, it continues:

"a reference to persons who share a protected characteristic is a reference to persons of the same sex."

That is bizarre and it is difficult to follow the logic of it.

The explanatory notes on clause 13 state that

"it is not discrimination to treat a disabled person more favourably than a person who is not disabled",

but it then claims that

"racial segregation is always discriminatory".

Earlier, the issue of a hierarchy of equalities was raised, with some types of equality seeming to rank as more important than others. That brings me to the point that I raised with the Leader of the House earlier of the example in the explanatory notes. They state:

"If an employer advertising a vacancy makes it clear in the advert that Roma need not apply, this would amount to direct race discrimination against a Roma who might reasonably have considered applying".

We might all think that that makes perfect sense—except that my reading of the Bill suggests that, if the Roma were already statistically over-represented in the place of employment, it would become legal for the employer to advertise saying, "Roma need not apply," because it would establish a right for the employer to seek to give preference to another under-represented group.

As I put it to the Minister for Women and Equality, is it not the case that, under these proposals, an employer could choose to employ a white woman in preference to an equally well-qualified black man? She did not directly answer the question, because the answer is yes. So we are actually setting out a hierarchy of different, competing equalities. My hon. Friend the Member for Buckingham (John Bercow) was laughing earlier, when he saw me scribbling down the phrase, "Equality disappearing up its own backside." This is becoming so complicated that, in seeking to protect some groups quite properly from discrimination, there is a risk of inflicting discrimination on others.

The Solicitor-General: I see the cause of the hon. Gentleman's worry, but it would not be right to say that the Bill will allow the phrase "Romany need not apply" to be put into an advertisement, as that would discriminate against the Roma because they were Roma. If everyone applied—we would want them to do so—and there were two equally well-qualified candidates, the person from the under-represented community could be picked. That is the size of it. The Roma would probably be picked, because they would be under-represented. It is a telling, nice notion that the Roma might be over-represented, but that is not all that likely to happen right now. I hope that the hon. Gentleman understands that the provision is totally voluntary; it is up to the business to decide whether it wants to rebalance the community.

Mr. Brady: Absolutely. I am grateful to the Solicitor-General for that clarification. My concern is that, in the example that I gave earlier to the Minister, if a business chose to avoid employing people from an ethnic minority, for example, and its work force were therefore 100 per cent. white, it might be that employer's preference to retain a 100 per cent. white work force. We are giving that employer the choice, as the Solicitor-General puts it—not the requirement or the obligation—to continue to discriminate against ethnic minorities, by choosing to tackle the under-representation of women in that work place.

The Solicitor-General *rose—*

Mr. Brady: I am happy to take a further intervention if the Solicitor-General thinks that I have got the wrong end of the stick. As far as I can see from the Bill, if an employer chooses to say that women are under-represented in his work force, he may choose to employ the woman, rather than the man from an ethnic minority.

The Solicitor-General: I hope that the hon. Gentleman is finding the discussion fruitful, which is what it is intended to be. The Bill is intended to try to redress the

balance in under-represented communities, and he is beginning to grasp that point. It is totally voluntary for the person running the business to do that. So I am not quite sure what the source of the hon. Gentleman's concern continues to be. He seems to regard it as possible to use the provision in a racist way to maintain all-white representation, but that is completely at variance with its purpose, which is to redress the balance of the community, so it could not be used in that way.

Mr. Brady: I think that the Solicitor-General is mistaken. Clearly, the provision could be used in that way, given that it is also possible to discriminate in favour of women to rebalance the work force on gender grounds. That would be entirely possible, and she seems to have a misplaced confidence that that could never happen. Either she must believe that no employer would ever want to discriminate against ethnic minorities, in which case the Bill would be clearly unnecessary, or she must believe that some people wish to discriminate on those grounds, in which case she is giving them a tool by which they can do so if they wish.

The Solicitor-General: Will the hon. Gentleman give way?

Mr. Brady: I will give way, because I am keen that we move towards a better understanding of a complicated Bill.

The Solicitor-General: My understanding from business is that that is done already. For instance, if someone has an all-white sales force and wants to market to an ethnic minority area, they will want to be free to choose from two equally qualified people the ethnic minority person to sell in the community where they will feel at home and where they are likely to be welcome. The trouble is that, if someone does that now, it could be discriminatory. The Bill will protect businesses that want to do that, but it will not compel anyone to do so.

Mr. Brady: I am grateful to the Solicitor-General for that, but I do not think that it detracts from my fundamental point that the Bill provides the tool for discrimination if one wished to use it in that way.

Those are the problems, and the big philosophical change, which I assume that the hon. Member for Brighton, Kemptown was alluding to, is the move towards positive discrimination, which is a completely different approach to tackling equality issues from the one that we have generally used in this country, and it is one that I reject utterly. I believe in merit and that people should be judged on who they are—on their own abilities and efforts—and not on what they are. The move to positive discrimination risks negating that approach. It is damaging to the principle of merit, and it is damaging to democracy. I particularly object to the use of these provisions in relation to candidate selection, as that interferes with the rights of free choice that our constituents should have in deciding whom they want to represent them.

In the few minutes that remain to me, I want to mention some significant points of detail, which will doubtless be thrashed out in Committee and on Report—for example, age discrimination and whether Saga will no longer be able to provide insurance targeted at the over-50s. I take it from the response of the Leader of the House that arbitrary discrimination will be illegal under these provisions. Surely, targeting the over-50s is arbitrary, whereas charging a higher health insurance premium for older people may well be justified, according to the balance of risks that the insurance company must consider.

I believe passionately in social mobility, but I reject the means that are being taken. On health, according to the instances given in the explanatory notes, the Bill sets out what is already done but does it differently. Clearly, in guidelines and through the allocation of resources, there is a recognition of social inequality in the way that the national health service is funded.

On education, the Bill is more worrying, because it seeks to enshrine the damaging and absurd approach that has been taken in recent years, in seeking to improve the prospects of people from less affluent backgrounds and communities getting to university by making the process easier and lowering the threshold for them. The really worrying thing about that and the reason that this is such a damaging approach is that it removes the pressure from the point in the system where it should operate. Schools in our less affluent, typically urban, areas have more excuses to underperform if we say that because children who go to such schools cannot be expected to have the best exam results, we should lower the threshold for them to get into university. Instead, we should say that failure is not acceptable in the provision of education in any community. We should be raising the standard—raising the bar—for everybody, but the approach of the proposals in the Bill works in the opposite direction.

I believe passionately in equality and in equality of opportunity. More than anything, I believe that whatever their background, wherever they come from and whatever their race or religion, people should be treated equally and given the same opportunities in life. I am very concerned that the Bill will create more complexity and problems, and will fundamentally damage the process of equality.

7.20 pm

Mr. David Winnick (Walsall, North) (Lab): The hon. Member for Altrincham and Sale, West (Mr. Brady) has put his views quite honestly and I imagine they reflect those of a number of Opposition Members, certainly those on the Back Benches. His speech was almost word for word the same as the speeches I have heard from Conservatives for so many years: "Yes, we're in favour of progress in dealing with race discrimination and sex discrimination, but not just now. Legislation would be counter-productive and there are other ways to do it."

If we had listened to such voices 40 years ago when the Labour Government introduced measures to outlaw race discrimination, open discrimination on the grounds of colour or racial origin would have continued. It is precisely because of legislation that we made progress, as we have done over the years.

Mr. Brady: Either I expressed myself badly or the hon. Gentleman was not listening to my remarks. I made it clear that I agree with the constituent items of legislation that are being consolidated. My concern is that consolidating them will put them into a competing hierarchy of equalities, which may lead to perverse outcomes.

Mr. Winnick: I was listening to the hon. Gentleman, who expressed himself clearly, but I stand by every word I have just said. There is no need for him to apologise. He represents a strong point of view held by some Tory Members and certainly by Tories outside, who have always been suspicious, to say the least, about legislation dealing with discrimination. It goes without saying that I am all in favour of it. One would not expect otherwise from a Labour Member of Parliament. We should combat the remaining discrimination against women. There is certainly a need for equal pay and there are many necessary measures that society has yet to take.

One or two of my hon. Friends have already talked about the aspects of the Bill that deal with age discrimination. The Bill's provisions on age discrimination are certain to be most welcome. Elderly people, and some of the not so elderly, remain of the view that they are subject to less equal treatment in the health service, for instance. Clearly, that must be tackled.

I am not suggesting that only legislation can deal with such matters. In the 1960s, one of the arguments made about race discrimination was that major organisations—certainly in the media—could give a lead. For example, non-white people could present programmes to make it clear that they were all part of our society. To some degree, the same thing applies to women nowadays. I find it difficult to understand why women television presenters who are getting older—I am taking great care with my words—are considered no longer the right people to read the news or front programmes when they reach a certain age. That does not apply to men. Obviously, I am pleased that there is no such problem for men in their 50s or 60s. They continue to do their job and do it very well, yet the story is different for females. Progress could be made if the BBC in particular took a somewhat different attitude.

Bob Spink: The hon. Gentleman has mentioned race, age, and now sex discrimination. Does he believe that the Bill could be strengthened by including in chapter 2 a provision that courts and tribunals could consider multiple discrimination cases? Such matters could be put before the courts together, so that the court could make a more rounded decision.

Mr. Winnick: That is a good suggestion for the Committee, which I am sure will be very interesting.

To be subject to age discrimination is probably not as painful or humiliating as being subject to race prejudice. Nevertheless, age discrimination is undesirable, unjust and deeply resented—rightly so. The Bill includes measures to deal with age discrimination in the provision of goods, facilities and services. As people grow older, it is important that they are not made to feel like second-class citizens. However, I have some criticism because clause 190 gives wide-ranging powers of exemption and I hope that will be looked at in Committee. It is all very well to set out anti-discriminatory legislation on goods, facilities and services, but that is no good if the Government have wide-ranging powers of exemption from such provisions in future.

A number of Members want to speak, so I shall deal briefly first with employment. As they grow older—in their 40s and certainly in their 50s—men and women alike face difficulties in gaining employment. Anyone with illusions about that should talk to some of their constituents. At a time of high unemployment, the problems become all the more acute. Even when we had near full employment, employers took the view that once a person had reached a certain age there was no particular reason to take them on in preference to younger people. Of course I am against any form of discrimination on age grounds, but the situation seems much more unfortunate for someone made redundant at the age of 50, 52 or 53—even more so, if they are trying to find a job against great competition.

As I look around the Chamber, I can see some Members who are under 50 but also a good number who have not reached my advanced age—I shall not name them. They are certainly in an age range where they would have trouble finding employment in normal occupations—if I can use that description.

Jo Swinson (East Dunbartonshire) (LD): I am listening to the hon. Gentleman with great interest. Sadly, he is right about age discrimination. My father was made redundant in his early 50s and I remember him then going to interview after interview. It seemed that it was only the age on his birth certificate that was holding him back. Does the hon. Gentleman agree, however, that age discrimination in employment cuts both ways? Invidious discrimination still exists against younger people who receive a lower rate of minimum wage despite doing exactly the same job as older workers.

Mr. Winnick: Are we speaking for our respective age groups? As I said a moment ago, I am against discrimination on age grounds for all groups. Like my hon. Friend the Member for Cardiff, North (Julie Morgan), I do not want to see discrimination against young people, but I think that to a large extent the problems are greater for people who are getting on in years, as I have suggested.

Another issue arises in respect of those in employment who are forced to retire at 65. There is what is called the national default retirement age; in practice, it means that if a person reaches 65 and wants to consider carrying on working, the employer is under an obligation to review the matter, but that is all. I see no reason why that should be so. Let us imagine that that applied to Members of Parliament. Does anyone really think it would be appropriate to close Parliament to people trying for the first time to get here, or those already here, because they had reached 65? If it is all right for us to continue to work past 65—and no one has suggested otherwise, fortunately as far as I am concerned—why should we deny such rights to our constituents?

Moreover, very often, those who make the decision in industry—the leading people, managing directors, chairs of companies and so on—are, in many instances, over 65. They would not dream of retiring simply because they had reached a certain age. I therefore feel that the default retirement age should go, as I said in an intervention on my right hon. and learned Friend the Minister for Women and Equality. The Government's position was established a few years ago and is clear: it was to be reviewed within five years—that would bring us to 2011—but that is all. The default retirement age is being challenged in the courts. We shall see the outcome, but of course we would not have to wait to see the outcome if the Bill were so amended in Committee that the default retirement were abolished.

In a recent YouGov poll, 67 per cent. of those who retired at 65 said that they were forced to do so when they were not ready. Of course, there are certain occupations—it would not be difficult to name them—where a person is only too pleased to go. I am not suggesting for one moment that someone should be forced to go on working beyond 65. I am saying that if someone wants to do so, and unless there is a very strong case against it—on health grounds, or because of the nature of the occupation or whatever—that person should be allowed to continue working, at least until 70.

The measure before us is certainly a substantial step in the right direction. I am pleased to be associated with it, as I am sure all my right hon. and hon. Friends are. I hope that, with some amendments in Committee, it will soon pass into law.

7.32 pm

Hywel Williams (Caernarfon) (PC): It is a pleasure to follow the hon. Member for Walsall, North (Mr. Winnick), who made an interesting speech. Unfortunately, I may possibly repeat one or two of his points, although I shall make them slightly differently.

The Bill is very much welcomed by Members on the Plaid Cymru Bench. Ensuring fairness, regardless of race, gender, disability, age, sexual orientation, religion or belief, is right and likely to be effective in the long term in developing our countries' economies. In respect of my particular concern, age discrimination, banning ageism in the provision of goods, facilities and services is a significant step forward. However, I have two reservations that I should like to outline briefly. They might be addressed in Committee.

First, and unsurprisingly to some Members, I am concerned about the fact that discrimination on the basis of language is not included. Earlier, we heard complaints from a Conservative Member, the hon. Member for South-West Bedfordshire (Andrew Selous), about a requirement to speak Polish. He was dismayed at a requirement to speak Polish for a certain job, but if speaking Polish is a legitimate occupational qualification, that is no problem whatever. I cannot see why he is so exercised about it.

My concern is both broader, in a sense, because it concerns all of society, and more specific, because it is about my country, Wales. It is about the treatment of the Welsh language and the fact that the subject does not appear in the Bill. The Bill does not reflect the social, economic and legal reality in Wales, where both Welsh and English are used widely and are, to quote the Welsh Language Act 1993,

"on a basis of equality".

"Equality" is the important word here. That Act treats the Welsh and English languages on a basis of equality, yet the Equality Bill makes no reference to Welsh, and that might lead to problems.

To go back to my earlier remarks about the Polish language, or any other language, for that matter, Welsh is different, in that it has a certain legal status—a status that clearly does not seem to have impressed itself sufficiently on the people who drew up the Bill, despite the attempted persuasion of the Welsh Language Board; I know that there was some correspondence. On the legal status of the language, as I said earlier, the 1993 Act says that English and Welsh are to be treated on a basis of equality, and there are various ways in which that should be achieved. Historically, there have been separate arrangements for Wales, in respect of the language, for a very long time, starting with the official ban on the use of Welsh in the early 16th century under the Acts of Union. That was nearly 500 years ago, so we in this place have a bit of experience of dealing with that language issue, whatever complexities might arise with regard to Polish, or any other of the 60, 70 or 80 languages that might be heard outside this place.

There have been further legislative moves. The Welsh Courts Act 1942 and the Welsh Language Acts of 1967 and 1993 were passed by a national Government, a Labour Government and a Conservative Government respectively, so the issue is not party political. Of course, the Conservative 1993 Act set up the Welsh Language Board. On the language issue and the law, the Welsh Affairs Committee is currently considering a legislative competence order that would transfer the right to pass laws on the Welsh language to the National Assembly for Wales. Eventually, laws will be passed in the Welsh Assembly on the Welsh language, but the Bill is silent on any relationship or possible clash between such laws passed in the Assembly and any other laws passed in this place. The legislative competence order would transfer most, but not all, language legislation to the Welsh Assembly Government.

One intention of the Welsh Assembly Government is to create a language commissioner. Such a commissioner might pass judgment on employment issues. Conservative Members have voiced concerns about a clash, or a hierarchy of discrimination; the concern is that some sorts of discrimination might be viewed more seriously than others. We might have a clash between the Welsh Assembly Government's intentions for the Welsh language and any provision passed in the Bill.

Unfortunately, there is a long history of discrimination on the basis of language in Wales in modern times, from the infamous Brewer Spinks case of the early 1960s, in which an entire work force were banned from speaking Welsh in a factory, until the owner changed his mind, to the recent case of Thomas Cook, which tried to ban its workers from speaking Welsh in the workplace. Again, it later overturned its decision. The Welsh Assembly Government intend to establish a right to speak Welsh; they have told us that. That measure relating to the Welsh language might—I do not know—in some way clash with the intentions of the Bill. That is why I am slightly concerned about the fact that the Bill is silent on the issue.

Another question that came to mind was how the post of language commissioner would work. Hon. Members might not know that we already have two other sorts of commissioners in Wales. We have a Commissioner for Older People in Wales, and a Children's Commissioner for Wales, who have powers. Of course, there is a Children's Commissioner for England, too. The interrelationship worries me, and I would be interested to hear the Solicitor-General's response on that subject in her winding-up speech.

The second issue to do with the Bill that causes me concern is that of age discrimination, which the hon. Member for Walsall, North mentioned. I have a long-standing interest in the matter; in fact, the first amendment that I ever moved in Committee was on the Employment Bill in 2002. It was aimed at extending protection from

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unfair dismissal to people who are over retirement age. I was helped then, as I am now, by Age Concern. The amendment was unsuccessful, and we waited until 2006, when the Government acted—albeit only partially. My concern, which Members from all parts of the House share, is that the Bill fails to remove compulsory retirement—the so-called mandatory or default retirement age.

However, as Members might expect, I commend the proposed steps to outlaw age discrimination. Age discrimination is the most common discrimination of all and, alas, one that we are all in danger of facing, some sooner rather than later. Any steps that are taken to combat age discrimination are therefore very welcome. There has been a long-standing call to make age discrimination illegal, and it is a live and important issue for many of our constituents, particularly those in my part of the world, north Wales, where we have a higher than average proportion of older people. It is a particularly salient issue there, but it is an issue throughout the UK.

I understand that the Government will look separately at the mandatory retirement age, as the Minister for Women and Equality said earlier, but that we will apparently have to wait until 2012. In the context of the current political situation, however, who knows who will be in power in 2012, or whether they will be inclined to implement any change?

I am also concerned that the omission of action on the mandatory retirement age may contribute both to some people's false impression that such age discrimination is acceptable in this particular circumstance—albeit in the short term—and to a climate of opinion. Most Members will know someone who has been the victim of age discrimination, as will most of our constituents, because, in the real world of work, older employees, who may be valued by enlightened employers for their commitment, skills and experience, may be undervalued by other employers who see their age as a proxy for many undesirable qualities, from an inability to turn up in the morning to the likelihood of being ill, in poor health or inflexible. All those negative connotations might lead a bad employer, at a time of redundancies, to select older people for redundancy. That proxy is unfortunate and misplaced, but the assumptions, which are not based on the individual's health or qualities, may be very influential in their future employment.

The age discrimination that many workers face often leads them to feel that their right to work is less certain, but it is not limited to people who are 64 and a half, as was mentioned earlier in the debate; it affects people in their 50s and, even, late 40s. They look to the future with some trepidation, concerned that a climate of opinion has not been fostered, because the Bill fails to address the mandatory retirement age.

Many people find retirement to be a time of freedom and opportunity, and their right to choose to retire should be protected. Others, however, want to work into later life, and it is an entirely laudable desire. They may want to maintain their network of colleagues and friends, and they may want and need to maintain their incomes by earning money for work that they have done. As has been said, it is ironic that this House, which legislates on matters such as mandatory retirement age, benefits from the contribution of Members who have long passed their retirement age but still have a great contribution to make. It is even more ironic in respect of the other place. I have often been impressed by the clarity, incisiveness and, indeed, sheer trouble-making genius of people in the other place—people who might, in other situations, be regarded as beyond working age or on the scrap heap.

Those are my concerns about the mandatory retirement age, and I hope to see them addressed in Committee. There is a great deal to welcome in the Bill. I have reservations, but Plaid Cymru Members will not support the Conservative amendment tonight.

7.44 pm

Judy Mallaber (Amber Valley) (Lab): I welcome the Bill and am pleased to speak in the debate. It is very important to bring together in a single Act those measures that have accumulated over many years, and I am delighted that we are extending protection to a number of groups, such as disabled people, carers and older people. On the consolidation of those measures, however, I contest totally what the Tory Opposition say. The Bill will make it easier, not more difficult, for individuals and businesses to understand and to use the legislation.

I was very sorry to miss the opening speeches, because an accident closed the motorway and I got caught by the Tamils, delaying me by three hours. I was particularly disappointed, because I wanted to intervene on the right hon. Member for Maidstone—[Hon. Members: "Maidenhead."] I got the wrong one. I will return later to the questions that I wanted to ask the right hon. Member for Maidenhead (Mrs. May), because I am astonished that the Conservative Opposition are opposed to giving the Bill a Second Reading.

I understand the considered arguments of the hon. Member for Altrincham and Sale, West (Mr. Brady), who obviously had considered views about why he opposed the Bill, although I in turn oppose them. He said that he supported very strongly equality of opportunity, but because of the discrimination that there has been over many years against a number of groups, it is discriminatory not to redress the balance if one is going to not have discrimination now—if that tortuous wording makes any sense to people.

The hon. Gentleman had a considered view against the legislation, but I was surprised by the desire of a number of Conservative Members to jump up and say, "But we welcome large parts of this Bill." They then really struggled to explain why they want, in the words of the reasoned amendment, to decline

"to give a Second Reading to the Equality Bill".

They almost spoke as if they did not support the amendment.

The hon. Member for Epping Forest (Mrs. Laing) blamed the Solicitor-General for not allowing Opposition Members to hold the Government to account, but the hon. Lady wanted not to dissect the Bill but to chuck it out, which would be a grave mistake and a missed opportunity. I appreciate many points in the Conservative amendment, but I do not agree with most of them. They are all worthy of debate, but I cannot see that they are sufficient to chuck out the whole works. My hon. Friend the Member for Kingswood (Roger Berry) gave a long list of the organisations that support the Bill, and I really hope that the Opposition will change their

mind, keep the cross-party view about support for advancing equality and enter into a detailed debate about their concerns.

The promotion of equality has been central to my work since I became involved in politics—indeed, in thinking about anything. Part of the motivating force for my becoming involved was to try to promote equality in all its facets, but the first time that I became involved in this place in its promotion was when we were trying to incorporate the provisions of the Good Friday agreement into what became the Northern Ireland Act 1998. Astonishingly, that legislation and agreement was way ahead of any that we had for England, Wales and Scotland. Interestingly, too, many groups in Northern Ireland, which were at the extremes of the political divide at the time, understood the power of tackling equality to undermine some of the worst things that were happening in society. It was a powerful tool for dealing with the disadvantaged and the causes of their suffering in that country, in respect of religion and other areas of equality. They strongly supported trying through the Good Friday agreement and then the 1998 Act to promote a view of equality that was way in advance of what we had on this side of the water.

I shall not repeat too much of what everyone else has said, because I support many areas of the Bill. I shall, however, read out the first sentence of our briefing from Age Concern and Help the Aged:

"The Equality Bill represents a milestone in achieving equality for older people and should be welcomed by politicians of all parties."

I say this to Opposition Members: please do not throw it out. Let us welcome it and then deal with the items of concern.

It is worth citing a couple of examples of age discrimination from Age Concern and Help the Aged. As I, and all of us, get older, the issue hits home more clearly. The mother of a woman who called Age Concern was buying something for £150 at a leading department store. At the till, she was asked whether she wanted to apply for a charge card so that she could get a 10 per cent. discount. As soon as she said that she was 65, however, the cashier apologised and said that she could not have the card because she was too old. Why? Her money was good enough. I cannot get my head around why she should not have been entitled to the card just because she was older. If she had been about to get ill and drop dead, she would not have been able to buy the next item and get the 10 per cent. off. What was the problem?

An older man, a member of the Institute of Advanced Motorists who flies aeroplanes every week, tried to hire a car at Edinburgh airport. He was 70, so he had to agree to pay the first £500 of any claim, including for theft. Did the insurer think that he would not be able to run quickly enough to stop a thief getting in the car? That is another bizarre example, and I am pleased that the Bill will tackle such issues.

Age Concern and Help the Aged said that the opportunity to abolish forced retirement had been missed. My hon. Friend the Member for Walsall, North (Mr. Winnick) and the hon. Member for Hornsey and Wood Green (Lynne Featherstone) commented on that. My hon. Friend the Member for Brighton, Kemptown (Dr. Turner) made an interesting contribution on how we might address the issue. I hope that those points will be looked at further.

Some employers really welcome older employees. The management at the B&Q in my area go out of their way to get older employees. The last thing that they want is a young whippersnapper who has never done any work on houses pretending that he knows how to advise customers on how to do things in the home; they want the person who has been doing the work for the past 40 years and knows what people want and need and knows what did not work when they were doing work on their house. That B&Q goes out of its way to employ older people, so it is not all doom and gloom when it comes to ageism. The Bill provides a welcome move in the right direction.

On addressing socio-economic inequalities, I should say that the Conservative amendment misses the point. One of the party's reasons for not wanting the Bill to have a Second Reading is thatthe Bill

"fails to address the root causes of the reduction in social mobility in recent years".

The whole point of placing a new duty on Ministers, Departments and public bodies to consider what action they can take to reduce inequalities on socio-economic grounds is that there will be a mechanism to consider issues such as why we are not dealing with social mobility and why there are still socio-economic inequalities. That will be able to be done systematically across Departments. The Bill gives the precise mechanism that would address one of the criticisms in the Conservative motion.

I hope that the Conservative party will consider the issue again; it is valuable that at last we are saying that we need to address inequality in relation to class and socio-economic advantage. According to how I read it, the Bill is careful to say that that will not mean that a front-line decision by a service provider will suddenly be dealt with in that way; we will not suddenly find a doctor saying, "I'm not treating you because you come from too advantaged an area and you're too rich." However, it will require my primary care trust and local authority to consider health disparities and inequalities and how we can deal with them.

The Bill makes positive inroads into one area of health inequality: it promotes women's ability to breastfeed in public. I was astonished by the bizarre intervention made by the hon. Member for Epping Forest; I am sorry that she is not still here. One would hardly know that most women whom I see breastfeeding in public are doing it; they are so discreet that they would not offend anybody. I do not know why it would, however. If it does, the problem belongs to the person being offended and not to the woman and child who are doing something that makes a vital contribution to reducing health inequalities. The World Health Organisation says that mothers should breastfeed.

It would not normally have occurred to me to pick up on this issue in this debate, but I have had e-mails from constituents who are concerned to promote this aspect of the Bill. One thing that came across is that lower socio-economic groups and younger mothers are less likely to breastfeed, certainly in public places—partly because they find doing so embarrassing and unacceptable. That puts them off doing it at all. If when they are

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out and about they find it difficult to breastfeed, they will lack confidence and worry about the reaction of other people.

I am delighted at the BEARS groups in my local area, at which mothers provide breastfeeding support to other women. There is one in the Langley Mill Sure Start centre, recently visited by my right hon. and learned Friend the Minister for Women and Equality, and in other Sure Start centres. In the run-up to the elections, I am worried in case Derbyshire county council stops being Labour and our wonderful Sure Start centres are closed. They provide fantastic help, including on this issue, to less advantaged families to make sure that the kids have a good start in life. That would be threatened if we ended up with a Tory county council and a Tory Government; I just throw in that comment in passing. The breastfeeding element of the Bill is valuable.

It is good that we are to make it clear that public bodies can use public procurement in the drive to equality. When I served on the Business, Enterprise and Regulatory Reform Committee and we were writing the report on public procurement and the one entitled "Jobs for the Girls", which was about trying to address the gender pay gap and inequalities, we heard public organisations say that public procurement could not be used in this context. We argued, however, that if public authorities have a duty to promote gender equality, they will fail if they do not ensure that those to whom they give contracts take suitable steps to try to address inequality in their employment and service practices. We saw a number of positive examples of how the £175 billion of public procurement can be used to promote equality, and I am pleased at that.

Equal pay is the issue on which there has been most opposition, with people saying that some provisions would be a burden on business; at least that is how I interpreted what was being said when we were told that the issue was difficult. There is the issue of gender pay reports. Transparency is absolutely vital; there is still a massive pay gap. I find it hard to understand how hon. Members can say that the gap is a scandal but also that they do not want to do anything about it.

I wanted to raise questions with the right hon. Member for Maidstone—[Hon. Members: "Maidenhead!"] Why do I always get it wrong? I wanted to raise with the right hon. Member for Maidenhead arguments related to some parliamentary questions that I tabled today. Inthe amendment, and in a private Member's Bill put forward by the right hon. Lady, is a proposal for the implementation of

"compulsory pay audits for those organisations...found guilty of discrimination by an employment tribunal".

I assume that the right hon. Lady has done her research, but the problem is that her proposal would have hardly any effect. I do not know whether she has worked out how many employers have been found guilty in tribunals. Unison, my union, has 40,000 outstanding equal pay cases before tribunals. The tribunals are clogged up. In 2007-08, 62,000 equal pay claims were brought, but the tribunals dealt with only 9,000 of them and only 678 were successful at tribunal. Many of those cases would have been multiple ones relating to the same employer. Do the Conservative Opposition even know how many employers would be caught by the provision?

Lynne Featherstone: There is such a backlog, but there are no measures in the Bill to deal with it. Should we not have had representative action?

Judy Mallaber: I was going to make the point that I would like further consideration of certain issues. They include some of the proposals put forward by Unison, working jointly with the Fawcett Society. The proposals were also in the report on equal pay produced by the Business, Enterprise and Regulatory Reform Committee. I hope that the issue will be considered again. We could not agree in the Committee on whether we should go forward with compulsory pay audits. However, we did say that if in future there was still limited progress on eliminating the gap, we should consider either introducing compulsory pay audits or imposing the equality duty on the private as well as the public sector. I hope that the Government will return to and reconsider representative actions and hypothetical comparators. I argued for hypothetical comparators when we were introducing the provisions on part-time workers.

I am conscious that the Conservative Opposition are still saying that even rather mild "We will do something in future if we don't get anywhere" proposals are regarded, for some reason, as a terrible burden on business. Are they saying now that introducing the minimum wage or the right to flexible working was a burden on business? They have come around to those measures, and I have every hope that there will be the same volte face and Damascene conversion and that they will support us on these proposals as well.

I welcome the Bill, but I hope that we will look at further ways of improving it as it makes its progress through Parliament.

8 pm

John Bercow (Buckingham) (Con): It is a pleasure to follow the hon. Member for Amber Valley (Judy Mallaber), to whose candid contribution I listened, as always, with interest and respect.

I begin by declaring an interest as a member of the Speaker's Conference that is committed to securing greater representation in this House from women, members of the ethnic minorities, people with disabilities and, as far as I am concerned, people from the LGBT—lesbian, gay, bisexual and transgender—community, which has historically been hugely unrepresented in this House.

I should also say at the outset, for the avoidance of doubt, that I strongly support the Bill. It is a good, progressive, visionary and overdue Bill, and, I would argue, a Bill that manifestly and incontrovertibly deserves a Second Reading. In the course of my contribution, I shall seek to explain to the House the rationale for my view.

As other right hon. and hon. Members have acknowledged, there are two elements to the Bill—the consolidatory feature, on the one hand, and the feature of extension, on the other. It is pretty much unarguable that we need to consolidate the law. A sprawling and complex mosaic of enactments has grown like Topsy over a period of 40 years, and it is high time that that was consolidated and distilled into one readily intelligible and accessible piece of legislation. It is a considerable tribute to the parliamentary draftspeople, intellectually and administratively, that they have accomplished that task.

We should not then say, "Well, it ends there", because consolidation is necessary but, frankly, not sufficient. Those who admire only the consolidatory features of the Bill are, in a sense, resting content with exiguous achievements. We need to go rather further than that. Let us look at the context and background to the unveiling of new and further measures. As the Minister for Women and Equality pointed out, it is 40 years next year since the passage of the Equal Pay Act 1970 and, despite all that has been achieved, the pay gap, though on a lesser scale, nevertheless stubbornly persists. People with disabilities are twice as likely to be out of work. Members of the ethnic minorities are 13 per cent. less likely to get a job. In schools, despite all the changes in legislation and, to a degree, in culture, children who are, or who are wrongly thought to be, lesbian, gay or bisexual are harassed and bullied on a monumental scale. Therefore, we cannot be self-satisfied. I am always suspicious of people who say, "I'm all in favour of equality, but it isn't really necessary to do anything about it", or, "We're all in favour of equality"—end of argument, no requirement for legislation, and by the way, would it not be socially desirable to talk about some other subject altogether?

The fact is that much remains to be done. I want, if I may, to focus on a number of features of the Bill that seem to lie at its heart. I mentioned some of the disadvantage that persists, but in a sense the biggest single problem with which we are confronted in all parties in this House is that social mobility, which is palpably a good after which we should all strive, has stalled at best and regressed at worse. That has happened under successive Governments, with attempts to do good here and there. It is a long-standing phenomenon, and we have to seek to arrest and reverse that trend. Hence the introduction of clause 1, with its imposition of the socio-economic duty. If one believed some of the more hysterical headlines and articles beneath them in the newspapers, one would think that this heralded the emergence of the vanguard of the revolution, and that truly one had to be a Marxist-Leninist, a Trotskyist or a workerist to believe in the imposition of such a clause. In fact, it simply entails an acknowledgment and a recognition that leaving things entirely to the market and the free play of those forces is not enough—one must have some action from Government and Parliament of a protective and enabling character.

Let me consider what attempts to reduce inequalities of outcome by the imposition of the socio-economic duty on public sector bodies might mean in practical terms. It might mean that in a particular area of notable disadvantage a health trust decides to focus its anti-smoking policy, or its smoking cessation service, on a disadvantaged community, in which there might be evidence to show that the incidence of nicotine addiction was much greater than elsewhere. That is an extremely good thing in the name of reducing health inequalities and encouraging and making more likely decent longevity in that community.

What else might the socio-economic duty mean? It might mean that in a particular area where there is a concentration of disadvantage and where children face great difficulty in getting into some of the better-performing schools, the parents are given advice on the school's application process by professionals, experts and well-wishers to better the chances of those otherwise disadvantaged children. It might even mean—I would favour this; it was practised in Brighton under the Conservatives and by one school, very briefly, in Hammersmith and Fulham—the adoption of a lottery system. I know that that is politically unpopular, but I continue to believe that it is thoroughly right and fair.

Dr. Desmond Turner: I am glad to hear the hon. Gentleman's remarks so far, but I want to correct him on a point of accuracy. The so-called lottery in Brighton was introduced by a Labour council in the face of determined Tory opposition, but the Tories now holding the council have realised its virtues.

John Bercow: I am happy to accept that remonstrance and correction. It was a belated conversion, but it was nevertheless the right thing to do.

It might also be the case that in a particular area where there is poor public transport and a low rate of car ownership, it is decided to put on a free or subsidised shuttle service to enable people to get to hospital when they would not otherwise be able to do so.

Through my work on the subject of speech and language services, I have been continually and forcefully reminded, in visiting pre-schools, primary schools, secondary schools and post-16 facilities across the country, of something that all right hon. and hon. Members know to be true. Someone who is educated, articulate, capable of writing a decent letter, willing to joust with authority, and unperturbed by the thought of having to appear in front of some sort of tribunal to argue the case for their child can probably get more or less what their child needs, and sometimes more than he or she needs. On the other hand, someone who is uneducated, inarticulate, unaccustomed to expressing themselves in writing, fearful of appearing in front of some sort of formal panel or hearing, or simply weighed down by the multiplicity of other problems with which in their life they must daily contend will probably not get what their child needs. There is therefore a powerful case for saying "Let's have the duty." My own Front Benchers are committed to a pupil premium, which is a form of positive action, and I cannot see what the great terror of this clause is. It seems to me that if we look at the evidence, we see that class tends to trump everything. It was said earlier that less able but more fortunate children could overtake more able but less fortunate children by the age of six, so a correction to the balance is needed.

Sandra Osborne: The hon. Gentleman is giving useful examples of the many advantages that the socio-economic duty will provide to disadvantaged people. Is he aware that at the moment the duty does not extend to devolved areas? In Scotland, we are depending on the Scottish Government to co-operate and take this on board. Does he agree that if that does not happen and we do not get that co-operation, many people in Scotland will be greatly disadvantaged?

John Bercow: They would, and I hope that that will not arise and that there will be an opportunity in the course of the Bill's passage to make certain that it does not.

Positive action has been the subject of some debate, which I think has become excessively convoluted. Some of my hon. Friends have fears about it that are wholly unrealistic. My hon. Friend the Member for Altrincham

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and Sale, West (Mr. Brady) is an admirable parliamentarian, but his sense that there will be a competitive hierarchy of disadvantage, or alternatively of cases of positive action, will probably not be realised in practice. My view is that if a primary school has real difficulty in getting male teachers, and there are two candidates of equal merit, it should be permitted—not prescribed—for the school to opt for the man. Similarly, if there is a bank with an all-male, besuited board and not a woman in sight, and there is a strong woman candidate on the shortlist, it should be open to the bank to say, "We will have the woman in the name of the diversity of the work force that will thereby result."

What is more, it is a question not just of decency to the individual but of benefit to the business and potentially the wider economy. Research by the Catalyst organisation shows that when Fortune 500 companies recruit and promote on that basis, they do better on sales by about 42 per cent., on return on capital invested by about 66 per cent. and on equity return by about 53 per cent. The provision will ordinarily be used as a tie-breaker. I do not need to labour the point, but it seems to me that it is an example of an active assertion of the need for change. Just leaving things as they are will not lead to progress.

Keith Vaz (Leicester, East) (Lab): The hon. Gentleman is making an eloquent speech. Wearing his other hat as someone who sits on the Speaker's Conference, does he not agree that we should consider measures to adopt positive action on representation in this house for black and Asian people as well as for women?

John Bercow: Yes. I gave the example of women, but the right hon. Gentleman is absolutely right to challenge me more widely. I certainly do think so, and in principle I am sympathetic to the idea of black and minority ethnic shortlists. However, the world does not change in a day. I have been doing my best since January 2003, unsuccessfully thus far, to persuade my right hon. and hon. Friends on the Front Bench to accept the principle and practice of all-women shortlists. I am happy to take that on board as part of my list of demands with which I go to my colleagues to lobby, with some expectation of eventual but not immediate success.

The gender pay gap is a huge issue, and I can see why my right hon. Friend the Member for Maidenhead (Mrs. May) believes that her idea of compulsory pay audits for demonstrably errant companies is valid. The Government should seriously consider that, as it is a practical and sensible idea. However, I do not agree with the thesis that we should simply pursue a selective policy and eschew the idea of a universal requirement. All that is involved in the clauses on this subject is, first, the ban on secrecy clauses—that is very sensible, because information is power, and if people do not know what others are getting they are in less of a position to argue, lobby and seek better treatment for themselves—and secondly, the requirement from 2013, in the event of inadequate progress in the interim, that companies with 250 or more employees should publish an annual statement of the gender pay gap in their organisation.

That requirement is extraordinarily modest and a long way in the coming. The Government certainly cannot be accused of being excessively hasty or unreasonable about it, as they are looking to see what progress will be made. Of course, it will apply only to approximately 0.5 per cent. of all businesses, so the idea that the decimation of the industrial or commercial base of the country and mass unemployment will result from this relatively modest and well-overdue provision seems somewhat far fetched. If we look at the evidence, we find that when companies behave well, on the whole they do better with a more diverse work force.

Judy Mallaber: Is the hon. Gentleman aware of the plans whereby it would be very easy to do a pay audit of a company? It does not take a great deal of incomprehensible bureaucracy to do that, and it goes beyond just asking what is the pay gap, as it analyses the causes of that gap. Many proposals have been put forward that could provide a toolkit for being able to do that within a company. It really is not a complex process at all.

John Bercow: I rather agree with that, and actually I think that that is true both of large companies and, to some extent, of small. In the case of large companies, it is probably relatively easy to collate and publish the material, because there will be an in-house personnel department. In the case of some smaller businesses, although not all, the number of people involved is relatively small by definition and the material can be quite easily made available. The idea that there is some sort of Herculean obstacle to doing that is not true.

I wish to finish by saying that I am genuinely saddened by the stance that my right hon. and hon. Friends on the Front Bench have taken. The general tenor of the debate has been, "Well, the Conservative Opposition are opposing a Second Reading", and certainly the terms of the reasoned amendment rather suggest that. Actually, there are people who strongly support the Bill—mainly on the Labour and Liberal Democrats Benches, and certainly myself—as well as some who are strongly opposed to it. On the whole, my right hon. Friend the Member for Maidenhead seems to be strongly undecided about the Bill, which is a pity.

If the Opposition Front Benchers are not in favour of the Bill but actually against it, the honourable, upright, bold thing to do would be to vote against Second Reading. I think that that position would be wrong, but everybody could understand it. I cannot help but be called to mind of Churchill's verdict on Baldwin in 1936—that he was

"decided only to be undecided, resolved to be irresolute, adamant for drift, solid for fluidity, all powerful to be impotent." [*Official Report*, 12 November 1936; Vol. 317, c. 1107.]

I make no such suggestion in respect either of my hon. Friend the Member for Forest of Dean (Mr. Harper) or of my right hon. Friend the Member for Maidenhead, but I do think that there is a certain wobble on the subject, and a degree of robust candour would be respected so that we could have an honourable difference of opinion. Most people conclude that at the moment the Opposition are against the Bill, and I am sorry about that, because there is much good in the Bill.

I am forced to conclude by saying that when it was said earlier that the Bill was a missed opportunity, I could not help but think, "No; the real missed opportunity in 2009 is the unwillingness of my own party's Front Benchers to give the Bill a Second Reading." Even now at this, the 59th minute after the eleventh hour, I appeal to my hon. Friend the Member for Forest of Dean for a change of heart on the part of our party.

8.18 pm

Mrs. Sharon Hodgson (Gateshead, East and Washington, West) (Lab): I thank you, Mr. Deputy Speaker, for your understanding and grace in giving me time to leave the Chamber for an urgent matter. I appreciate it.

I am delighted to speak in support of the Bill, which I believe to be a landmark piece of legislation that will help to improve the lives and life chances of millions of people across Britain. It is a great honour to follow the hon. Member for Buckingham (John Bercow)—I would call him a friend, because he is a friend on many issues that are important to Labour Members, and he has been a great support to me in my work on special educational needs. I am always thrilled to follow him.

The Bill is, at heart, a truly Labour Bill. It comes as no surprise to me that the majority of the Conservative party, although not my friend from Buckingham, have chosen to oppose it. I noted from a Front-Bench intervention that they like parts of it, so I suppose they are happy for society to be only part equal—no change there, then.

One of the great strengths of the Bill is that, despite its legal complexity, it is in fact very simple. Even those who may be put off by the Bill's technicalities will no doubt be impressed to know that as we have heard—and as we can see—it will simplify or replace 100 pieces of legislation. Those who bemoan bureaucracy and red tape will do well to take note of that fact. The Bill's true simplicity, however, is that its only intended consequence is fairness—that is, that everyone should have an equal chance of achieving their aspirations and fulfilling their ambitions. There will be no more "Too old," or "Too young," no more faces or accents that do not fit and no more excuses.

With your permission, Mr. Deputy Speaker, I would like to give a couple of examples from my life's journey to illustrate that point. Because of my accent, which I am sure all hon. Members can hear, I was turned down for promotion at Northern Rock no less.

Mr. Harper: Lucky you.

Mrs. Hodgson: It may have been the making of my career, but I leave that to hon. Members to wonder at.

At the time, I was a young personnel clerk and I had applied to be a training officer. I got down to the last two, but I did not get the job. During feedback, I was told that the reason—it was not the main reason; it was the only reason—I did not get the job was that my accent was thought to be too strong for the branch staff in the south, who would not be able to understand me. Well, I am pleased to say that my accent has not stopped me being selected for my party or, I am glad to say, being elected to this place by the people of my constituency, thank you very much. I hope that everyone here this evening can understand what I am saying.

That happened more than 20 years ago and I would like to think that things are a little different now. I would also go so far as to say that that may be due in no small part to Ant and Dec. People seem to like the north-east accent now. The legislation will mean that neither I nor anyone else will ever again be discriminated against solely because of our accents. However, I knew then, and I still know, that it was not my accent that cost me that promotion; it was what the accent stood for—that is, my class and my background. The Bill will ensure, as much as we can, that employers and even educators will never be able to cite someone's accent as a reason for turning them down for a job or anything else.

In many ways, I am one of the lucky ones. I never wanted to be an MP when I was younger, because—well, I would never have dreamed it was possible, coming from my background and with my life circumstances, and especially not because I am a woman. Working-class men from the north-east had made it here for generations, but not many working-class women had, if any. I am not totally sure, but I think I may have been the first working-class woman born and bred in the north-east to make it here to represent a north-east constituency, or any other type of constituency for that matter.

I have come a long way from doing the accounts and payroll at Tyneside Safety Glass. I left school at 16 to get a job, in order to help my mam financially with my two younger brothers, as she was on her own. That was at a time when the north-east was being ravaged by the consequences of the Conservative party's assault on industry, our communities and the way of life in the north-east. My breaks in life came through hard work, aspiration, determination and workplace education, which this Government have widened and enshrined in statute, through union learning reps and return to learn programmes, which have given hundreds of thousands of people, especially those from my generation—the Thatcher generation—a second chance in life.

Through membership of the Labour party, I found a passion for politics and a way to make a difference by trying to redress the balance and make life fairer for people like me across the country. Just as we cannot help the family circumstances we are born into, we cannot help where in the country we are born. However, when I was growing up, being born in the north-east made such a difference to my life opportunities and those of everyone around me. Some might say that it still does, but I believe that, thankfully, it does to a much lesser extent. The injustice of the north-south divide was—and still is—a huge driving force in my politics.

In the Labour party, I was part of an organisation that promoted fair rules and fair chances. My eventual selection came from an all-woman shortlist. I am currently the only woman MP in Tyne and Wear—there is me and 12 men—although hopefully that will change quite a bit at the next election, as my party has continued with that policy and selected more women to contest safe seats. That is the difference: women have to contest winnable seats, not just be allowed to stand in the marginals. However, none of that would have been possible had it not been for the determination of a few to create chances for the many. Those people were Labour people. I believe that this Bill, more than many others that I have seen in this House, reflects those deeply held values of fairness and equality.

I want to take just a minute to reflect on why we need to keep pressing the case for improved gender equality in both Parliament and the workplace. Just under 20 per cent. of our MPs are women. When we look to other countries, such as Sweden and Rwanda, where women account for nearly half of all members of Parliament, we are surely urged to action. I am one of only 291 women MPs ever. There are currently more than 520 men or

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thereabouts in this Parliament. I do not know the total for all Parliaments ever, but a rough calculation suggests that it must be many thousands, if not tens of thousands. Two-hundred and ninety-one women and 120 still here makes 170 women MPs or thereabouts—I might be a few out—who have gone before us. Indeed, there are a few women MPs—just a few though—here now.

Being part of a chosen few makes me feel very special, but I am also very sad that so few women have had the chance to sit on these Green Benches and make a difference and improve the country's legislation. That is why the Bill is doing just that. It is thanks to women on our Front Bench, and my right hon. and learned Friend the Minister for Women and Equality in particular, that we are in this position.

John Bercow: I am listening with great respect to the hon. Lady's speech. I accept that the Bill is fundamentally a social democratic or new Labour piece of legislation—that is pretty unarguable—but that does not mean that we should not support it when it is fundamentally right. I put it to the hon. Lady that although the Bill can be honourably opposed, some of the people out there in the country who oppose it do so because they are so comfortable with either their prejudices or their privileges that they do not want them to be disturbed.

Mrs. Hodgson: As ever, the hon. Gentleman makes a valid point. Indeed, I think that those on our Front Bench agreed with it too.

Most of us are agreed that the number of women in this place needs to rise substantially over the years to come. I wholeheartedly support the measures in the Bill to extend permission for all-women shortlists to 2030. The discrepancies that we see between the numbers of men and women in Parliament are still played out in society as a whole. Although the minimum wage has decreased the gender pay gap by 5 per cent., the gulf between male and female wage packets is still an unbelievable 21 per cent. In an enlightened society, where we women work just as hard as men, that is simply inexcusable. I congratulate the Minister on bringing an end to the tired excuses that we have heard so many times before.

We also need to bolster skills among women. That is why the public sector equality duty will be so vital in continuing to unlock talent. According to the women and work commission, closing the gender skills gap could increase GDP by between £15 billion and £23 billion a year. I cannot imagine the naysayers sniffing at that, especially not during such difficult times.

In our current economic climate, we sometimes find that women are harder hit than men. In the north-east, figures show that female unemployment increased three months before men had to face the same problems. Although those figures have begun to level off, it just goes to show how much variety exists between the typical "male" job market and the typical "female" job market, which is more often than not part time and low paid.

We know that legislation is not a catch-all solution. To achieve the vision behind the Bill we must change attitudes and break down barriers. One example would be those clauses that support a woman's right to breastfeed. I am ever so pleased that my hon. Friend the Member for Stafford (Mr. Kidney) is in the Chamber and will speak, too. He has led a fantastic campaign on this matter. I am really pleased, as I am sure he will be, that that has been recognised and that provision has been made in the Bill.

It is a well-established fact that wherever possible, breast is best. I breastfed both my children, my second until 18 months—she was very eager, and it took some work to bring it to an end—and I evangelise on the merits of doing so, as does Bosom Buddies, which runs schemes at Sure Starts units and children's centres in my constituency and, I am sure, across the country. Bosom Buddies is a project where breastfeeding mums partner and mentor pregnant mums and new mums. They encourage and help them to start to breastfeed and to continue to do so. It is a very good project and I fully endorse it.

In numerous studies, breastfeeding has been shown to be the healthiest way to feed babies. In addition to providing the essential nutrients and sustenance, it greatly reduces the risk of babies developing health problems such as gastroenteritis, asthma, diabetes and obesity and helps to protect women from breast and ovarian cancer. In comparison with a formula-fed baby, a breastfed baby is five times less likely to be hospitalised with gastroenteritis. It is estimated that if all babies were breastfed the NHS would save up to £50 million a year in dealing with such illnesses. I know that that is just one example, but it is a real example of how this Bill will make small changes that will have a big impact on individual lives as well as on the fabric of our nation.

One group of people for whom the Bill can have a transformative impact are carers. I was pleased to receive a briefing from Carers UK that sets out its support for the Bill and in particular welcomes the provisions that extend protection against discrimination and harassment to someone who is associated with caring for a disabled person, in effect giving carers new rights in the workplace and in the provision of services.

We need to look more closely in the Committee—on which I hope to be able to serve—at the true effect of a handful of provisions. The right to request adjustments and flexible working practices is one of the significant steps taken by the Government to boost workplace opportunities for all. As the Bill stands, those rights will be created for disabled people but not for carers, many of whom would benefit hugely from receiving the same rights. Given the already ambitious nature of the Bill, I wonder whether my right hon. and learned Friend the Minister for Women and Equality might be willing to go that one extra step for the carers who already save the economy billions of pounds a year.

We also need to ensure that appropriate mechanisms are in place so that the duties and rights set out in the Bill are properly enforced. In short, we should be wary of missing a trick. There remains a real difficulty for disabled passengers travelling by air. I have had to table early-day motions in the past to draw the House's attention to the less than exemplary practice of one airline that insists on disabled customers telephoning premium rate telephone numbers to secure seats, incurring extortionate extra costs.

The broader provisions in the Bill will enable campaigners to keep an eye on progress in both the public sector and the private sector. The end of the gagging clauses and

the introduction of a duty to report on the gender pay balance will ensure that inequality can no longer hide anywhere in Britain from the boardroom to the tea room.

The old saying says that you should never judge a book by its cover. That has certainly been true of me over the years, and of a lot of people I have met, too. I am sure that hon. Members will agree that there is plenty of wisdom in that phrase and I believe there to be plenty of wisdom in the Bill. It sets out a message of equals not elites and that is a message that I am delighted to support.

8.33 pm

Dr. Evan Harris (Oxford, West and Abingdon) (LD): I would certainly agree that the Labour party had a very good record on equality up to the 1997 general election. Indeed, I think that it was the hon. Member for Buckingham (John Bercow), who has contributed enormously well to the debate on a number of occasions, who pointed out that it was a social democratic approach—I would say that it is also liberal. It is no surprise, therefore, that Roy Jenkins was so heavily involved in the Labour party in the moves to provide equality in certain areas at a time when it was less popular to do so and less acceptable than it is now.

The Government will get this Bill through—I hope that they do—and it is hardly opposed in this House. That is a sign that the Government are pushing against an extremely open door in a way that the Labour party could not when it introduced earlier legislative proposals to provide for equality. The Government are implementing, quite rightly, their manifesto commitment to abolish unjustified discrimination wherever it exists. My regret is that that was a 1997 election manifesto commitment. Over the 12 years for which I have been a Member of this House, I have questioned why it has taken so long for the Government and the House to do some of the things that could have been done many years previously.

My party's record is pretty good. We opposed section 28 when it was introduced, for example, and pressed for an early end to discrimination on the ground of sexual orientation. We first tabled amendments to the criminal law in 1998 to bring in laws on sexual offences that treated people equally, regardless of sexual orientation. That legislation was enacted in 2003. The Government were forced by European judgments to bring in equality on the ground of sexual orientation in the armed forces, but they should have done so before. We also urged them to introduce civil partnerships legislation, which they have now done, and supported them to the hilt when they introduced the controversial—for some—regulations on the provision of goods and services without discrimination on the ground of sexual orientation.

On age discrimination, I remember urging my colleagues through the Lobby to vote on an amendment to the Employment Relations Bill in the late 1990s, to end age discrimination in employment. We have also argued that that could and should have been brought in as part of the Equality Act 2006. Nevertheless, we are where we are now, and I welcome the fact that the Government are introducing these provisions.

I want to discuss three topics: the balance to be struck between free speech and harassment; the exemptions on discrimination, particularly on the grounds of religion and sexual orientation, where another tension obviously exists; and the proposed public sector duty, every aspect of which is to include a duty to promote equal opportunities in respect of religion.

I ought to declare a couple of interests. I am a member of the Joint Committee on Human Rights, which has performed significant scrutiny of previous equality legislation and proposes to do much more on this Bill. We have already had a very useful and mutually beneficial meeting with officials from the equalities team. I also hold honorary positions with the British Humanist Association, the Liberal Democrat lesbian, gay, bisexual and transgender campaign, and the National Secular Society.

Before I start on my three topics, I want to point out that inequality is a vital issue in this country. It is terrible that the gap between the rich and the poor has got wider. The rich, even in this recession, are far richer than they were 12 years ago, and, even before the recession, the poor were relatively poorer than they were before. Radical action is needed, and my hon. Friend the Member for Hornsey and Wood Green (Lynne Featherstone) has already said that she does not think that the provisions in the Bill represent that radical action. It is policies that will bring about the end of inequality, including policies on taxation. I am still astounded about what has happened on tax policy over the last three Parliaments. The fair taxes have not been increased, but the regressive ones have. For the Conservative party to say that it wants to do something about the inequality in wealth between the rich and the poor while its flagship policy is to cut the tax payable by the richest estates in the country is simply astonishing.

The hon. Member for Shipley (Philip Davies) intervened on the hon. Member for Kingswood (Roger Berry) to make a point about political correctness, and I should like to say to him that the Campaign Against Political Correctness might be against the Bill, but political correctness can work both ways. If it is politically correct to say that it is not acceptable—I mean socially acceptable; I am not arguing about criminality here—to call people "cripples" or "spastics", then I support political correctness. If supporting political correctness means that it becomes unacceptable—even in private, where it would not be against the law—to call people "sooty" or "Paki", then I support political correctness. The hon. Gentleman needs to define what he means by political correctness. If he defines it very narrowly, I might agree with him, but it is not enough just to talk about it as the tabloids do.

My first topic is the balance between free speech and laws that protect people. What kind of protection are we talking about in anti-harassment provisions? We are talking about the freedom from being offended, or worse. I certainly accept that this is not just about being offended. This can occur in public, in employment and in the provision of goods and services, including a special case involving public services and the delivery of public functions.

In public, the Government have rightly accepted that there is a difference between homophobic or religious hatred and, for example, racial hatred, because the offence involved is very narrow. They have recognised that free speech can be impeded. I am sure that I would not agree with most of that speech, but I recognise that some religious organisations, for example, need to be able to explain their views on sexual orientation or the

[Dr. Evan Harris]

religious beliefs of others. Similarly, I have argued for amendment of section 5 of the Public Order Act 1986, which criminalises the use of insult as being likely to cause distress, goes too far and could lead to bizarre prosecutions or investigations by the police. I hope the Government will recognise the point. They have made an exception in cases of religion and homophobia, and they are right to do so.

In employment, there is protection against harassment, and employment probably provides the strongest case for it because one has to be secure at work, but our harassment provisions are pretty wide. Indeed, the human rights memorandum on the Joint Committee on Human Rights website, probably also to be found on the Government Equalities Office website, accepts the point, stating that harassment laws

"have been controversial in respect of certain protected characteristics (namely, religion or belief, sexual orientation and gender reassignment) and opponents have been concerned that applying the broader domestic definition of harassment to these characteristics could infringe Article 9 and Article 10 Convention rights."

I hope that question will be dealt with in Committee. It is not simply a matter of defining harassment as engaging in

"unwanted conduct related to a relevant protected characteristic which has the purpose or effect of... creating an intimidating, hostile, degrading, humiliating or offensive environment",

because also relevant is

"the purpose or effect of violating a person's dignity".

Because it is non-intentional and because the views of the victim are important, this can be cast very widely.

I worry when I hear about cases such as the Christian night-shift worker who was having a conversation with a fellow worker about his views on homosexuality; apparently, although we have only his side of the story, he said in moderate terms that he thought it was wrong. Even if there were no prosecution under harassment law, as it were, I think it would be wrong if employers decided to take a strong view simply because someone felt that their dignity was violated because they were gay or knew someone who was gay and could not accept anyone sincerely disagreeing with them and using non-abusive language. I believe that that is going too far; we should not have to read that sort of press story or hear about that sort of activity. Here, I stand four-square with religious people who feel that they are not allowed to say those sorts of things. I do not recommend it, of course, but if they avoid abusive language, that is acceptable.

With goods and services, the Government are right not to include harassment provisions relating to sexual orientation or religion. It was right that the Northern Ireland provisions were essentially struck down and have not been reintroduced in the Bill. It is impossible to restrict people's ability to explain their point of view when not providing goods and services. When it comes to the provision of public services and public functions, the question remains whether there might be scope for introducing some protection from harassment; gross harassment, of course, is discrimination.

I was pleased to support the Equality Act 2006, which finally and rightly protected religious people—people with religion or belief—from discrimination. Indeed, as hon. Members may know, my private Member's Bill goes further to protect Catholics, in particular, from unjustified discrimination in our constitution. My Bill received support from all political parties, but it was talked out by the Lord Chancellor, no less, on Second Reading. I think that religious organisations, however, show too great a willingness to want to discriminate against other people. They accept the protections that they have been given, but want the scope to discriminate against other people—for example, on grounds of sexual orientation or religion.

Schedule 9 deals with exemptions for religions in respect of employment. I recognise that the drafting here is better than it was in the Employment Equality (Sexual Orientation) Regulations 2003. The import of the Amicus case has been included, where the provision states that a post with a sexual orientation test has to be one clearly involved in proselytising and not another. The subsequent provisions on page 182 of the Bill are, sadly, weaker, allowing organisations with a religious ethos not to have to justify the discrimination that they may wish to indulge in on grounds of religion, for example. Nevertheless, even that is better than the coach and horses run through the spirit of the Bill by the Schools Standards and Frameworks Act 1998, particularly sections 68, 69 and 70. As I was told by a maths teacher working in a state school funded 100 per cent. by the taxpayer, those provisions allow schools to tell teachers—regardless of whether they are teaching religious education—that they must have "Jesus in your heart". Is that really necessary for someone teaching maths in a primary school? What is going on? I find it regrettable that the Government have not taken the opportunity to recognise that organisations with a certain ethos can, if necessary, be governed by provisions that already operate in relation to a religious test, as opposed to a broad exception involving many other posts.

As for the provision of goods and services, the problem still exists that schools are allowed to discriminate and segregate on the basis of religion. In an area containing, say, four schools, where one has a religious intake and can segregate and discriminate, children or families adhering to the religion concerned can choose any of those four schools, while everyone else has a choice of only three. If that is coupled with the public duty to provide equality of opportunity, a huge amount of pressure will be exerted for everyone to have their own school that discriminates, and I do not think that that is a good idea.

The provision of public services involves a key question. Should there be a right to discriminate on grounds of religion, or indeed sexual orientation? I hope that, in Committee, the Government will recognise that the Employment Appeal Tribunal was correct in saying, in the case of the Islington registrar Lillian Ladele, that it was wrong for someone providing a public service to be allowed to discriminate, and that the council was right to say that everyone doing that job must not treat people differently according to their sexual orientation.

We have read of a dentist who wants to require his women patients to wear a hijab before being able to access health care either on the NHS or privately. That cannot be right. Reasonable adjustment may be possible. For example, a cook may not want to cook pork. That does not involve discriminating against human beings, at least in respect of what they are doing, and it does not necessarily involve a public function.

Finally, let me say something about the positive duty in regard to religion. Religion is different from the other strands. For example, it is not essential or immutable in the same way as race or gender. Religious beliefs give rise to policies and practices that are highly contested, unlike the other strands. Representatives of religions —rightly, in many cases—feel the need to proselytise in order to secure new followers, unlike representatives of other strands. Some religions campaign actively against equal treatment in relation to other strands, as they have a right to do. They are unique in that respect.

For that reason, I think that, while we should ensure that there is a public duty to end discrimination on religious grounds and promote social cohesion, tackling inequality relating to religion may actually increase religious sensitivities. People may feel that they are not being given what someone else is being given because of historic service provision in that area, and may want the same for themselves. An example is the demand for it to be considered that sharia law might be given more status in relation to other religious laws.

Those are the issues that I hope to raise in Committee.

8.48 pm

Dr. Roberta Blackman-Woods (City of Durham) (Lab): I, too, apologise for not being present at the beginning of the debate. That was because of difficulties that I encountered in travelling to the House today. I am delighted to have been able to catch your eye, Mr. Deputy Speaker.

As my right hon. Friend the Member for Leicester, West (Ms Hewitt), who is not here at the moment, said in her excellent speech, hon. Members have received a number of excellent briefings. I want to begin by quoting from the TUC briefing, because it sums up what I think about the Bill:

> "The TUC welcomes the introduction of a single Equality Bill. It has long campaigned for a single Act to bring together the numerous discrimination laws that have developed over many decades. It also welcomes the fact that the Government has used this opportunity to harmonise upwards and to strengthen protection in some areas",

most notably age and carers.

I also want to begin by thanking my right hon. and learned Friend the Minister for Women and Equality and my hon. and learned Friend the Solicitor-General for steering this Bill through to its Second Reading. They have both long championed equalities issues when it was not necessarily fashionable to do so, and all Labour Members owe them a huge debt of gratitude for their excellent legislation, which we now have on the statute book because of their efforts.

The Bill is very much about developing Labour's fairness agenda. One of its most important aspects is the new duty on public bodies to consider how to reduce socio-economic inequalities. That is important in two key respects. First, imposing that duty on public bodies and Ministers may ensure that, across government, we get much closer attention to how policies and policy development will reduce socio-economic inequalities. That has been some time in coming. Labour has had an important agenda to tackle inequalities, but we must recognise that we need to do more, in particular to foster the cause of social mobility. I hope that this duty helps us to continue to develop policies to support social mobility. Secondly, the duty will enable all of us in society to have a stronger look at what is happening in local government and other public sector bodies. It has long been my contention that sometimes local government and other bodies have managed to subvert Labour's equality agenda and not implement policies effectively locally.

I am truly sorry that the hon. Member for Hornsey and Wood Green (Lynne Featherstone) is not present at the moment. She gave a very thoughtful and well-considered speech, and I agreed with a great deal of it. I must say, however, that my own local authority of Durham City had a truly appalling record on tackling inequality. In fact, its policies achieved the opposite end. When the authority in question was in power, by selling off land in some of our most disadvantaged communities and reinvesting the capital gain from that land not in the local villages, but in city centre projects mostly used by the very affluent or upper middle class, it ensured that a transfer of resources did, indeed, take place, but it was from disadvantaged areas to the more advantaged areas. Similarly, the authority did not use the considerable house building that was taking place through planning law to enable it to build more affordable housing. It did exactly the opposite: where possible, it gave planning permission without any requirement to produce any affordable housing either within the development concerned or anywhere else in the city. I therefore want to check with my hon. Friends on the Labour Front Bench that this duty would require local authorities to explain why they wanted to implement policies that would exacerbate inequalities rather than attempt to reduce them.

Mrs. Hodgson: To ensure that the House is aware of this, will my hon. Friend clarify that Durham City was a Liberal Democrat council?

Dr. Blackman-Woods: I can clarify that easily for my hon. Friend; when Durham City was in existence, for the last six years it was a Liberal Democrat council.

Mr. Harper: The hon. Member for Hornsey and Wood Green (Lynne Featherstone) has returned to the Chamber now, so the hon. Member for City of Durham (Dr. Blackman-Woods) can repeat what she was saying.

Dr. Blackman-Woods: The hon. Lady can read that in *Hansard* tomorrow, but I would be very grateful if the question I have just asked is answered.

The key point that I wish to make this evening is that it is very important that local government and other public sector bodies, such as primary care trusts, seek in their overall strategic frameworks to address inequality issues.

Emily Thornberry: Is my hon. Friend aware that since 2002 Pride in Canterbury has been lobbying for Canterbury city council to promote gay culture in Canterbury and has been fobbed off, so it took the matter to the local government ombudsman, only to be told that no regulations could be used to criticise the council for not supporting the lesbian, gay, bisexual and transgender community? This Bill will change that.

Dr. Blackman-Woods: I am very grateful to my hon. Friend for that intervention, which demonstrates that we need to take further action with regard to local authorities.

Other measures that I wish specifically to mention are those banning age discrimination outside the workplace and, importantly, those removing discrimination against carers. I cannot understand why the Conservative party is going to vote against the Bill, because it is so important that we continue to support carers and to remove discrimination against them. I had to re-read the first sentence of the Conservatives' reasoned amendment a few times, because I thought that they had missed something. Obviously the Bill seeks to address

"the root causes of the reduction in social mobility".

The Bill does attempt to address the root causes of social inequality. If the socio-economic duty been provided for at the back end of clause 194, I might have understood the Conservatives' missing it, but of course the duty falls within the first clause. Labour Members may find it interesting to be given further explanation by the Conservative party as to why it is not supporting the Bill this evening.

Other key features of the Bill are equally important, and for some of us they have, as I said, been a long time coming. They include the further action to promote equal pay. As we know, public sector bodies will have to produce a gender pay report—the Government are going to consult the public bodies on how they might do that—and for private sector companies with more than 250 employees this will not be compulsory until after 2015. That is an important step forward in gaining a fuller understanding of why we still have the gender pay gap.

There are two areas that we might wish to examine further, however, and discuss in Committee. The first is what we need to do to get rid of occupational segregation. It remains a problem and it is one of the reasons why women continue to have lower earnings than men. We must examine our education policies and our learning and skills policies across the board to see what more we can do to attract both men and women into a wider range of occupations.

The second issue, which the Bill goes some way towards addressing, is the need to get rid of secrecy in respect of people's pay. Unless we have a full understanding of what people are paid, we will not be fully able to develop policies to address the issue. I know that there are key areas that we could cite—I hate to say it, but academia is one—where it is not always clear what people are earning. We know that in private sector companies it is also not clear and transparent what people are earning. We need to take further action on this matter.

Other hon. Members have mentioned the importance of measures to protect women who are breastfeeding from being removed from places such as restaurants and public galleries. The measures in the Bill are greatly to be welcomed. It is disgraceful that in the 21st century we have to legislate to ensure that women will not be discriminated against because they are breastfeeding. Hon. Friends stressed earlier how important breastfeeding is in reducing inequalities right from day one of a child's life. We know that it is women from socially disadvantaged backgrounds who are less likely to breastfeed their children.

I have experience of working in a project for Save the Children many years ago in Sunderland, where a community health project was working with local women and desperately trying to support them in breastfeeding. It was very difficult. We had many cultural hurdles to overcome, and years of work were undone in an instant by somebody going into one of the shops in the city centre and being asked to leave. That spread around the local community and rendered useless much of the work that had been done. We know that Sure Start projects are doing a great deal of work to encourage breastfeeding and we do not want that work to be undermined by women being excluded or made to feel uncomfortable. As was said earlier, most women who breastfeed in public manage to do it discreetly and should be encouraged.

I turn to public sector procurement. Public sector contracts account for about £175 billion-worth of expenditure. It is important that when contracts are awarded by the public sector, they are given to companies that are exemplars of good industrial relations across the board and have excellent equal opportunities policies. I also want to make sure that public sector procurement is used to support the green agenda, and I am sure it is possible to marry the two.

Lynne Featherstone: I welcome the whole of the procurement chain being used in that way, but my concern is that there may not be the means to ensure proper monitoring of that chain. I am anxious lest it become a tick-box exercise, rather than a real force for change.

Dr. Blackman-Woods: I agree wholeheartedly with the hon. Lady. She makes a valuable point.

I am pleased to see that discrimination in private clubs is to be made unlawful. I know that this is a minor or a side issue, but I am pleased that the Government are addressing it. I remember a teatime conversation many years ago at home with my brothers and some of their friends, who are all golf enthusiasts. They were talking about a motion that was coming before their committee from the women, asking if they could play one of the days at the weekend.

My brothers were discussing what they would do about that. They were probably sorry that they asked for my opinion. I asked, "Why wouldn't women be able to play at weekends?" They said, "The issue is that women can play during the week, but men can't because they are at work." This was the early 1980s, and I gave them a mini-lecture on the percentage of women who were employed outside the home. That proportion has continued to rise since the early 1980s, so the rationale for restricting women's playing time, which was ridiculous then, is even more so now. I am pleased that, thanks to the Bill, a golf club will not be able to prohibit its female members from playing on certain days, while allowing men to play whenever they like. It might be a peripheral issue in some ways, but I am pleased that we have got there. It is about time, too.

Finally, I come to the issue of the representation in this House of women and people from ethnic minority communities. Some hon. Members were saying earlier how surprised they were by the reaction of the official Opposition to the legislation, but given their record of getting women to represent the Tory party in this House

we should not be so surprised. Their progress has been very slow—much slower than ours—mainly because they have not taken the difficult decisions, such as introducing all-women shortlists, to increase women's representation. We know that informal mechanisms are important and we all need to do more to encourage women, young people and those from ethnic minorities to come forward and think about entering formal politics, but without formal mechanisms progress is too slow.

We know that of the 125 women MPs in Parliament, 98 are Labour—and many of them are here because of all-women shortlists. International comparisons show us that of the 17 countries with the highest percentage of women MPs, 14 have some sort of quota, so we know that concerted action is needed and that voluntarism does not work. Action is needed not only to get more women into Parliament, but to make this Chamber more representative of the society in which we live. So we also need a more ethnically diverse group of politicians.

I hope that the measures in the Bill are accepted. I hope to be on the Committee and I look forward to some interesting debates. I welcome the Bill.

9.7 pm

Philip Davies (Shipley) (Con): If the Government decide to call something the Equality Bill, they expect everyone to support it because we are, of course, all in favour of equality. But this is the most incredibly misleadingly titled Bill, as one of its central planks is not to enshrine equality in law but to reintroduce discrimination into the workplace. We heard earlier how 40 years ago Labour Governments banned race and sex discrimination in the workplace, but this Bill tries to bring it back via the back door and—unbelievably—in the name of equality.

The Bill has nothing to do with equality. It is all about the politically correct extremism of the Leader of the House and her trendy, left-wing prejudices. Most people who support the concept of equality support the concept of equality of opportunity, but this Bill is not interested in that. It is about a socialist, 1980s Labour party agenda of equality of outcome. Indeed, page 1 of this long-winded Bill explicitly says that it is

"designed to reduce the inequalities of outcome which result from socio-economic disadvantage".

To be honest, I do not know how this Government dare talk about reducing socio-economic disadvantage. They have the nerve in their explanatory notes to give the example that this would lead to a duty on local education authorities to ensure that children from deprived areas have a better chance of securing a place at their school of choice. This from the Government who hate grammar schools, which probably did more than anything else to enable kids from the poorest backgrounds to access the best schools, and who scrapped the assisted places scheme, which paid for the brightest kids from the poorest backgrounds to get the best education at top private schools. Perhaps the Solicitor-General will make it clear when she winds up that this provision will mean that many of the parents in my constituency, who live in villages close to popular primary schools such as Eldwick, Burley-in-Wharfedale and Bingley, will be unable to send their children to their local school as pupils from poorer areas will be bussed in to take their place. Is that really what the Bill proposes?

The Bill is massive—250 pages, including the schedules, and nearly 250 pages of explanatory notes—but if it were truly about equality, we would not need 250 pages of politically correct gobbledegook: it would be a very short Bill, which would simply enshrine in law the fact that people who seek jobs should be selected on merit alone and that they should be given jobs irrespective of their gender, race, age or disability—

Dr. Evan Harris: Or religion.

Philip Davies: Indeed. What on earth would be wrong with that? It seems to me that the people who are truly racist and sexism see everything in terms of race and gender, rather than those of us who just wish people to be recruited entirely on merit. Batook Pandya, the director of Bristol-based charity Support Against Racist Incidents, put it perfectly when he said on the subject of fire service open days aimed at only ethnic minority recruits:

"None of these open days should have been closed to white communities. I couldn't give two hoots if they are white, black, Asian, male or female—they should simply be the best person for the job."

The Bill introduces the concept of protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex and sexual orientation. "Why stop there?" someone might ask. There are other people and possible items for such categories. Lots of people say that they are discriminated against in the workplace because of their weight, hair colour or the fact that they are bald—that has not always been a problem in my party. If people are discriminated against for all those factors, why are they not included in the Bill? Why not just go for a simplistic kind of equality?

Perhaps the Solicitor-General in summing up will explain how much of the population is not covered by the protected groups. If in broad, estimated terms, 50 per cent. of the population are women, 10 per cent. are not white, 10 per cent. are homosexual, 20 per cent. are over 65, and 17 per cent. are disabled—I admit that a few of them will have more than one characteristic—there will not be many people who are not covered by the Bill. In fact, we will have a new minority: white, heterosexual men with no disability at all. That will be the only minority left that is not covered by the Bill.

The Bill allows positive action in recruitment where any two candidates are as qualified as each other. That is complete nonsense. First, no two candidates are ever exactly the same, and the Bill therefore tries to introduce a scenario that we would only usually expect to hear in a primary school playground. Indeed, my six-year-old son is the only person who ever raises impossible hypotheticals with me, but I can now tell him that the Leader of the House has joined him in that quest. However, for the purposes of the argument, I will humour the Government and accept that that impossible scenario could happen.

The Leader of the House claimed that positive action provision could be invoked only if two candidates were both equally the best. If the person—perhaps a woman, someone from an ethnic minority, or a male going for a job at a primary school, as in the case raised by my hon. Friend the Member for Buckingham (John Bercow)—is genuinely the equal-best candidate, given that the employer

[Philip Davies]

has got to pick one or the other, perhaps the Government can explain which law currently in place prevents them from picking the one who is from the minority group. If they are genuinely joint-best candidates, one or other of them will be picked. This is a pointless solution.

Mr. Tom Clarke: Will the hon. Gentleman give way?

Philip Davies: Other hon. Members want to speak. I wish that this was a Friday and that I could take as many interventions as possible and talk the Bill out, but I am afraid that time is limited.

At worst, the Bill's real purpose is to introduce positive discrimination by the back door. Its most likely outcome is that it will have a chilling effect on employers, who will feel pressured into taking someone from an under-represented group who is not the best or the equal-best candidate for the job. It is also likely that we will see an increase in employment tribunals for employers to defend, thus wasting their time and money.

Hon. Members need not just take my word for that; the Government claim in the explanatory notes that the Bill will cost the private sector a one-off sum of £211 million—just what it needs in a recession—and recurring costs of between £11 million and £17 million a year, consisting mainly of additional court and tribunal cases and compensation awards. That is actually in the Bill. The British Chambers of Commerce says it sends a poor message about UK businesses and that it will discourage job creation, which is all we need as unemployment surges towards 3 million. Companies will be loth to take on more employees so it will take longer to get out of the recession.

Mr. Clarke: Will the hon. Gentleman give way?

Philip Davies: As I have explained to the right hon. Gentleman, time is limited and other Members want to speak.

If the Government really want more people to be employed, they must stop making employment more hassle and more costly. They clearly believe that if something is more expensive, less of it will happen, which is why they increase taxes on alcohol and tobacco and why they want the climate change levy. The same is true of employment; the more expensive it is, the less of it there will be.

I commend an article by Minette Marrin in *The Times* over the weekend. She wrote:

"Here we have a spectacle that is about as bad for women as it gets. Female politicians, many promoted above their ability, seek to promote another woman above her democratic entitlement and against their own principles and meanwhile legislate to promote working women over men. With supporters like Harman and her crew, we women do not need enemies."

The Government should look at the old Equal Opportunities Commission's research, which found that women had clear views on these matters. Some of the commission's findings included the following:

"Measures such as positive discrimination are particularly disliked. They are seen as discriminatory, to be artificially engineering outcomes…There was little support for the idea that women, as a group, are unequal in society today…Another strong theme to emerge was that attempts to redress inequalities have become too politically incorrect."

There are many similar comments in the commission's research.

Another issue is the gender pay gap. Both the BCC and the CBI oppose the concept as they believe either that it is meaningless or that it could lead to mandatory gender pay audits. The pay gap exists for a host of reasons. Sometimes, women choose to take time out of work. That is one of the reasons why there is a gender pay gap.

It is possible that if we equalise everything, it will all be equalled down. In Sheffield, employees have been threatening strike action over the single-status legislation because wages have been levelled downwards. Are Labour Members saying that they will be happy for pay to go down as long as it is equal? Are they saying that does not matter because equal pay is the most important thing? Women have husbands, boyfriends and fathers, and I am not sure they would be too happy about pay being levelled down.

Who will manage the process? Would you believe it, Mr. Deputy Speaker? The Equality and Human Rights Commission is to administer the process. That is the same Equality and Human Rights Commission that I discovered from a recent parliamentary answer paid men more than women, white people more than black and ethnic minority people and non-disabled people more than disabled people. We expect that commission to go round lecturing organisations about equal pay. If it was not so ridiculous, it would be quite amusing.

The Bill also maintains the concept of positive discrimination for parliamentary candidates.

Mr. Clarke: Will the hon. Gentleman give way?

Philip Davies: I have already dealt with the right hon. Gentleman, who has not been in the Chamber for the whole debate.

Why will the Labour party not allow people to be selected simply on merit? As Labour seems to need all-women shortlists, it must mean either that the party picks women who are not the best candidates or that the local Labour party is full of people who are so sexist that they would not select a woman even if she was clearly the best candidate. When the Solicitor-General sums up, perhaps she will explain which it is. Given that we Conservatives elected a woman leader of our party 34 years ago, we shall take no lectures from Labour. Indeed, Margaret Thatcher said:

"I owe nothing to Women's lib."

What the public think of all-women shortlists is clear. One has only to look at what happened in Blaenau Gwent. One of the safest Labour seats was lost because of the party's politically correct obsession with all-women shortlists, yet Labour still continues to ignore public opinion and press on with them. My question to all those Labour Members who say, "It's so important that we have more women in Parliament" is: will they support Conservative women candidates who stand against Labour men in marginal seats? If it is so important to have more women in Parliament, come what may, I might presume that they would. However, I suspect that they will not, because deep down they know that people's views are more important than their gender. I also want to know how many of those male MPs who bang on about wanting there to be more women MPs did so before

they were elected to Parliament themselves. Frankly, I would have much more respect for many of them if they offered to give up their seat so that a woman could replace them, but of course very few of them ever do that.

Many other measures in the Bill are either revolting or ridiculous; I do not have time to go through all of them now. However, there is one marvellous thing in the Bill that I must commend. Page E9 of the explanatory notes, which is about direct discrimination, says that "racial segregation is always" wrong. I could not agree more. I hope that that will lead to the Government making sure that people who come to this country integrate into a British way of life. I hope that it will mean an end to organisations such as the Black Police Associations, to competitions just for ethnic minorities such as the decibel Penguin prize, and to information being published in dozens of languages.

It is not often that I quote Edwina Currie, but she summed up my attitude perfectly well when she wrote in the *Daily Mail*:

"Has she"—

that is, the Leader of the House—

"noticed, in her little Westminster cocoon, how many small companies, strangled by this Government's obsession with red tape, are going bust; how many ordinary men and women are losing their jobs; how many individual bankrupicies have been declared; how many homes repossessed?

And she's wittering on about equality?

Predictably, her fellow feminists have lined up to offer their support. In The Guardian, the headline for Polly Toynbee's column trumpeted 'Harman's Law is Labour's biggest idea in 11 years'—which just about sums up this miserable administration."

I could not have put it better myself.

9.22 pm

Mr. Robert Syms (Poole) (Con): I enjoyed the speech of my hon. Friend the Member for Shipley (Philip Davies), but did not entirely agree with it. I think that it is good to consolidate all the legislation that we can see on the Table in front of us. My concern, of course, is that a lot of follow-up legislation and statutory instruments will come in its wake, so that pile by the Dispatch Box will grow. I am concerned about where we go with that.

Generally speaking, the reason our nation has been successful economically is the people in it. How we treat people and whether we are fair to them are very important if we are to get the best out of people and to be a productive, modern economy that grows. We cannot afford to lose people; we cannot afford not to engage people in what goes on, so it is broadly important that we support the Bill.

On social economic policy, it is clear that in this nation, if a person grows up in an area of deprivation or poverty, their chances in education, health and a range of other areas are less good. We will not remain a rich, productive economy unless we get the most out of the human potential of our nation. That means using what resources we have to target some of the most disadvantaged, so as to get the best out of them and so that they can become productive citizens and have a worthwhile, productive life.

To do that, of course, we need data. We need good census data, and we have to drill down. Of course, the census tends to depend on ward size, which varies from 1,500 in some areas to 22,000 or 23,000 in places such as Birmingham. Good public sector authorities, such as local councils and health authorities, do consider and map deprivation and poverty, and try to focus policy on the most disadvantaged to get the best out of the area. They certainly do so in Poole, and the Bournemouth and Poole teaching primary care trust certainly does so. There is an awful lot that can be done.

The second point that I would like to make is on age discrimination. It is quite clear that we live in an age in which one of the principal problems is longevity. People—particularly men—are pretty fit and able to go on working at 65. We need to take a radical look at the issue. I know that there are all sorts of problems to do with the national insurance system and the benefit system. I have recently dealt with cases in which people who have become disabled before 65 could claim all sorts of things, but those who become disabled after 65 could not do so. We must think creatively about how we can keep people productively in the economy, if that is what they wish. We know that there is a major pension problem, and, if people wish to work longer not only to enhance their retirement, public policy should try to do everything to make it possible.

I, like many Members, have surgeries, and it is not unusual to see people who are in their 70s come in, sit down and, in reply to my question, "What's the problem?", say, "It's my mother," or, "My father." People are living into their 90s these days, so it is not too bad if people want to continue work into their 70s. Some of the problems with employing 50-year-olds may go if we get used to employing people at older ages.

Age discrimination is a major problem, and Members have already made the point about a possible loss of services, but the Bill will be a lost opportunity if we do not creatively consider how we can get people to remain engaged in work, if that is what they want to do, and if we can construct a social security and benefits system that allows that to happen.

I should have liked to have said other things. I agree with the Front-Bench team that it is our job as the Opposition to test propositions and table amendments. I have concerns about the cost on business, and the Public Bill Committee will no doubt look into the matter. However, broadly speaking, I think that the Bill is to be welcomed, and I look forward to the return of an improved version when we consider it on the Floor of the House again.

9.26 pm

Mr. David Kidney (Stafford) (Lab): I am very grateful to the hon. Member for Poole (Mr. Syms) for leaving me time to speak. It is a pleasure to follow him.

I welcome the Bill and praise the Government. I am particularly pleased that we are going to outlaw age discrimination in the provision of services and goods. As the hon. Gentleman said, it is a good thing that more of us are living longer, confounding the actuaries, and long that may continue. However, it means that the injustice that occurs when people are discriminated against simply because of age is becoming more acute, and that is why we must act: no more refusing the store card, travel insurance or the hire car simply because of age. I agree with him that other big issues must be confronted, too, such as why carer's allowance stops when a person reaches the state retirement and pension age. We must tackle all those things.

[Mr. David Kidney]

The briefing from Age Concern and Help the Aged—soon to be Age UK—says that we should have gone further and ended compulsory retirement, and we can debate that in Committee, too. One of my constituents, Richard Ellison, a justice of the peace, is campaigning as he nears the age of 70 against the compulsory retirement of magistrates at 70.

I welcome also the provisions promoting breastfeeding. As breastfeeding is so healthy for mothers and children, it is a scandal that this country performs so much worse than others in enabling mothers to feel comfortable breastfeeding, and in helping them to breastfeed at work and in public places. I welcome the Bill's measures to help with that, and to place a duty on the public sector to help mothers to feel confident enough to breastfeed—something that is good for them and their babies.

In the health context, I praise UNICEF and its Baby Friendly Initiative for making such a change to the circumstances of many mothers by encouraging them to breastfeed. I also say a big thank you to the Breastfeeding Manifesto coalition, the National Childbirth Trust and the all-party group on maternity. They have combined to push for the measure, which, I hope, will be enacted.

In future, as youngsters at school study citizenship and learn about moral and ethical codes of behaviour, community involvement, volunteering, political literacy and the diversity of our society, I hope that they will learn what we are doing through the Bill to contribute from the top to our society, taking important and bold steps, such as stopping bullying in childhood, abolishing the pay gap for women and ethnic minorities and stopping age discrimination against people in health care and financial services, and on goods and services generally. We will make an important contribution to the well-being of our society if we enact the Bill in something like its current form.

9.29 pm

Mr. Mark Harper (Forest of Dean) (Con): We have had a good debate in which many Back Benchers from both sides have spoken. Many drew attention to the fact that the Bill has been a long time coming, and no one in the House would demur from that. We have finally received the Bill in its finished form, although it looks as if quite a bit of it has been rushed to get it finished.

As my right hon. Friend the Member for Maidenhead (Mrs. May) said in her opening remarks, we support the Government's aim of consolidating and simplifying the current raft of equality legislation, although I fear that if the Bill makes it into law and there is all the secondary legislation, the Equality and Human Rights Commission will have a job of work to make sure that its guidance will be as simple and straightforward as we hope it will be. I am sure that, like me, the Minister for Women and Equality has had conversations with the commission to that effect. I do not think the guidance will be short and snappy, but it will be a huge improvement on the thousands of pages of guidance that have come before, and it should make it easier for business and other organisations to interpret and enact it.

"Equality" has become a loaded word in recent years; every year, we hear stories in the media about councils banning Christmas in the name of equality legislation. If the Bill is enacted, a measure of its success will be whether it can put a stop to that sort of nonsense and encourage fairness, which is what equality should be about. As my hon. Friend the Member for Poole (Mr. Syms) said, it should be about success being based on merit and making sure that we have access to the talents of everyone in our country. We should judge people on their merit and not on characteristics that have no bearing on the content of their characters.

Other measures in the Bill that we welcome are the extension of the laws to ban age discrimination. However, the Government have not addressed some of the concerns. A number of hon. Members mentioned the concerns of insurance businesses and those with marketing models based on age. There is no detail in the Bill on that, just a very broad power enabling Ministers to amend the primary legislation by order. I do not think the House should support that solution; one of the things that Ministers need to do—it is one of the reasons for our reasoned amendment—is to go away and think again about that element of the Bill. With the parliamentary draftsmen, they should draft a clause that will be of comfort to businesses such as Saga and the others that have been mentioned so that those companies can have confidence in their business models. That clause should also mean that Ministers will not be required to amend primary legislation every time somebody dreams up a new business model.

In clauses 190, 191, 56 and 2, Ministers take powers to amend primary legislation by order; they take powers away from the House and place them with the Executive. If the Bill makes it to Committee, we will suggest amendments to all those areas.

Many Members have spoken about the gender pay gap. According to the Government's own "Framework for a Fairer Future" White Paper, the gender pay gap is 12.6 per cent. in respect of full-time earnings. However, hon. Members may not be aware that there is also a disability pay gap in many businesses—and, indeed, in the Government. The pay gap between disabled and non-disabled employees in the civil service is larger than the gender pay gap. In some Departments, such as the Home Office, disabled employees are paid 30 per cent. less on average than non-disabled employees. There is a way to go on that issue. In its Second Reading brief, RADAR said that the disability pay gap had been sorely neglected and it demanded that it be given a higher priority. That neglect is not fair, and it backs up the point made by my hon. Friend the Member for Poole about being able to hire the best talent and enabling people to be successful in organisations through promotion.

Another key test for the Bill will be whether it makes it easier rather than more difficult for the public sector and businesses to promote equality. The single public sector duty in the Bill will replace the three existing ones. It is important that the new duty should focus on outcomes, not processes. We need to see more fairness in the delivery of public services, not just an obligation for them to comply with ever more bureaucracy.

We have a difference with the Government on pay audits. We think that their proposal is bureaucratic and burdensome and that there is no guarantee that the issues will be addressed. I also note that the audits are not to apply to the public sector. Ministers have said that they plan to use regulation-making powers in the

Bill to impose similar burdens on the public sector, but those specific proposals are not in the Bill. If they are saying that the private sector should have to comply with certain requirements, then exactly the same ones should apply to the public sector: there should not be one law for one and another law for the other. Our proposals for having compulsory pay audits in force when tribunals have found employers guilty of discrimination are a more proportionate solution.

Judy Mallaber: Has the hon. Gentleman done any research on exactly how many employers have been found guilty? We know how many cases there have been, but has he done any analysis of how many employers are in that position compared with the far larger number of cases that have been settled and the infinitely larger number of cases that have not even got through the tribunals? How much research has been done on whether the Conservative proposal would be in any way effective?

Mr. Harper: It is for the Government to prove their case. Clearly, the hon. Lady has concerns about the way the Government run the tribunals service, which is not effective. It may be for Ministers in the Ministry of Justice to look at how that is working and how effective it is before she complains about our reasonable and proportionate proposals.

On positive action—or positive discrimination, as the Minister perhaps more accurately, albeit inadvertently, called it in her opening remarks—the Bill's proposals seem to allow employers to discriminate in favour of candidates who are not the most qualified for the job. The argument that has been advanced, and is indeed supported by the Equality and Human Rights Commission, concerns the example of a primary school where there are two equally qualified candidates and it was wished to hire one rather than the other because of the diversity of the work force. It seems to me that if those candidates are truly equally qualified, and it genuinely is a tie-break situation, there is nothing in the existing law that would stop that happening. If, however, the Bill allows organisations to go further and have a wholesale choosing of candidates when they are not the most qualified for the job, that would be discrimination. It could give rise to situations such as that which recently occurred in my own county of Gloucestershire when our police force was actively discriminating against white people; that was found to be unlawful, and it had to stop it. That had a very negative effect on diversity and gave fairness and diversity a bad name. We should not be promoting that sort of behaviour, and if that is what the Bill allows, as I fear it does, we should not be in favour of these proposals.

Let me turn to disability. The hon. Member for Kingswood (Roger Berry) is right to say that we must recognise that disability discrimination needs to be approached differently. Indeed, that was the conclusion of the Work and Pensions Committee in its report. As he said, in order to create a level playing field and have genuine equality of opportunity, it is often necessary to take positive steps to ensure that disabled people are treated fairly. We are glad that that has been recognised in the Bill and that the Government have responded to the judgment in the Malcolm case, and we will be testing to see how their proposals work in practice.

The hon. Gentleman also referred to improvements in disabled people getting into work. I have checked the official figures, and some progress has been made; I pay tribute to the Government for that. In 1999, the employment rate for disabled people stood at 46 per cent., and it has now risen to about 50 per cent. There has been some progress, but there is a considerable way to go. We have come up with some ambitious welfare reform proposals because we want that to go further and faster.

The socio-economic part of the Bill—part 1—is the biggest disappointment. No one will disagree that the widening gap between the rich and poor and declining social mobility under this Government need to be addressed. Indeed, a recent study from the London School of Economics showed that in Britain social mobility had declined and that the gap between rich and poor was getting wider. A careful comparison of several countries revealed that the United States and Britain were at the bottom, with the lowest social mobility, but in Britain it was getting worse. Those problems clearly need to be tackled: we cannot just wish them away or legislate them away. The Government thought they had legislated away fuel poverty, but it still exists. They plan to pass a Bill to eliminate child poverty, but last week it rose, yet again, by 100,000. It is going in the wrong direction, and simply passing a Bill will not solve the problem. As my right hon. Friend the Member for Maidenhead said at the start of the debate, if we are to tackle these problems we need to tackle the root causes—family breakdown, poor education and worklessness. Real action will solve them, such as our proposals to give parents more power and allow good schools to expand and new schools to open where there is demand.

Roger Berry: How would blocking the Bill by voting for the Opposition amendment solve the problem?

Mr. Harper: If the hon. Gentleman just waits until I finish, he will hear—

Roger Berry: Tell me now!

Mr. Harper: No, because I want to come to that at the end of my speech, for which the hon. Gentleman will have to wait with bated breath. First, I wish to touch on some of the contributions that hon. Members have made. My hon. Friend the Member for South-West Bedfordshire (Andrew Selous), in an intervention on the Minister for Women and Equality, made an important point about discrimination in employment. One of his local businesses placed an advert that said, "If you do not speak Polish, please do not apply as your application will not be considered." That was not for a job involving translation but for a job on the minimum wage as a picker-packer in a factory environment. Such discrimination should be unlawful. Rather than saying that the worker had to speak Polish because there were other Polish employees, perhaps the company should have ensured that all those other employees could speak English. It should not be acceptable to say that someone has to be able to speak a minority language in order to get a job of which that is not an essential part. I would be grateful if the Solicitor-General could confirm whether such an advertisement is lawful today. If so, perhaps she will confirm whether the Bill will change that.

[Mr. Harper]

The hon. Member for Birmingham, Selly Oak (Lynne Jones), who is no longer in her place, made a thoughtful intervention on mental health issues and the position of Members of this House. She also mentioned pre-employment questionnaires, and I had much sympathy with what she said.

The hon. Member for Hornsey and Wood Green (Lynne Featherstone) made a wide-ranging speech. She welcomed the Bill and then proceeded to spend 20 minutes or so telling us all the things that she thought were wrong with it. I suggest that she join us in voting for our reasoned amendment, which stacks up much better with what she said.

The hon. Member for Cardiff, North (Julie Morgan) told us about the position in Wales, and she talked about some problems with local authorities. Of course, as I have said, the Bill excludes the public sector from mandatory pay audits. [HON. MEMBERS: "It does not."] It does. I have read the Bill in great detail. I may not have a copy autographed by the Minister for Women and Equality, despite having gone to her equality reception, and I am disappointed that the copies on the Table are not autographed, but I have read it in some detail.

My hon. Friend the Member for Daventry (Mr. Boswell), in his usual thoughtful way, made a comprehensive and wide-ranging speech, drawing on his long-standing interest in this area of policy. He reminded the House that it was a Conservative Government who introduced the Disability Discrimination Act 1995, and he mentioned the importance of making the business case for equality as a method of ensuring that it moved much further and faster.

My hon. Friend the Member for Epping Forest (Mrs. Laing) strongly supported simplification of the law but cogently laid out the significant flaws in the Bill. I have already mentioned the important issues relating to disability that the hon. Member for Kingswood raised, as befits his role as co-chairman of the all-party disability group. The hon. Member for Walsall, North (Mr. Winnick), who is in his place, expressed some concerns about the order-making power in clause 190, which we shall probe in Committee if the Bill makes it there.

My hon. Friend—I think he is a friend—the Member for Buckingham (John Bercow) made a measured speech until he got to the Churchillian quotation at the end, which I shall not take to heart, and he mentioned his membership of the Speaker's Conference. The hon. Member for Gateshead, East and Washington, West (Mrs. Hodgson), who will be the last Member I am able to mention, spoke about her experiences at Northern Rock. Clearly Northern Rock's loss was our gain, and given what has happened to this House and to Northern Rock, she may well consider that she was more fortunate ending up here.

There is much in the Bill that we welcome, and simplifying the law makes sense, but it is a pity that the Minister for Women and Equality hijacked what could have been an opportunity for common agreement on both sides of the House as a vehicle for her own ambitions.

I suggest that hon. Members support our reasoned amendment and, in effect, tell the Government to take the Bill away, remove the bits that are unwelcome, which we have laid out in our reasoned amendment, and bring back a Bill on which the House could reach a consensus. That would be the best possible outcome.

9.45 pm

The Solicitor-General (Vera Baird): I will write to the hon. Member for Forest of Dean (Mr. Harper), if I may, about the Polish matter, which needs better explanation.

We could not have started on the Labour Benches with a better contribution than that from my right hon. Friend the Member for Leicester, West (Ms Hewitt), who has been a stalwart of equality throughout her career. I am grateful for her welcome. She was concerned to ensure that we encourage wider groups of people to apply for jobs. We can already do that, but that right will be made more meaningful now that we can take positive action in appointments as well.

My right hon. Friend was worried that action against discrimination on the grounds of pregnancy and maternity had become weaker, but clauses 16 and 17 will make it stronger. The old definition was that the treatment must not be less favourable, which prompts the question: less favourable for whom and less favourable than what? The definition now says that the treatment must not be less favourable than is reasonable, which is a clearer objective standard.

The hon. Member for Hornsey and Wood Green (Lynne Featherstone) said that we had not acted on equal pay. Well, of course we have, many, many times—the women and work commission and the minimum wage are two examples—but the problem is intransigent. The proposals in the Bill will help enormously. She would impose mandatory pay audits on all businesses. What do we do, then, about those that have already done audits and are working by consensus with their work forces towards equality? What do we do about those businesses that do not necessarily know that they have systemic pay inequality, but which, when our transparency provisions start to work, will see it and move consensually towards equality? We are all aiming at the same bull's-eye, but we have the straight arrows. Hers would miss the target.

I agree with my hon. Friend the Member for Cardiff, North (Julie Morgan). Equal pay progress has been far too slow, because much of it is hidden, sometimes perhaps even to the employer, but knowledge of inequity is power to get rid of it, and that is what we will give. She suggested representative action, and there is a lot to be said for taking the burden off an individual when discrimination is systemic. We are examining the Civil Justice Council's proposals about that.

My hon. Friend is worried that the age discrimination provisions will not apply to under-18s. It is a complex issue, but we have concluded that they would not address, for instance, the many concerns that she and the hon. Member for Hornsey and Wood Green raised this evening and that they could make matters far worse for children.

I pay enormous tribute to the hon. Member for Daventry (Mr. Boswell), but I am very sad to hear that we will no longer have him with us. I really respect the commitment that he has shown over the years to equality generally and disability in particular. With permission, I will answer his specific question when I deal with my hon. Friend the Member for Kingswood (Roger Berry).

The hon. Member for Daventry was troubled about socio-economic equality. He asked whether we would close libraries because only the middle classes use them. The answer is no. What we will do is put measures in place to encourage people from the estate round the corner to come and read—to get a love of books, which I have been blessed with since my working-class mother and father taught me to read at three. Now, at approaching 43, I still value that great love of books.

My hon. Friend the Member for Brighton, Kemptown (Dr. Turner) talked about amendments to thrust upon me, so I conclude that he wants to be on the Committee and that he will be able to keep his excellent points until then.

I genuinely apologise to the hon. Member for Epping Forest (Mrs. Laing) for winding her up. She accused me of not wanting to be seen as an old-fashioned socialist and demonstrated herself to be an old-fashioned Tory. She said that if the pendulum swings too far to protect rights, that will hurt business. That is what the Tories said about the Sex Discrimination Act 1975, the Equal Pay Act 1970 and the minimum wage—and as a matter of fact, Mr. Deputy Speaker, you could have said it against the abolition of slavery as well. Business is not there to be altruistic, she said. I do not want a world in which disabled people have to rely on anyone's altruism to be treated well at work; I want them to have good rights. Business, by and large, is far more understanding and altruistic about the rights of disabled people and other sectors than she and other Tories have suggested tonight.

My hon. Friend the Member for Kingswood is involved with the all-party group on disability and has a distinguished record in this field. The clarity of his argument and his analysis of the distinct nature that it is necessary to give to disability were clear evidence of the depth of his understanding. I can give him the assurance he seeks, which was also sought by the hon. Member for Daventry. Disabled people can be treated more favourably, and the hon. Gentlemen should cast an eye over clauses 13(3) and 143.

The hon. Member for Altrincham and Sale, West (Mr. Brady) and I did our hopeless best to understand each other. He disclosed, in the end, that he just does not favour positive action. I hope that he has told the right hon. Member for Maidenhead (Mrs. May) that. She spent some considerable time telling the House that she wanted positive action. Indeed, she boasted that the Tory party was using it with great vigour to bring things along for women. Has she told the hon. Member for Altrincham and Sale, West that, or that champion of political incorrectness, the hon. Member for Shipley (Philip Davies)?

My hon. Friend the Member for Walsall, North (Mr. Winnick), as always, spoke with the vigour of a young man. He railed against the default retirement age. The Heyday case is still pending—let us watch for a result. Anyway, the Department for Business, Enterprise and Regulatory Reform will review that age in 2011 at the latest.

The hon. Member for Caernarfon (Hywel Williams) talked mainly to his constituents. He knows that the Welsh language is protected elsewhere. I am personally delighted that the Welsh Assembly Government are totally in support of the Bill and I am glad to have the welcome that he was able to give it, albeit on a limited basis.

My hon. Friend the Member for Amber Valley (Judy Mallaber), as usual, gave a fluent, common-sense, committed speech. She was amazed at the attitude displayed by some of the Tories, which I would call, in the terms of a 1960s novel, Anglo-Saxon attitudes. Such attitudes have been made public by some Tories today, but not by the hon. Member for Buckingham (John Bercow). He understands equality. He gets the point again and again, amusingly and amiably exposing the slightness of his party's thinking on the equality issue. Three quarters of the party are stuck in unfair old attitudes, while a tiny minority struggle to make it look modern. I hope that he is on the Committee, but I dare say that his leadership trembles at the very suggestion.

How lucky the constituents of Gateshead, East and Washington, West are to have such a fantastic MP. My hon. Friend the Member for Gateshead, East and Washington, West (Mrs. Hodgson) is right to feel special in her own right—what a great speech. I am proud to call her my working class sister and to include in the sisterhood my hon. Friend the Member for City of Durham (Dr. Blackman-Woods) and to revel in her welcome. What a duo there are to the north of me in the north-east.

I understood, I think, the analysis of the hon. Member for Oxford, West and Abingdon (Dr. Harris), and I tend to accept much of it. We will, I guess, dwell a lot longer on those issues in Committee and I shall welcome the debate. I hope that in due course we can satisfy him that we will be fair to all parties.

The hon. Member for Poole (Mr. Syms) was candid and straightforward, as is his wont. He understands fairness and I hope that he can come to agree with the more complex equality provisions in due course. Indeed, as he suggested might be possible, I hope that he might come to vote for the Bill when it has gone through the process of refinement that is still to come.

As for the right hon. Member for Maidenhead and her three-clause equality Bill, introduced, in my view, as a political gimmick—*[Interruption.]* I have mentioned the hon. Member for Shipley—that is all he is getting, I am afraid. The right hon. Lady's three-clause Bill was introduced, in my view, as a political gimmick in the Lords, to try to make the party look modern despite the view of most of her Back Benchers, as we have heard tonight. Its three paltry clauses were massacred by the analysis of Lord Lester, not a member of the Labour party, who exposed its vacuity. Much trumpeted on the Maidenhead website, the Bill now lies in the other place, to all intents and purposes in its grave. If it had survived and come here, I imagine that it would have been deeply opposed by most of the right hon. Lady's Back Benchers, given their contributions tonight.

For poorer people, black, white, old, young, straight, gay, women or men, disabled or able bodied, this Bill will enlist public authorities to come to your aid and alleviate your socio-economic disadvantage. For believers and non-believers struggling with bias, this Bill will help you. For our gay, lesbian and transgender fellow citizens, we honour your struggle and we are legislating to see it fulfilled: you may think that this Bill is for you.

To disabled and older people: this Bill is undoubtedly yours. It is amazing that any party could seek to vote down your undeniable moral rights—that any party would try to choke them off is quite amazing. To black

[The Solicitor-General]

and minority ethnic people we say: here is your future. Heightened opportunities and fair treatment are in sight; this Bill is for you. To women—half the population, hamstrung by low pay and historic discrimination—here at last is a great lever to change culture. This Bill is undoubtedly for us.

The Bill has been supported by practically all the stakeholder groups in all the sectors that it addresses. When those who would oppose it were pressed to name the groups that support voting it down at this stage, the best the Tories could come up with was—what is it called?—the society against political correctness. [HON. MEMBERS: "You couldn't make it up!"] I have not made it up. Shall I say it again? The society against political correctness was the only group the Tories could cite that wants them to vote down the Bill.

Mrs. Laing: I thank the hon. and learned Lady for giving way. She knows perfectly well that the joke by my hon. Friend the Member for Shipley (Philip Davies) about the society against political correctness does not reflect the view of the Conservative party in general, which is in favour of the consolidation measures in the Bill, as we have said again and again. The hon. and learned Lady has denied knowing that, but we are in favour of those measures, and of the issue of equality. She is misrepresenting our views, but the reasoned amendment is more reasonable than the Bill.

The Solicitor-General: I am really sorry; I have wound the hon. Lady up again. I suspect that it is Shipley, not Maidenhead, that governs the Tory party when it comes to equality.

I say to all these groups: the Tories will streamline your current rights that have been hard fought for over 40 years. They will tidy them up, but they will vote against this Bill. They will say to you: "You've come far enough. Not a single step more! You've come as far as you're getting. You've had all you can have, and you'll never get further." I say to you: under Labour, this Bill is your future. I commend the Bill to the House.

Question put, That the amendment be made.

The House divided: Ayes 139, Noes 322.

Division No. 115] **[9.59 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Baldry, Tony
Barker, Gregory
Bellingham, Mr. Henry
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Browning, Angela
Burns, Mr. Simon
Burt, Alistair
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Davies, David T.C. *(Monmouth)*
Davies, Philip
Djanogly, Mr. Jonathan
Dorries, Nadine
Duddridge, James
Evans, Mr. Nigel
Fabricant, Michael
Fallon, Mr. Michael
Field, Mr. Mark
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Hayes, Mr. John
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Horam, Mr. John
Howarth, Mr. Gerald
Howell, John
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Kawczynski, Daniel
Key, Robert
Kirkbride, Miss Julie
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lansley, Mr. Andrew
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McLoughlin, rh Mr. Patrick
Miller, Mrs. Maria
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Paice, Mr. James
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Prisk, Mr. Mark
Pritchard, Mark
Randall, Mr. John
Redwood, rh Mr. John
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Mr. Laurence
Rosindell, Andrew
Scott, Mr. Lee
Selous, Andrew
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Soames, Mr. Nicholas
Spring, Mr. Richard
Streeter, Mr. Gary
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Ayes:
Mr. John Bercow and Mr. Philip Dunne

NOES

Abbott, Ms Diane
Ainsworth, rh Mr. Bob
Alexander, Danny
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barrett, John
Barron, rh Mr. Kevin
Battle, rh John
Begg, Miss Anne
Beith, rh Sir Alan
Bercow, John
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Breed, Mr. Colin
Brennan, Kevin

Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bruce, rh Malcolm
Bryant, Chris
Buck, Ms Karen
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byrne, rh Mr. Liam
Cable, Dr. Vincent
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Carmichael, Mr. Alistair
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coffey, Ann
Cohen, Harry
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Featherstone, Lynne
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flynn, Paul
Follett, Barbara
Foster, Mr. Don
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Gapes, Mike
Gardiner, Barry
George, Andrew
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gidley, Sandra
Gilroy, Linda
Godsiff, Mr. Roger
Goldsworthy, Julia
Goodman, Helen
Griffith, Nia
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Harman, rh Ms Harriet
Harris, Dr. Evan
Harris, Mr. Tom
Harvey, Nick
Havard, Mr. Dai
Healey, rh John
Heath, Mr. David
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Hosie, Stewart
Howarth, David
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Hughes, Simon
Huhne, Chris
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
Jenkins, Mr. Brian
Johnson, rh Alan
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Llwyd, Mr. Elfyn
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
MacNeil, Mr. Angus
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Öpik, Lembit
Osborne, Sandra
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Jamie
Reid, rh John
Rennie, Willie
Riordan, Mrs. Linda
Robertson, Angus
Robertson, John
Robinson, Mr. Geoffrey
Rogerson, Dan
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruddock, Joan
Russell, Bob
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sanders, Mr. Adrian
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stewart, Ian
Straw, rh Mr. Jack
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Mr. Gerry
Swinson, Jo
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Matthew
Taylor, Dr. Richard
Thomas, Mr. Gareth
Thornberry, Emily
Thurso, John
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watts, Mr. Dave
Webb, Steve
Weir, Mr. Mike
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Williams, Hywel
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wishart, Pete

Wood, Mike
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Steve McCabe and
Ms Diana R. Johnson

Question accordingly negatived.

Question put forthwith (Standing Order No. 62(2)).

That the Bill be now read a Second time.

Question agreed to.

Bill accordingly read a Second time.

EQUALITY BILL (PROGRAMME)

Motion made, and Question put forthwith, (Standing Order No. 83A(7)).

That the following provisions shall apply to the Equality Bill:

Committal

1. The Bill shall be committed to a Public Bill Committee.

Proceedings in Public Bill Committee

2. Proceedings in the Public Bill Committee shall (so far as not previously concluded) be brought to a conclusion on 7 July 2009.

3. The Public Bill Committee shall have leave to sit twice on the first day on which it meets.

Consideration and Third Reading

4. Proceedings on consideration shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the day on which those proceedings are commenced.

5. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on that day.

6. Standing Order No. 83B (Programming committees) shall not apply to proceedings on consideration and Third Reading.

Other proceedings

7. Any other proceedings on the Bill (including any proceedings on consideration of Lords Amendments or on any further messages from the Lords) may be programmed.—*(Claire Ward.)*

The House divided: Ayes 278, Noes 181.

Division No. 116] **[10.15 pm**

AYES

Abbott, Ms Diane
Ainsworth, rh Mr. Bob
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barron, rh Mr. Kevin
Battle, rh John
Begg, Miss Anne
Bercow, John
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coffey, Ann
Cohen, Harry
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Gapes, Mike
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
Jenkins, Mr. Brian
Johnson, rh Alan
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Khan, Mr. Sadiq
Kidney, Mr. David
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill

Osborne, Sandra
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Straw, rh Mr. Jack
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Ms Diana R. Johnson and Steve McCabe

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Baldry, Tony
Barker, Gregory
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Brady, Mr. Graham
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burt, Alistair
Cable, Dr. Vincent
Carmichael, Mr. Alistair
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cox, Mr. Geoffrey
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Djanogly, Mr. Jonathan
Dorries, Nadine
Duddridge, James
Evans, Mr. Nigel
Fabricant, Michael
Fallon, Mr. Michael
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Horam, Mr. John
Hosie, Stewart
Howarth, David
Howarth, Mr. Gerald
Howell, John
Hughes, Simon
Huhne, Chris
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Kawczynski, Daniel
Key, Robert
Kirkbride, Miss Julie
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lansley, Mr. Andrew
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McLoughlin, rh Mr. Patrick
Miller, Mrs. Maria
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Paice, Mr. James
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Prisk, Mr. Mark
Pritchard, Mark
Randall, Mr. John
Redwood, rh Mr. John
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spink, Bob
Spring, Mr. Richard
Streeter, Mr. Gary
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard
Thurso, John
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Noes:
Mr. John Baron and Mr. Philip Dunne

Question accordingly agreed to.

EQUALITY BILL (MONEY)

Queen's recommendation signified.

Motion made, and Question put forthwith (Standing Order No. 52(1)(a)).

That, for the purposes of any Act resulting from the Equality Bill, it is expedient to authorise the payment out of money provided by Parliament of any increase attributable to the Act in the expenses of a Minister of the Crown.—*(Barbara Keeley.)*

Question agreed to.

EQUALITY BILL (CARRY-OVER)

Motion made, and Question put forthwith (Standing Order No. 80A(1)(a)).

That if, at the conclusion of this Session of Parliament, proceedings on the Equality Bill have not been completed, they shall be resumed in the next Session.—*(Barbara Keeley.)*

The Speaker's opinion as to the decision of the Question being challenged, the Division was deferred until Wednesday 13 May (Standing Order No. 41A).

Business without Debate

DELEGATED LEGISLATION

Ordered,

That the Travel Concessions (Eligible Services) (Amendment) Order 2009 (S.I., 2009, No. 575), dated 9 March 2009, be referred to a Delegated Legislation Committee.—*(Barbara Keeley.)*

Ordered,

That the Occupational, Personal and Stakeholder Pensions (Miscellaneous Amendments) Regulations 2009 (S.I., 2009, No. 615), dated 10 March 2009, be referred to a Delegated Legislation Committee.—*(Barbara Keeley.)*

PETITIONS

General Practice Surgeries (Bedfordshire)

10.28 pm

Andrew Selous (South-West Bedfordshire) (Con): It gives me great pleasure to present a petition signed by more than 3,100 of my constituents from GPs' surgeries across the South-West Bedfordshire constituency.

The petition states:

The Petition of supporters of General Practice surgeries in South West Bedfordshire, and others,

Declares that the involvement of commercial companies in General Practice surgeries risks destabilising local surgeries and threatens the comprehensive, high quality care provided by General Practitioners; and further declares that commercial companies are accountable primarily to stakeholders, and that General Practitioners should be free to treat people as patients rather than customers.

The Petitioners therefore request that the House of Commons urges the Government to halt its plans to encourage the involvement of commercial companies in local General Practice surgeries; to continue to support existing NHS General Practice surgeries; and to improve services to patients by further investment in existing General Practice surgeries.

And the Petitioners remain, etc.

[P000364]

Planning and Development (Plymouth)

10.30 pm

Alison Seabeck (Plymouth, Devonport) (Lab): I rise to bring to the attention of the House concerns that have been generated following the designation by Plymouth city council of a site in Ernesettle as a possible energy-from-waste plant. The petitioners, including members of the action group STIFLE—Stop the Incinerator Fouling Land at Ernesettle—have set out a very detailed case, including planning and environmental concerns, and offered that presentation to the council and the potential contractors for their consideration.

The petition states:

The Petition of people concerned at the proposed development of an energy from waste plant at Ernesettle, Plymouth,

Declares that the site identified by Plymouth City Council for an energy from waste plant at Ernesettle, Plymouth, is totally inappropriate for many reasons including the loss of playing fields.

The Petitioners therefore request that the House of Commons urges the Secretary of State for Communities and Local Government to persuade Plymouth City Council to reconsider their decision and investigate alternative sites.

And the Petitioners remain, etc.

[P000366]

Penicillin

Motion made, and Question proposed, That this House do now adjourn.—*(Steve McCabe.)*

10.31 pm

Des Browne (Kilmarnock and Loudoun) (Lab): It is 80 years and one day precisely since Alexander Fleming's research paper "On the antibacterial action of cultures of a Penicillium" was submitted for publication in *The British Journal of Experimental Pathology*. In the paper he wrote:

"While working with staphylococcus variants a number of culture plates were set aside on the laboratory bench and examined from time to time. In the examinations these plates were necessarily exposed to the air and they became contaminated with various micro-organisms. It was noticed that around a large colony of a contaminating mould the staphylococcus colonies became transparent and were obviously undergoing lysis.

Subcultures of the mould were made…it was found that broth in which the mould had been grown....had acquired marked inhibitory, bactericidal and bacteriolytic properties to many of the more common pathogenic bacteria.

In the rest of this article allusion will be made to experiments with filtrates of broth cultures of this mould. For convenience and to avoid the repetition of the rather cumbersome phrase 'Mould broth filtrate' the name 'penicillin' will be used."

Thus was born the age of antibiotics, although it was to be many years before the first practical application in treatment of bacterial infection in humans, or indeed many years before the coining of the word "antibiotics". The history tells us much about the nature of scientific discovery, the development of treatments and some of the outside factors that can influence the direction of research, development and human benefit, both positively and negatively.

On 6 August 1881, Alexander Fleming was born at Lochfield farm, near Darvel, the youngest of eight children. He received his first schooling at Loudoun Moor school, went to the village school in Darvel at the age of 10, then two years later, continued his education at Kilmarnock academy. On 24 April this year, standing in the garden of the isolated Lochfield farm, now restored by Phillip and Heather Scott, surveying the landscape that the young Fleming had crossed daily just to get to the place of his early education, I sensed the determination to learn that must have driven him on.

On the same day, examining the contemporary Kilmarnock academy school register, preserved with other Fleming memorabilia by Carole Ford, the head teacher, and Stephen King, the school librarian and archivist, and noting just how many of Fleming's contemporaries died prematurely of infections, I got a sense of what may have motivated his zeal for fighting those very infections.

Any school that boasts two Nobel laureates merits a special word of public recognition. Kilmarnock academy is entitled to that boast, because of Alexander Fleming and John Boyd Orr, the Scottish teacher, doctor, biologist and politician. When Fleming was 14 he joined an elder brother in London, where after two more years of education he commenced work as a clerk in a shipping company. Four years later, a legacy enabled him to enter St. Mary's hospital medical school, Paddington, where he excelled in his studies and in numerous sports. He qualified in 1908 and, attracted by research work, entered the laboratories of Sir Almroth Wright at St. Mary's, working on the nature of immunity and the treatment of bacterial infection.

In 1909, the German chemist-physician Paul Ehrlich developed a chemical treatment for syphilis. He had tried hundreds of compounds, and the 666th worked. It was named salvarsan, which means "that which saves by arsenic". The only previous treatments for the disease had been so toxic as often to kill the patient. Ehrlich brought news of his treatment to London, where Fleming became one of very few physicians to administer salvarsan. He did so with the new and difficult technique of intravenous injection. He soon developed such a busy practice that he got the nickname "Private 606".

That was the beginning of the age of chemotherapy of infections, with the use of salvarsan, and the beginning of Fleming's long interest in the use of chemical antiseptics in the treatment of infections, and in ways of aiding the body's natural protective mechanisms against infection. During the first world war, Fleming served in the Royal Army Medical Corps, working in a laboratory in France to study the treatment of infected war wounds. In 1921, back at St. Mary's, he discovered lysozyme,

"a substance present in the tissues and secretions of the body which is rapidly capable of dissolving certain bacteria."

Like Fleming's discovery of penicillin, his discovery of lysozyme was the result of shrewd observation and the investigation of an unplanned event: he had a cold and observed that the drips from his nose caused lysis of bacteria where they were mixed on the culture plate. He long considered the discovery of lysozyme more important than that of penicillin.

In September 1928, Fleming discovered penicillin when he returned from a six-week holiday and observed the classic clearing or lysis of the bacterial colonies around the contaminating mould, later identified as penicillium notatum. The irony is that modern "good laboratory practice" would probably have dictated that the old culture plates would have been disposed of long since and not left lying around for the mould to grow. The discovery was made and Fleming is reported to have remarked of his observation, "That's funny."

Fleming was fortunate as a researcher to have had the freedom to follow up on the unexpected, and his classic 1929 paper includes an extensive study of the production of penicillin by the mould, and of its inhibitory effects against different species of bacteria. However, the crude penicillin was unstable, and Fleming's laboratory did not have the chemical expertise to purify it in its stable form for further study, so he was unable to pursue its development for clinical use. His later work with penicillin was mainly by using it for selective culture for the isolation of penicillin-insensitive bacteria for study.

Fleming provided samples of the mould to other laboratories, including the Sir William Dunn school of pathology at Oxford. There in 1939, Howard Florey, professor of pathology, and Ernst Chain, a biochemist and refugee from Nazi Germany, began their studies with the purely academic aims of discovering the chemical nature of penicillin and its mode of action. However, they quickly became aware of its clinical potential, and the onset of the second world war brought treatment of infected wounds back into high profile.

With the biochemist Norman Heatley, the Oxford team improvised equipment for bulk culture of the mould, and developed methods for the partial purification

[Des Browne]

of penicillin. Fleming was involved in demonstrating the high potency of those penicillin preparations against cultured streptococcus and staphylococcus. By 1941, the Oxford team had purified penicillin to a stable enough form to use on a patient—an Oxford policeman dying of septicaemia. The patient improved markedly, but unfortunately the penicillin ran out, the infection strengthened and the poor man died.

However, by 1943, Fleming was able to use penicillin successfully to treat a girl with streptococcal meningitis; the rapid cure of an almost moribund patient led him to bring penicillin to the notice of the Government. That led to the setting up of the Penicillin Committee and the production of penicillin on an industrial scale, especially in the United States.

Fleming was elected a Fellow of the Royal Society in 1943, knighted in 1944, and shared the 1945 Nobel prize in physiology or medicine with Florey and Chain. In 1945, Fleming was elected the first president of the new Society for General Microbiology, which was formed to provide a common meeting ground for those interested in the study of microbes of all types—bacteria, fungi and viruses and others. The society's members came from all backgrounds, including medicine, veterinary medicine, agriculture, universities, research institutes and industry.

The society grew rapidly and still thrives today, with more than 5,000 members worldwide. Its main activities are publishing scientific journals, organising conferences, and supporting microbiology education. It is in that context that the society is sponsoring an event for school students in my constituency in November to emphasise the importance of Fleming's work in the discovery of penicillin, and how that led to an explosion in the discovery of antibiotics, which have brought tremendous benefits in terms of the control of human and animal disease. Over the years, antibiotics must have saved the lives of countless millions of human beings and animals. It is in that context that the society has offered to sponsor prizes for science in both Loudoun academy and Fleming's old school, Kilmarnock academy.

But what of the future? How secure are we in reliance on antibiotics? The next major step after the introduction of penicillin was the discovery of streptomycin in 1943 by Selman Waksman's group. He coined the term "antibiotic" for any substance produced by a micro-organism that interferes with the growth of other micro-organisms. Unlike penicillin, which is produced by a fungus, streptomycin was produced by a bacterium. In the 1950s and 1960s, many other antibacterial and anti-fungal agents were discovered in bacteria and fungi in the so-called golden age of antibiotic discovery. In the late 1960s, US Surgeon General William H. Stewart famously stated that we could

"close the book on infectious disease",

and others said similar things. We now know that that is far from being the case for a number of reasons. For a start, he ignored virus diseases, which cannot be treated with antibiotics.

Although thousands of antibiotics have been discovered, and more than 100 are currently approved for medical use, they belong mainly to a rather small number of types of chemical structure, and the rate of discovery in the golden age was followed by decades in which far fewer useful natural products were discovered. In the 1990s, drug companies invested heavily in synthetic chemistry and robotic synthesis in attempts to develop "unnatural" new drugs, and in genome sequencing of pathogens to identify genes that encode proteins not present in human cells as possible targets for newly synthesised antibiotics. Those efforts have been disappointing, and have shown little success. It appears that naturally occurring antibiotics and the interactions with their targets have been highly refined in nature over millions of years of natural selection.

More recent methods of trying to create new types of antibiotics include the genetic manipulation of natural products by altering the biosynthetic "assembly line"; the first new products are entering clinical trials. Also, sequencing the genomes of some antibiotic-producing micro-organisms such as streptomyces has shown that there may be "sleeping" antibiotic genes, used only under special conditions infrequently encountered. However, the difficulties of commercial development of any new antibiotics are immense. First, they must be devoid of side effects, unlike new anti-cancer drugs, the drawbacks of which may be considered to be outweighed by benefits. The costs are enormous, and the end product may not be profitable. Many of the antibiotics launched in the 1940s simply would not have been brought to market in the present regulatory climate.

The pressing need for new antibiotics and more types of antibiotics is due to the development of antibiotic resistance in the target pathogens. Methicillin-resistant staphylococcus aureus and multi-drug-resistant human tuberculosis are only two of many examples. Bacteria have evolved over millions of years to survive the insults of their environments, and coping with the production of antibiotics by other micro-organisms has resulted in the evolution of antibiotic resistance mechanisms. Genes for antibiotic resistance have also undoubtedly been transferred between different types of bacteria in the process of horizontal gene transfer.

If we are to maintain and expand our ability to control disease, there is a need for continued research on the fundamental biology of pathogens and their interactions with the host, and on the development of new antibiotics. We could persuade the pharmaceutical industry back to the task by re-examining some of the commercial and regulatory caveats, and develop other mechanisms for disease control such as bacteriophage therapy. The legacy of Fleming and others was the golden age of antibiotic discovery, and all the countless benefits that it brought.

The possibility of a "post-antibiotic age", brought about by widespread antibiotic resistance in pathogenic bacteria, is scary. In the words of Roy Sleator, writing in the February edition of "Microbiology Today",

"the bugs are fighting back! Moreover, the super-bugs...appear to be winning."

10.45 pm

The Minister of State, Department of Health (Dawn Primarolo): I congratulate my right hon. Friend the Member for Kilmarnock and Loudoun (Des Browne) on securing his brief debate, and on the eloquence and knowledge that he demonstrated in reflecting the huge achievements of Alexander Fleming's contribution to

modern medicine. My right hon. Friend and his constituents are of course rightly proud of the fact that Alexander Fleming is one of their own, and my right hon. Friend is right to celebrate this landmark anniversary.

The events of 80 years ago are hugely significant, as my right hon. Friend demonstrated. They marked the start of a revolution in health care that no one at the time, least of all Sir Alexander Fleming, predicted. The story of penicillin's discovery is a remarkable one: an object lesson for all of us to be ready for the unexpected and to act with courage, determination and vision in seeing through the ideas that we believe in—even in the face of setbacks and disappointments. Indeed, there were some for Fleming.

Fleming's research, drawn from his observations of the way cultured mould attacked certain gram-positive bacteria, triggered a chain of events that involved an extraordinary combination of people and circumstances, and my right hon. Friend implored science and investment to build on them. Yet, as he knows and the House may be aware, we came dangerously close to losing the secret that Fleming's Petri dish had inadvertently unlocked. By 1932, Fleming had effectively abandoned his work on penicillin, believing that it would not survive long enough in the human body to kill bacteria.

It took a decade for penicillin to reach the people—perhaps the only people—capable of purifying it and doing the research that demonstrated, in record-breaking time, that it could cure deadly infections. That breakthrough ushered in the antibiotic era. Pneumonia, syphilis, gonorrhoea, diphtheria, scarlet fever and many wound and childbirth infections that killed indiscriminately suddenly became treatable. As my right hon. Friend said, millions of lives have been saved, including millions in the second world war. But, of course, penicillin was just the start. It was followed by the discovery and introduction of a steady stream of different antibiotics over the next 40 years. Those antibiotics transformed the treatment of classical infections such as meningitis and pneumonia, and invasive streptococcal infections, all of which previously carried a high mortality rate. They remain essential for modern medical practice, and, as my right hon. Friend said, it is difficult even now to comprehend the number of lives that have been saved.

The ability to treat infections and to provide antibiotic prophylaxis in surgery has unlocked other key developments in medical science. It has allowed huge advances in complex surgery, cancer therapy and transplantation, because, without those antibiotics, compromised and immuno-suppressed patients would quickly succumb to infections. The other striking fact about antibiotics is their unique status as a therapeutic agent. They are aimed at the bacteria not the patient, massively reducing the side effects that are associated with more aggressive drug treatments.

We have also come to recognise, however, that the effectiveness of the current generation of antibiotics is finite and self-limiting. Alexander Fleming was himself clear that bacteria had the ability to develop resistance—or, as my right hon. Friend said, to "fight back". The emergence of so-called superbugs such as MRSA in the past two decades has showed the potential for damage that over-reliance on antibiotic medicine can cause. The issue demands vigilance and action across the medical community.

It is absolutely imperative that while we rightly celebrate the landmark achievements made 80 years ago, we also look to the future to continue to promote the safe and proportionate use of antibiotics. We must also push the boundaries to ensure that Fleming's legacy lives on in the new forms of antibiotic treatment. As my right hon. Friend mentioned, the pharmaceutical companies, which have tended to cut back their antibiotic research programmes, have perhaps compounded the problem, creating some of the cycles that we now see. They need, with the Government, to build on the legacy now.

The new anti-infectives, which work well against MRSA, have come on stream in the past three years and research on other new anti-infective agents continues. Equally important is the emergence of novel approaches. That is the challenge that the international, big health research players in Government and industry face. We are playing our part as a Government. The Medical Research Council supports a substantial body of infection research and is currently spending £72 million a year on it. The United Kingdom clinical research collaboration has invested £16.5 million in its translational infection research initiative. That will help to boost research capacity and infrastructure and establish new career development and training programmes for scientists and researchers.

The Technology Strategy Board's new detection and identification of infectious agents platform will make £55 million available to encourage researchers to work together to produce faster diagnostic tests to identify infections in humans and animals. Like my right hon. Friend, I am utterly convinced that the potential for development of more traditional antibiotics has not been exhausted. It is absolutely vital to the future of medicine, health and humanity that we should continue to sow the seeds for future discoveries.

Vaccines, of course, play a huge part in our strategy for combating infections—prevention is better than cure—but we are a long way from removing the need for antibiotics. The basic researches and determinations of Alexander Fleming have profoundly shaped the development of medical science and treatment across all health care systems. It is right that we should be celebrating his life and contribution today. As my right hon. Friend implored, we should also recognise that just a fraction of the potential that Fleming identified has been exploited to date. There are new ideas and ways of operating and of treatment. The legacy is not only about the past standing us in good stead, but about the past still shaping our future. It gives me great pleasure to join my right hon. Friend in recognising the achievements of this great scientist and in making sure that we, as a Government, play our part in funding the great scientists who continue to build on that legacy.

Question put and agreed to.

10.54 pm

House adjourned.

House of Commons

Tuesday 12 May 2009

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

HEALTH

Mental Health Services (Sutton)

1. **Tom Brake** (Carshalton and Wallington) (LD): How much funding is planned for mental health services in the London borough of Sutton in 2010-11; and if he will make a statement. [274099]

The Minister of State, Department of Health (Phil Hope): Mental health services receive funding from primary care trusts according to the priorities and needs of the local population. Sutton and Merton PCT and the Government organisation Working for Wellness will invest £2.4 million over three years in improving access to psychological therapies. In 2010-11 Sutton and Merton PCT expects to spend £53.6 million on mental health services, which represents 9.1 per cent. of its allocated budget.

Tom Brake: The Minister may be aware of debates in the House on the future of Henderson hospital and that a consultation entitled "Shaping the future: Supporting people with complex personality disorder" is under way. Can he reassure me that the model of a therapeutic community with a residential component will be given reasonable consideration in plans for dealing with personality disorder, and will he receive from those dealing with Henderson hospital an update on the future of that service?

Phil Hope: As the hon. Gentleman knows, Henderson hospital is temporarily closed because of falling demand and lack of clinical viability, but, as he says, that is subject to a consultation due to end on 27 July, to which organisations and individuals can of course make representations. The matter is obviously one for local decision making, but he has today drawn the House's attention to the services that he wants to be provided in future and I shall ensure that his representations are fed into that local consultation.

Maternity/Paediatric Services (Greater Manchester)

2. **Paul Rowen** (Rochdale) (LD): What recent progress has been made on the proposals to reconfigure maternity and paediatric services in Greater Manchester. [274099]

The Minister of State, Department of Health (Phil Hope): Service reconfiguration is a matter for the local NHS. The North West strategic health authority reports that the "making it better" reconfiguration of children and maternity services across Greater Manchester will see four new state-of-the-art hospitals open this summer in central Manchester, at a cost of £500 million. There will also be expanded facilities in north Manchester, Bolton, Oldham and south Manchester. Services will be transferred in stages to ensure a smooth and efficient transition for patients and staff.

Paul Rowen: I am sure that the Minister is aware that "making it better" is now over budget—the plan was for £60 million, but the figure is now £100 million—and over schedule. What assurance can he give us that it is still fit for the purpose?

Phil Hope: The hon. Gentleman may not know, but over the next three years the NHS in Greater Manchester plans to invest more than £100 million in new buildings to improve facilities for women, children and babies, including new maternity units at North Manchester general, Royal Bolton, Royal Oldham, St. Mary's and Wythenshawe hospitals. In-patient children's and maternity services will be provided in eight new centres of excellence across Greater Manchester and the number of neonatal units will increase from two to three. The review was driven by clinicians, in particular the desire of doctors, nurses and midwives to improve safety. I commend them for the work they are doing.

Graham Stringer (Manchester, Blackley) (Lab): The consultation on the reconfiguration of children's services and the associated discussions has lasted for more than a quarter of a century. Obviously not everyone is satisfied with the outcome, but now that decisions have been made, it is important that the schedules set are kept to. Will my hon. Friend assure me that that will happen and that the decisions made will not be changed?

Phil Hope: The local NHS bodies in Greater Manchester are responsible for implementing the reconfiguration. It has taken some time, but the results are now there for all to see in both the hospitals that are opening now and the plans for the future. These are exciting times for the Greater Manchester NHS, and all MPs on both sides of the House representing constituencies in the area will see their constituents benefit from the changes. I understand my hon. Friend's desire to ensure that the changes are delivered on budget and on time. I shall make sure that the local NHS bodies in Greater Manchester are aware of the strength of his feelings on the matter.

Mr. Andrew Lansley (South Cambridgeshire) (Con): The Minister may recall that when the proposals to shut obstetric units were made in January 2006, the consultation document said:

"The birth rate nationally is falling".

That was not true when it was written, and since then, in the space of two years, the number of births in Greater Manchester has increased by 7 per cent. When facts change, so can conclusions. Will Ministers therefore reconsider the plans to remove obstetric services from Fairfield hospital in Bury and the Rochdale infirmary, the effect of which will be that, each year, well over 5,000 mothers living north of the M62 will be without local access to full obstetric care?

Phil Hope: I always enjoy it when Opposition Members question the investment and reform being made under a Labour Government. I remember that during the 18 years of Conservative rule, hospital services in Greater

Manchester were pretty much abandoned. A great deal of thought and planning went into deciding the size of the new maternity units. Account has been taken of the number of births, ongoing changes to maternity practice and projected birth rates. Taking all factors into account, all the new maternity units will have the flexibility for additional capacity, should it be needed. That will allow the NHS in Greater Manchester to give women choice over where they wish to have their babies, which they would not have had under the Conservative party.

Out-of-Hours Primary Care

3. **Lorely Burt** (Solihull) (LD): What assessment he has made of the standard of out-of-hours primary care in (a) Solihull constituency and (b) England; and if he will make a statement. [274100]

The Minister of State, Department of Health (Mr. Ben Bradshaw): The independent regulator, the Healthcare Commission, recently reviewed urgent and emergency care in England. Solihull was given a rating of three—five being the highest and one the lowest—with out-of-hours services contributing to 25 per cent. of that score. The review found that, nationally, out-of-hours services had improved significantly since 2005. Where the local NHS has concerns about the performance of its out-of-hours providers, it must take urgent and robust action to address them.

Lorely Burt: Following the death of Mr. David Gray at the hands of Dr. Daniel Ubani, is it not the case that the Minister cannot give me an assurance for my constituents in Solihull, or indeed for constituents anywhere else, because there is no mechanism for assuring the quality and consistency of out-of-hours service? Do not patients need some guarantee on what basic level of assistance they are likely to receive?

Mr. Bradshaw: The hon. Lady is wrong; the quality of out-of-hours services is monitored and assured in a number of ways: first, primary care trusts have clear legal responsibilities to provide safe, high-quality out-of-hours services; and, secondly, strategic health authorities act as performance managers. The regulators, as she will be aware, are now investigating the provider that ran the services that led to the tragic death of David Gray. I would like to update the House. East of England strategic health authority informed me this morning that it had discovered new issues of concern about Take Care Now—the provider of the services in the case in question—and its performance that predate the Dr. Ubani case. The SHA is now reviewing, with the PCTs concerned, its previous decision to continue to use TCN services, pending the outcome of the Care Quality Commission investigation.

David Taylor (North-West Leicestershire) (Lab/Co-op): Both the National Audit Office and the Public Accounts Committee have, for some time, pointed to significant flaws in the private provision of out-of-hours general practitioner care. As the hon. Member for Solihull (Lorely Burt) said, there have been fatal shortcomings in outsourcing an essential aspect of primary care. Does the Minister agree that more and more PCTs across the country should follow the example of Leicestershire County and Rutland primary care trust, and bring outsourced out-of-hours provision back in-house? Failing that, should not the performance of organisations be tracked much more closely by the Department of Health, so that our constituents are not left to the mercies of cowboy clinicians?

Mr. Bradshaw: Decisions such as that taken by my hon. Friend's PCT are for local primary care trusts. I have to challenge him on his interpretation of the National Audit Office findings and the Healthcare Commission's findings. The NAO report did not find any evidence of risk to patient safety in out-of-hours services, and it showed that eight out of 10 patients were satisfied. As I have said, the Healthcare Commission report found significant improvements in performance since 2005. Neither of the reports found that there was variable performance between private and non-private providers.

Dr. Richard Taylor (Wyre Forest) (Ind): The vetting procedures referred to by the Minister must be hopelessly inadequate to allow a cosmetic surgeon from Europe who did not even know the correct dose of diamorphine to work in this country. He has admitted killing the patient with a dose 10 times too great. Whatever vetting procedures we have are inadequate, and I ask the Minister to take steps to improve them, particularly in relation to doctors coming from the European Community.

Mr. Bradshaw: As a doctor himself, the hon. Gentleman will know that this country has among the highest levels of vetting of professionals of any country in the world. Employers have a legal duty to ensure that all doctors whom they appoint are fit to practise, and all doctors, including locums, must be on an official performers list, and must be registered with the independent regulatory body, the General Medical Council. He is right: we are talking about an absolutely terrible case, for which the doctor has been tried in his absence. As a result, as I informed the House, the SHA, with local primary care trusts, is reviewing the contract given to the company concerned. There are clear legal obligations on PCTs and strategic health authorities to ensure that their out-of-hours services are safe. Something went terribly wrong in the case that we are discussing, and he is right that it is important that both the local and national NHS learns the lessons as a result of it.

Sir Patrick Cormack (South Staffordshire) (Con): But is it not elementary that the best out-of-hours services are provided by doctors who know their patients and their records? Should we not have a concerted campaign to try to ensure that, wherever practicable, out-of-hours services are conducted by family practitioners who normally look after those patients?

Mr. Bradshaw: The hon. Gentleman makes a very good point. The vast majority of out-of-hours services up and down the country are still provided by local GPs, whether working in co-operatives or social enterprises, or for private organisations that are contracted or commissioned by the primary care trust. The difference between the system now and the previous system is that they are not compelled to do so. The problem with the previous system was that GPs often felt overtired: mistakes were made and the service was patchy and dangerous in many places. The Conservative idea of going back to the bad old days of forcing all GPs to provide out-of-hours services would be an absolute disaster.

Norman Lamb (North Norfolk) (LD): Following the question from the hon. Member for Wyre Forest (Dr. Taylor), *Medical News Today* reports that

"some...EU-qualified doctors acquired their rights to practise without any specific training in general practice."

However, they could end up—and have ended up—working in our out-of-hours services. While it is not possible to prevent such doctors from practising in this country, it is possible to stop them being employed in NHS out-of-hours services. Is it not time that the Minister ended that practice and made it an absolute requirement on out-of-hours providers that they cannot employ anyone without the training required for British-trained GPs, as well as for those GPs who come from outside the EU.

Mr. Bradshaw: Without repeating what I have said about the legal duties of the commissioners of the service and employers to verify whether someone is fit to practise, and about the role of the GMC, I am sure that all those organisations, including the GMC, will be very interested in the article that the hon. Gentleman has just produced.

Mark Simmonds (Boston and Skegness) (Con): May I press the Minister a little further? I do not wish to repeat what has already been said, but it is quite clear that the Government mismanaged the negotiations on the 2004 GP contract resulting, whatever the Minister says, in an out-of-hours service that is at best fragmented and inconsistent. As we have heard, the tragic death of David Gray in Cambridgeshire starkly highlighted the inconsistencies and variations in primary care trusts' registration of locums, as well as the lack of co-ordinated quality in patient safety standards. That needs to be addressed urgently. Does the Minister agree that that demonstrates that GPs are closest to their patients and the communities they serve, and are therefore in a significantly better position to commission out-of-hours care on their patients' behalf, without necessarily having to provide it themselves?

Mr. Bradshaw: It is only since 2004 that we have had a framework that is supposed to deliver a uniform service across the country. People behave and talk as if there was some golden age in which there was a wonderful out-of-hours service, but it did not exist. Some parts of the country did not have a service at all; in other parts, the service was dangerous or patchy. Doctors resented being forced to do that work, and we had massive recruitment problems, particularly for women doctors. Doctors were often overtired, and there were serious accidents. We now have a system in place with a legal responsibility on the commissioners at local level—the PCTs—to deliver a quality service for their population. They are overseen by the regional level of the NHS and by the independent regulator, who did not exist before. We therefore believe that we have the right systems in place—it is the implementation of those systems that we need to ensure is right, and as the independent Healthcare Commission itself says, the quality of out-of-hours services has improved significantly since 2005.

Influenza Pandemic

4. **Mr. James Gray** (North Wiltshire) (Con): What contingency plan his Department has in the event of an influenza pandemic; and if he will make a statement. [274101]

The Secretary of State for Health (Alan Johnson): We have been preparing for a flu pandemic for the past five years. On 22 November 2007, I made a statement to the House introducing the national framework for responding to an influenza pandemic. That document, jointly published by the Department of Health and the Cabinet Office civil contingencies secretariat, is the cross-Government strategy for dealing with an influenza pandemic. The planning process is supported by exercises carried out by the Health Protection Agency. The framework is guiding our response to the current H1N1 outbreak, and the World Health Organisation has recognised Britain as one of the best-prepared countries in the world.

Mr. Gray: I am grateful to the Secretary of State for that reply. We are all glad that the spread of the flu seems to have slowed, at least for the moment; we are particularly glad that, rather puzzlingly, there have been no fatalities outside Mexico. I do not know why that should be, but there it is.

Mr. Andrew Lansley (South Cambridgeshire) (Con): There have been a few.

Mr. Gray: Perhaps there have been one or two; I have been corrected by my hon. Friend on the Front Bench.

Does the Secretary of State agree that if an awful pandemic were to occur, an important tool in dealing with it would be the national flu helpline? Will he explain why the Government have announced that the helpline will not be operative until the end of this year?

Alan Johnson: First, I should correct the hon. Gentleman. There have been three deaths in the USA, one in Canada and one in Costa Rica. However, it is true that the majority of deaths have been in Mexico. I am pleased to say that we will have a debate on this issue on Thursday. When we discussed it last Thursday, the issue of the flu line came up. I say again that we agreed the contract with British Telecom last December. It will be ready in October, after the most thorough testing. No country in the world has such a sophisticated system. Its purpose is to enable people who are symptomatic to go home and stay there, ring a number or go on the internet, go through an algorithm, get a code and send someone else to collect their antivirals. In that way, people will not walk around spreading the disease further.

No country in the world has such a system. We have the opportunity to introduce it in October, but, as I said to the House last week, there was no way we were going to introduce it without the most thorough testing. The last thing we need in the middle of a pandemic is the breakdown of an IT system—and we have a certain amount of history on that.

Ms Sally Keeble (Northampton, North) (Lab): Is my right hon. Friend aware that there have been two cases of swine flu in my county, one of them in my constituency? One of the issues is how people can best protect themselves and know where the outbreaks are without anybody's confidentiality being breached and without an excessive sense of panic being created. Can my right hon. Friend say how he would balance those issues, so that people know enough to protect themselves without there being undue concern about the number of cases and where they are?

Alan Johnson: That has been working well. The Health Protection Agency has been doing the contact tracing—tracing those who have been in close contact with people who are symptomatic. When we publish the information about new cases, the agency makes sure that the families and close relatives have been advised first, so that the information is known to them first, and then we do the contact tracing.

Generally, it is no secret when there has been an outbreak. One of our worries has been the problems that children have been having. Text messages have been sent and there has been bullying around the idea that people from the school concerned have some kind of plague. That has caused the Health Protection Agency not to name publicly the schools involved. I guess that, locally, the schools will become known pretty quickly, not least because they generally close for seven days. But people are trying to be sensitive about the information and to ensure that the policy of containment works and that people support it. Incidentally, all our evidence from the public—most recently this morning—is that between 75 and 80 per cent. of them think that what I have described is the right way to deal with the outbreak.

Bob Spink (Castle Point) (Ind): Castle View school on Canvey Island in my constituency is now closed following five outbreaks of swine influenza. I congratulate the Government on their strategy and in particular on their building up of Tamiflu stocks. Will the Secretary of State estimate how long it will take for a specific H1N1 vaccine to become available? What research is being done on that right now? Will he confirm how long schools that are closed must remain closed, so that our constituents can start to plan again?

Alan Johnson: I hope to be able to say more about the vaccine in the debate on Thursday. British scientists at the Health Protection Agency in Colindale have identified the strain—the so-called isolate. They have passed that to Potters Bar, where the National Institute for Biological Standards and Control will now do the work of producing a vaccine. That work has been completed, and the next stage is what I hope to be able to tell Parliament about on Thursday. Efforts are going on in this country and abroad to ensure that we get a vaccine developed as quickly as possible. Of course, it would take at least five to six months to manufacture and produce it. However, we hope that having taken the first step, whereby we have identified the isolate, the next stage—to get the vaccine from that—is very close.

Ms Dari Taylor (Stockton, South) (Lab): Accepting that if swine flu does take place, the elderly will be particularly vulnerable, will my right hon. Friend not only acknowledge that fact but explain to the House what systems are in place locally within the community to ensure that an early warning system is available and that medical help is immediate?

Alan Johnson: The elderly are obviously a prime concern, particularly if they are living on their own and need someone else to get their antivirals for them. At the moment, the evidence from Mexico—the HPA has just finished a week there and has brought back lots of detailed information—is that the people who are dying are aged between 25 and 50. My hon. Friend raises an important point. We must try to produce the vaccine that the hon. Member for Castle Point (Bob Spink) spoke about without interfering with the production of seasonal flu vaccines, which are to a great extent used by the elderly, but also by people with chronic conditions. We are aware of the issues with the elderly. We are considering who would be the priorities for a vaccine once it starts coming through; the elderly may or may not be in that category once we know more about this disease.

Choose and Book System

5. **Andrew George** (St. Ives) (LD): What proportion of expenditure on the NHS IT programme has been incurred on the choose and book system to date; and if he will make a statement. [274102]

The Minister of State, Department of Health (Mr. Ben Bradshaw): Spending on the development, delivery and maintenance of the choose and book IT system to March 2009 was £134 million. As at 31 March 2008, which is the latest date for which an estimate of the overall local and central expenditure on the NHS IT programme was made, the National Audit Office estimated that a total of some £3.55 billion had been spent on the programme.

Andrew George: I am grateful to the Minister for that reply. I speak to a lot of GPs, as I am sure all Members do, and the impression that I get from them is that patients prefer their GPs' advice. GPs know their patients rather better than do software systems, which often override patient preferences anyway. In view of that, and given that the system has had a long time to bed in, is the Minister content that it is giving real value for money?

Mr. Bradshaw: I am slightly puzzled by the hon. Gentleman's question. There is no contradiction between using choose and book and giving patients choice; in fact, choose and book is a vital component in helping GPs to ensure that their patients are given choice. If, as he says, there are GPs in Cornwall who are not offering their patients that choice, I find that as unacceptable as he does. If there is a problem with the choose and book system whereby slots are not becoming available, which may be what he wants me to address, that is an issue that the local primary care trust needs to address. The latest figures for Cornwall that I have show that it is one of the highest performers in the country on choose and book, with up to 80 per cent. of GP referrals being made through that system. It therefore sounds to me as though both choose and book and the choice system are working pretty well in Cornwall.

Mr. Andy Reed (Loughborough) (Lab/Co-op): My hon. Friend is right to introduce technology into the national health service, particularly in these formats. However, given that according to the National Audit Office the figures are running at £3.5 billion, has he analysed the benefit that is derived from such schemes compared with the cost of investing in other parts of the NHS? There is a great feeling that IT is overtaking many other aspects of clinical care, and that many local needs could otherwise be met through those funds. Is he convinced of the value for money of this funding?

Mr. Bradshaw: There is no doubt that an initiative such as choose and book is cheaper and easier to use and helps to enable the choice system or other elements of the national IT programme such as picture archiving, which is incredibly important and successful around the country. No one can have any doubt that these initiatives have not only improved the quality of patient care but are saving the NHS a lot of money. At this stage of the national programme's development, it is difficult to quantify the total benefit in terms of economics and patient gain, but every day patients and clinicians are benefiting from the advantages that the computer system provides to them. There are still many challenges ahead—I do not duck those at all—but countries all over the world are considering this, including Barack Obama's America, where people are looking to introduce a similar sort of national computer system into the American health care system as the one we have here.

Mr. Stephen O'Brien (Eddisbury) (Con): More than three years ago, Tony Blair promised that patient choice would be a key driver of reform, but in February this year the Minister had to admit that the choose and book system was being used by as few as 12 per cent. of GPs in some primary care trusts and that a mere three PCTs had, only recently, hit the Government's downgraded target of 90 per cent. usage, which was meant to be reached two years ago. Given that doctors are finding that the system is slow to use and crashes frequently, will the Minister tell the House the average percentage of GP referrals that are now being made through choose and book, and whether he thinks that this is yet another example of his failure to deliver?

Mr. Bradshaw: Fifty-three per cent., and no.

Whistleblowers

6. **Mr. Jim Cunningham** (Coventry, South) (Lab): What steps he is taking to ensure adequate protection for whistleblowers in the NHS. [274103]

The Secretary of State for Health (Alan Johnson): The Public Interest Disclosure Act 1998 gives clear legal safeguards to NHS staff who disclose protected information in the public interest. The penalties for those who punish staff for using that law are severe. The Department has made it clear that every NHS trust should have local policies and procedures in place to comply with the Act. The NHS constitution handbook, published on 21 January 2009, sets out how staff should have

"protection from detriment in employment and the right not to be unfairly dismissed for 'whistleblowing' or reporting wrongdoing in the workplace."

Mr. Cunningham: I thank my right hon. Friend for that answer, but some weeks ago, he was asked why we do not have enough whistleblowers. In my experience in Coventry, we have had one or two whistleblowers who were on the receiving end of disciplinary action. How can we encourage whistleblowers if that sort of thing happens?

Alan Johnson: That is unacceptable, and it certainly is not the view of Public Concern at Work, the independent charity that, to a large degree, drove the introduction of the Public Interest Disclosure Act back in the late '90s. It states that

"the culture is changing and people up and down the NHS are much more aware today that they may have to account for their actions...Recent initiatives mean that many, if not most, NHS Trusts are committed to promoting responsible whistleblowing as an essential aspect of good clinical governance. Whistleblowing in today's NHS need not end in tears."

That is supplemented by a survey of nurses, to which 87 per cent. responded that they would blow the whistle, so to speak, even if they suffered reprisals. The good news is that nurses say that the culture is improving year on year, and 77 per cent. say that the culture for raising concerns in their work is better than it was three years ago.

Mr. William Cash (Stone) (Con): I am afraid that the Secretary of State completely misunderstands the position. The fact is that there are whistleblowers, but they are terrified to come forward. I have my own evidence of that, which I was hoping to raise when he gave an oral statement on Stafford hospital, which he has declined to do. The reality is that devices are being employed by certain hospitals and hospital authorities to bypass the 1998 Act, which is good in intention.

I strongly dispute the idea that Public Concern at Work or the Royal College of Nursing takes the view that the Secretary of State describes. He grossly misunderstands the nature of the exercise. It is very serious, and people are being terrified into not making statements. At Stafford hospital and others in the region, from which people have contacted me, the situation is very serious and needs to be dealt with. He is thoroughly complacent.

Alan Johnson: We have talked before about the mystery at Stafford being the absence of any whistleblower. There was an absence of whistleblowers when the general secretary of the RCN visited Stafford, when the Leader of the Opposition visited Stafford and said to the press afterwards what a great hospital it was, and through all the different procedures.

The hon. Gentleman accuses me of complacency, but give us the evidence and we will deal with things. The law on whistleblowing, which the Opposition voted against at the time, is very clear. There is a very clear protection. I have quoted the charity that has been responsible for pushing the matter—those were not my words but the charity's. We also have the evidence of a very wide survey of nursing staff. Against all that, the hon. Gentleman says that we are complacent. We have introduced the legislation and the constitution that bolsters it, and we have made it absolutely clear that the law protects people in that situation. I do not accept that nurses, and least of all consultants or doctors—I have yet to meet a shy consultant—would not come forward on such a serious issue because they were somehow terrified, despite the protection of the law. I am sorry, but I do not accept it.

Mr. David Kidney (Stafford) (Lab): I must say to my right hon. Friend that the culture is changing more quickly in some parts of the NHS than in others.

To be constructive, will my right hon. Friend confirm that the Department has a contract with Public Concern at Work to provide free, confidential legal advice to NHS staff about whistleblowing? Will he consider perhaps making more effort to promote and publicise access to that service?

Alan Johnson: I will confirm that. I was the junior Minister who introduced the Act and we do have such an agreement with Public Concern at Work.

However, my hon. Friend was with me at Stafford hospital when we sat with all the representatives of the unions and the royal colleges—no manager in sight. We said that we were a bit puzzled about why no one blew the whistle, but there was no answer to that. No one told us that it was because people were terrified of raising points. I have no doubt that there were serious problems at Stafford hospital or that the staff were not listened to the many times they made representations, but my hon. Friend will agree that there is a total absence of evidence to show that someone was prepared to blow the whistle, but was disinclined to do so because they did not feel that they had the protection of the law.

Anne Milton (Guildford) (Con): The Secretary of State acknowledged in the House on 18 March with reference to the Healthcare Commission's report on Mid Staffordshire NHS Foundation Trust:

"The Healthcare Commission has said that clinicians and staff gave up registering complaints at the hospital because they felt that they were wasting their time".

He also acknowledged that the absence of whistleblowers was

"one of the great mysteries of Stafford".—[*Official Report*, 18 March 2009; Vol. 489, c. 922.]

He should not be surprised. I cannot help feeling that we are living in parallel universes. A recent RCN poll of 5,000 nurses said that two thirds of nurses had raised concerns about care—

Mr. Speaker: Order. Front Benchers have the privilege of getting in on the questions they choose, but that is not an opportunity to make a statement. Back Benchers must be considered, so perhaps the Secretary of State will try to answer what the hon. Lady has already said.

Alan Johnson: I do not think that there are any party political differences on the matter—we all want the issues at Stafford to be resolved. The hon. Member for Stone (Mr. Cash) has pushed the matter vociferously, as has my hon. Friend the Member for Stafford (Mr. Kidney). We want a solution.

I am also struck by the reluctance of the public in Stafford to be involved in Stafford hospital. We have talked about the staff—it is a foundation trust, so the staff have an important involvement in it—but there is also a problem with the public coming forward and getting involved—

Mr. Speaker: Order. Maybe the hon. Lady has a point when she feels peeved that I told her she was making a statement, so I shall tell the Secretary of State that his answer is a bit too long. How's that? I can be more even handed.

Swine Influenza

9. **Dr. Nick Palmer** (Broxtowe) (Lab): What his most recent assessment is of the level of risk posed to public health by the current outbreak of swine influenza. [274106]

The Minister of State, Department of Health (Dawn Primarolo): It is hard to assess the risk posed by swine flu as the clinical picture remains unclear. There are some indications that the virus may cause only mild symptoms, and that, in some cases, people have recovered without antivirals. However, an overall prognosis for the impact of the virus is still difficult to determine at present and it is still too early for confident predictions about the possible severity of the flu in the United Kingdom.

Dr. Palmer: I am grateful to my right hon. Friend for that reply. I read with great interest the brochure that the Department circulated, and it is helpful. However, I am sure that my right hon. Friend agrees that there is some difficulty with the substantial overlap between the symptoms of normal flu and those of swine flu. What would she recommend that my constituents do if they seem to have a severe case of what may well be normal flu? Should they go to their GP, ring a helpline or wait and see?

Dawn Primarolo: What I would say to my hon. Friend and, in particular, to anybody who has been following the media coverage is that either there has to be contact with somebody who has travelled to Mexico or the person affected has to have travelled to Mexico. They should then phone for advice, from either their GP, NHS Direct or the flu service line.

David Tredinnick (Bosworth) (Con): Earlier the Secretary of State said that the isolate had been identified and he spoke about the work of Potters Bar on the vaccine. What international co-operation has there been between the Department and other countries, or are we at risk of seeing vaccines being almost completed in countries around the world, yet without any proper understanding between them?

Dawn Primarolo: I can assure the hon. Gentleman that we are co-operating with our European neighbours, the World Health Organisation and the United States. That information is shared, because the isolation of the virus in the UK, for instance, is the isolation of the virus that happens to be in the UK, and it is compared with the isolates of the virus in, for instance, the United States. There is international co-operation to ensure that the development of a vaccine, if that is possible, is shared equally on a world basis.

Mr. Andrew Lansley (South Cambridgeshire) (Con): The right hon. Lady will know that, through its modelling, which has been published in the journal *Science*, the Imperial College team has said, albeit with great uncertainty at this stage, that the information points to a pandemic, potentially at the lowest end of the scenarios that we have discussed for a number of years in the contingency plan. That would imply something in the order of one quarter more of the population being affected, with perhaps four in 100 people affected being hospitalised and perhaps four in 1,000 people affected dying. Given that, will the right hon. Lady confirm that we need to continue the counter-measures against the virus, in order to seek to contain it, and, in particular, that we will maintain post-exposure prophylaxis until such time as the virus is spread in the community and that we will pursue household prophylaxis thereafter?

Dawn Primarolo: I am grateful to the hon. Gentleman, because I know that he and my right hon. Friend the Secretary of State have been able to speak about the issue a number of times. I would like to confirm to him what the Secretary of State has already said about containment before—and if—the flu moves to sustained person-to-person transmission across communities. I absolutely confirm to the hon. Gentleman, particularly given that the World Health Organisation is at phase 5, that we will continue that planning until we have a much better understanding of the virus. We would then be able to share the details of that planning with him, including what steps should be taken after that. It is crucial that we continue to share that information.

Elderly Care Beds

10. **Miss Anne McIntosh** (Vale of York) (Con): What the role of primary care trusts is in the allocation of beds for care of the elderly. [274107]

The Minister of State, Department of Health (Phil Hope): Primary care trusts work with local authority partners to commission high-quality care services from appropriate providers to meet local patient needs, with a clear focus on improving health outcomes for the population, including older people. It is the responsibility of each provider—be it the hospital, the residential facility or another provider—to determine the level of service provision, such as bed numbers, to meet expected demand and to provide high-quality care.

Miss McIntosh: I put it to the Minister that it is entirely wrong that primary care trusts that are not clinically qualified should deprive dying patients of beds. I hope that he will remove them from the picture and allow a decision to be taken by clinically qualified practitioners.

Phil Hope: I understand the importance of the issue to the hon. Lady, but it is vital that we have an appropriate process for commissioning high-quality services locally. It is the responsibility of primary care trusts to undertake that function and, in the case of the care of elderly people, to do so, through beds in hospitals, beds in residential care and so on, in partnership with their local authorities. It is their responsibility to ensure that we have high-quality services from those appropriate providers. It is also a responsibility—this is subject to inspections and so on by the Care Quality Commission—to ensure that the relevant provider provides that high-quality care in a way that meets elderly people's needs.

Miss McIntosh: Owing to that entirely inadequate response, Mr. Speaker, I move for an Adjournment debate to be held on that question.

Mr. Speaker: I hear the hon. Lady, but we must move on.

NHS Dentistry

11. **Mr. Andrew Turner** (Isle of Wight) (Con): What his latest assessment is of levels of access to NHS dentistry in (a) the Isle of Wight and (b) England. [274108]

The Minister of State, Department of Health (Dawn Primarolo): In the 24 months ending September 2008, 66,250 people saw an NHS dentist on the Isle of Wight. The equivalent figure for England was 27.1 million. We have increased dental funding to more than £2 billion and made it a national priority in the NHS operating framework that primary care trusts commission services to ensure access for anyone who seeks help in finding an NHS dentist. The NHS is planning that all PCTs will deliver this by March 2011.

Mr. Turner: I thank the right hon. Lady very much. There was an improvement in the availability of dentists on the island until the NHS abolished registration. We now have figures that show the number of treatments, rather than the number of individual patients getting treatment. Will she explain why the figures are now taking this form, rather than the old form?

Dawn Primarolo: On the Isle of Wight, the number of people getting access to, and treatment from, NHS dentists increased from 26.2 per cent. to 38.1 per cent. between March 2006 and September 2008. In fact, that is the biggest percentage increase in the country. The Isle of Wight is doing precisely as the Government have advised. It is looking at local need, commissioning the appropriate services and delivering that access. I understand that the hon. Gentleman would like that process to move faster, but the ring-fenced investment and the plans are in place, and the powers are in place for the PCTs. He has seen a marked improvement in his constituency.

Topical Questions

T1. [274124] **Kerry McCarthy** (Bristol, East) (Lab): If he will make a statement on his departmental responsibilities.

The Secretary of State for Health (Alan Johnson): The responsibilities of my Department embrace the whole range of NHS social care, mental health and public health service delivery, all of which are of equal importance.

Kerry McCarthy: I am sure that my right hon. Friend shares my concern about the continued inequalities in relation to cardiovascular disease. Will he provide me with an update on what is being done to tackle inequalities not only in the prevalence of the disease but in access to care?

Alan Johnson: My hon. Friend is absolutely right about the importance of this matter. The inequalities relating to cardiovascular disease have narrowed substantially over the past eight years, and we are well on track for a 40 per cent. reduction in the inequalities gap by 2010. The most important measure—among a range that I have too little time to set out—is the introduction of a vascular health check for everyone between the ages of 40 and 74 on a call-and-recall basis every three years. That programme commenced last month and it will be one of the most important contributors to tackling this disease and to focusing the NHS much more on prevention than on diagnosis and cure.

T2. [274125] **Bob Spink** (Castle Point) (Ind): A number of my constituents have been the victims of contaminated blood. When will the Government respond to the Archer report, and may we have a debate so that we can consider the report and Tainted Blood's document, "We Accuse"? This is a matter of decency and fair play for those victims.

The Minister of State, Department of Health (Dawn Primarolo): My right hon. Friend the Secretary of State and I have met Lord Archer to discuss his report, and the Government intend to respond to his findings before the House adjourns for the spring bank holiday recess. The question of a debate is a bit beyond my remit, Mr. Speaker, but I am sure that you heard what the hon. Gentleman said.

T4. [274127] **Natascha Engel** (North-East Derbyshire) (Lab): As my right hon. Friend is aware, the few people with thalidomide-related conditions who have survived are now in their mid-to-late 40s. Many of them experience severe pain and serious physical difficulties. Will her Department look into providing extra funding to support those people?

Dawn Primarolo: As my hon. Friend will know, the Department of Health's long-held policy is not to fund in cases such as these. However, she has raised details about which the whole House will be concerned and on which it will want to see progress. The Secretary of State has offered to have a meeting with officials and the national advisory council of the Thalidomide Trust to pursue these matters, and I agreed during an Adjournment debate on 31 March to meet the all-party group on thalidomide. My hon. Friend the Member for Gower (Mr. Caton), who chairs the group, is going to write to me with details of the points that he wishes to raise with the Department on behalf of the group. That offers us a way of taking this matter forward.

T3. [274126] **Andrew Stunell** (Hazel Grove) (LD): Stockport NHS Foundation Trust has paid £2,937,000 of interest charges on loans taken out to cover the deficit on its finances. That rate is 10 times the Bank of England base rate and is paid to the NHS bank. Will the Secretary of State arrange for that rate to be brought more into line with the Bank of England rate, reducing those interest charges and allowing more money to be spent in Stockport on NHS health, as it was originally intended?

The Minister of State, Department of Health (Mr. Ben Bradshaw): I will happily look into the case that the hon. Gentleman raises. He will know that foundation trusts come under the remit of Monitor rather than the direct remit of the Department of Health. I would also point out the finances not only of his local hospital but of the NHS in general are in much better shape than they were even just three or four years ago.

Mr. Kevin Barron (Rother Valley) (Lab): May I congratulate my right hon. Friend on the abolition of NHS prescription charges for cancer patients? Will he tell us when the review of long-term conditions that are currently not exempt from such charges will be completed?

Alan Johnson: My right hon. Friend is right to say that we took the decision on cancer prescriptions as the first step towards looking at other long-term conditions. The first thing we have to do is to define long-term conditions—some very easily slot into that definition and there is no mystery, but there are some cases around the edges that we need to be absolutely sure about. That is why we asked Professor Ian Gilmore to carry out this report. I understand that his work will be completed in the summer.

T6. [274129] **Tom Brake** (Carshalton and Wallington) (LD): The Secretary of State will recall our meeting over the future of St. Helier hospital. There has been a further slight delay as a result of some more modelling that needs to be done. Will he take the opportunity to reconfirm that the rebuilding of St. Helier hospital and the development of the local care hospitals, as proposed by "Better Healthcare Closer to Home", is still exactly the type of project that the Government want to see proceed?

Alan Johnson: I can confirm that. It is the type of project that we want to succeed because it is the type of project that the local NHS feels is absolutely essential. As far as I am aware, nothing has changed from the position that obtained when we met in my office a few months ago.

T5. [274128] **Mr. David Anderson** (Blaydon) (Lab): The Secretary of State will recall that I raised with him on previous questions the decision of Newcastle laundries. Newcastle hospital pulled out of a laundry contract involving the Queen Elizabeth hospital in Gateshead. I thank my right hon. Friend for the response from his office, but it was based solely on information from the Newcastle side. The Queen Elizabeth side is very concerned because Newcastle is saying that it can save 35 per cent. of the cost and Gateshead is putting the figure at more like 1 per cent. Will the Secretary of State meet me and representatives from the hospital as a matter of urgency to try and work this out?

Alan Johnson: I am grateful to my hon. Friend for writing to me, following the last Health questions. I wrote to him earlier today about this. The local health trust says that giving this contract—*[Interruption.]* Postmen can deliver very quickly. The gloriously named Sunlight Laundry, which will take over this project, can do everything being done at the moment but at a lower price. I am sure that it does not want its dirty linen to be washed in public, so what I have done in my letter to my hon. Friend is to offer a meeting with the Under-Secretary of State for Health, my hon. Friend the Member for Brentford and Isleworth (Ann Keen). I hope that it can take place shortly.

T8. [274131] **Tony Baldry** (Banbury) (Con): The King's Fund advises that the poor state of the public finances means that the NHS must prepare, at best, for very low or zero growth in funding from 2011 onwards. I would like to know what the Secretary of State is doing to advise strategic health authorities that they must now start planning for zero or very low growth within the NHS from 2011 onwards?

Alan Johnson: What we have done since the allocations last December—it was a two-year allocation of 5.5 per cent. each year and included the ability to draw down £800 million of surplus—is to say that there is a message

here. It comes from the chief executive of the NHS as well, and it is that the NHS has to prepare for a time when we will not have such spectacular increases in growth. We brought the level of investment up to within touching distance of the European average. Now that we are there, at around 9 per cent., it is inconceivable—irrespective, incidentally, of the economic situation—that such large increases will continue. The message from the chief executive of the NHS and from me is that we need to think in a five-year time frame, including not just the next two years, but the three years to follow.

We cannot say at this stage what the expenditure will be in the NHS, but we can say that it will continue to be our absolute priority. As the Prime Minister told the Royal College of Nursing yesterday, we hope very much to ensure that there are real-terms increases over the coming years, although they may not be at the same level as in the past.

T7. [274130] **John Robertson** (Glasgow, North-West) (Lab): My right hon. Friend will share my concern about what are labelled "legal high" drugs, which are appearing not only on the internet but in shops. That label hides the real nature of the drugs. What is my right hon. Friend doing to assess the position, to try to stop the drugs appearing—especially in shops—and to protect children who have access to them?

Dawn Primarolo: My hon. Friend has raised a very important point, which will concern all Members, about the drugs that are apparently being made available, particularly those containing benzylpiperazine. The Medicines and Healthcare products Regulatory Agency is pursuing the matter, and is trying to establish whether the drugs need to be defined as medicines when they are sold either on the internet or over the counter. In addition, the Advisory Council on the Misuse of Drugs is considering the whole issue and, in particular, whether certain products should now be banned. When we receive its recommendations, I shall be more than happy to inform my hon. Friend of them, because the present position is resulting in deadly drugs being available when they should not be.

Mr. Mark Harper (Forest of Dean) (Con): The Minister of State will know from our recent Adjournment debate how important it is for thousands of my constituents to be guaranteed access to GPs registered in England so that they, residents of England, can be treated under the rules of the English NHS rather than those of the Welsh health service. Is he able to update me following his recent visit to my constituency and his meeting with the chief executive of my local primary care trust?

Mr. Bradshaw: I am well aware of the issue, because the hon. Gentleman has raised it with me on a number of occasions. I am not sure that anyone could say with any confidence that thousands of people may be in this position, but there is no doubt that a number of them may be. Having discussed the matter with the chief executive of NHS Gloucestershire during my visit to the hon. Gentleman's constituency last week, I can inform him that the primary care trust will seek to resolve the case that he raised with it, involving a particular couple. It also intends to survey all Gloucestershire residents registered with GPs in Wales to establish how many of them might wish to register with GPs in England, with a view to providing more GPs in the part of the hon. Gentleman's constituency where a problem exists.

Charlotte Atkins (Staffordshire, Moorlands) (Lab): Why are NHS children-only dental contracts still operating with private dentists? Is that not an unacceptable legacy of practice in the past, when parents were persuaded to take up private treatment on the basis that their children would continue to receive NHS treatment?

Alan Johnson: My hon. Friend is a member of the Select Committee on Health, which produced a very good report on dentistry, and that is one of the points that it raised. I have asked Professor Jimmy Steele to examine all the issues, including registration and children's services, and to report back very quickly. I hope that at the same time we can produce a response to the Committee's report, because I think that it made an important contribution to the debate about the future of dentistry.

Jo Swinson (East Dunbartonshire) (LD): One in five people in the United Kingdom suffers from hay fever, especially at this time of year, and one in three people will develop an allergy at some point in their lives. What are the Government doing to raise awareness among GPs of immunotherapy as a treatment that can tackle causes, not just symptoms, and bring lasting relief to many allergy sufferers?

Alan Johnson: I have absolutely no idea, but, as a hay fever sufferer myself, I intend to find out.

Mr. Lindsay Hoyle (Chorley) (Lab): I thank my right hon. Friend for his visit to Chorley hospital, but may I draw his attention to an issue that affects the whole of Lancashire and, indeed, the whole country? I refer to the funding of mental health services. We all know that mental health care is a poor relation. What can my right hon. Friend do to help pensioners who suffer from mental illness? Can he secure extra funds and support, and ensure that provision is seamless between social services, primary care trusts and hospitals themselves?

Alan Johnson: I very much enjoyed my visit to my hon. Friend's constituency; I saw some very good things going on there. On mental health, last year's OECD report said that Britain is in the lead on mental health services—in the lead on the number of psychiatrists and psychiatric nurses per head of population, and in the lead in having the lowest suicide rates since records began. We want to do more, however. The roll-out of psychological therapies is crucial to people of all age groups, but especially pensioners, and 3,600 psychological therapists are being trained up in what Lord Layard describes as the biggest single improvement to mental health since the NHS began.

Mr. Graham Brady (Altrincham and Sale, West) (Con): In the interests of value for money in the NHS, may I ask Ministers to look into the prescription of what are known as "specials" by GPs? A local pharmacist has written to me giving an example of a product consisting of 50 g of Betnovate cream, which costs £2.86, and 450 g of E45, costing £5.39; the total cost of the mixed cream was £347.88. Clearly, there is money being wasted here; will Ministers please look into this?

Dawn Primarolo: Yes, we certainly will.

Points of Order

3.31 pm

John Mann (Bassetlaw) (Lab): On a point of order, Mr. Speaker. It is stated on page 370 of the 22nd edition of "Erskine May" that

"parliamentary government requires the majority to abide by a decision regularly come to, however unexpected",

and page 368 says:

"Technically...the rescinding of a vote is a new question, the form being to read the resolution of the House and to move that it be rescinded".

On 3 July 2008, amendment (f), which I proposed, was agreed unanimously and without dissent by the House. It removed the ability of Members of the House to designate separate homes as main homes for capital gains tax purposes as opposed to main homes for expenses. It would appear that the House of Commons Commission has not applied that resolution, but, under the House of Commons (Administration) Act 1978, the Commission does not have the power in any way to overturn a decision of the House. I seek your guidance, Mr. Speaker, on when this resolution will be applied, or whether in fact it is being applied but that has not been stated.

Mr. Speaker: I thank the hon. Member for giving me notice of his point of order. I understand his concern. This matter has been considered by the Members Estimate Committee and will, no doubt, again be considered by the Committee. I will ensure that he gets a proper response.

May I also say to the hon. Gentleman that I am not saying that we did not fully understand the amendment, but if he can come to the Clerk of the House and give us an explanation of his interpretation of it, that will help the Members Estimate Committee. I hope that that is all right with the hon. Gentleman, and that he is prepared to do that.

Mr. William Cash (Stone) (Con): On a point of order, Mr. Speaker. In Health questions just now, I referred to Stafford hospital. In the light of what the Leader of the House said in reply to a question that I put on 30 April, I and other Members thought we could expect an oral statement—not merely a written statement—from the Secretary of State regarding the Stafford hospital situation, given the reports. In fact, I think it is true to say that the Secretary of State has certainly, during the course of the last 10 days, indicated to me that he thought he would be doing so. On Thursday last week, however, I received a letter from the Leader of the House and, without going into the detail, it says:

"Thursday's statement"—

that is the written statement—

"represents the Government's response".

In other words, we are not getting an oral statement. I have to say that in the light of questions relating to whistleblowing and my own and others' determination to have a public inquiry under the Inquiries Act 2005, which would protect whistleblowers, we need to have a proper statement from the Secretary of State on these reports. Mr. Speaker, will you please protect the House and ensure that the Secretary of State comes to the House and gives an oral statement?

Mr. Speaker: The hon. Gentleman will know that I am not in a position to bring the Secretary of State before the House, except when an urgent question is granted. What I would say, however, is that the hon. Gentleman's deep concern has been heard. It has been heard by the Health Ministers on the Treasury Bench. There is also nothing to stop the hon. Gentleman applying for an Adjournment debate, which would mean that a Health Minister—I am not sure whether it would be the Secretary of State—would certainly come before the House.

Mr. Cash: We have had one already.

Mr. Speaker: Well, you can have another one.

The Minister of State, Department of Health (Mr. Ben Bradshaw) *rose—*

Mr. Speaker: Would the Minister like to clarify something?

Mr. Bradshaw: In response to the point of order, may I say that we had a debate on whistleblowing in Westminster Hall last week? It was initiated by the hon. Member for Wyre Forest (Dr. Taylor) and the hon. Member for Stone (Mr. Cash) did not bother to turn up.

Mr. Cash *rose—*

Mr. Speaker: Order. Allow me. I have given—

Mr. Cash: That is outrageous.

Mr. Speaker: Order. I think that I have given the hon. Gentleman two pieces of advice, and perhaps he will consider the steer that I am giving him. I cannot do better than that.

Mr. David Winnick (Walsall, North) (Lab): On a point of order, Mr. Speaker. At column 548 in yesterday's *Hansard*, you explained all the reasons why the Metropolitan police have been called in over the alleged stealing of a disc, which was probably sold to *The Daily Telegraph*. I have absolutely no disagreement with all the reasons that you gave, but, on reflection, I wonder whether it would be right for you to apologise to my hon. Friend the Member for Vauxhall (Kate Hoey). When she raised a point of order, you referred to her "public utterances" and "pearls of wisdom". *[Interruption.]* May I put it to you, sir, that a Member of Parliament should be able to raise a point of order without there being such personal comments, which some of us at least—not all of us, apparently—consider inappropriate. Should not the Speaker always refrain from personal comments?

Mr. Speaker: I do not think that the hon. Gentleman was in the Chamber yesterday.

Mr. Winnick: I was in the Chamber throughout.

Mr. Speaker: Well, perhaps the hon. Gentleman could have raised a point of order then. That was the business of yesterday, and we have moved on from there.

Mr. Winnick: That is not adequate.

Mr. Speaker: Order. If that is not adequate, the hon. Gentleman knows what he must do.

Tom Levitt (High Peak) (Lab): Further to the point of order raised by my hon. Friend the Member for Bassetlaw (John Mann), Mr. Speaker. Whatever the outcome of the discussions he has with the House of Commons Commission, is it your belief that any such change on the question of the nomination of homes could not be retrospective and therefore would not apply to any of the information currently in the public domain?

Mr. Speaker: That is a matter for the Members Estimate Committee, and I cannot go into it on the Floor of the House.

Surface Water and Highway Drainage Charges (Exemption) Bill

Motion for leave to introduce a Bill (Standing Order No. 23)

3.37 pm

Mr. Mike Hall (Weaver Vale) (Lab): I beg to move,

That leave be given to bring in a Bill to require water companies to exempt from surface water and highway drainage charges places of worship, non-profit making sports clubs, scout groups and guide associations; and for connected purposes.

In short, the need for this Bill has been created by the water regulator, Ofwat, when it called on water companies to alter the way in which they charged for surface area and highway drainage, and by the very short-sighted actions of United Utilities, when it implemented changes to the way in which it charged non-household customers for surface water drainage—incidentally, those changes were approved by Ofwat.

On 30 September 2003, Ofwat announced the outcome of its review into how water companies charged for surface water drainage. It concluded that the fairest way to charge for surface water drainage was by charging non-household customers on the basis of the size of their estate—that is called site area charging. However, Ofwat failed to implement its own guidance in those matters and did not carry out a regulatory impact assessment on the change of policy. Astonishingly, it did no work on the impact that surface area charging would have on community voluntary groups.

What Ofwat did instead was to warn water companies that a change to surface area charging may have a negative impact on sensitive properties such as schools, hospitals and places of worship. In general, Ofwat warned water companies that they would need to take into account the scale and speed of any changes to see whether they were reasonable and acceptable to customers. United Utilities took Ofwat's advice and brought in surface area charging, but it did not take into account the scale and speed of the changes, the impact that that would have on its customers and whether that was reasonable or acceptable.

In defence of the change, United Utilities stated that it had been required by Ofwat to bring in surface area charging. It went on to claim that the changes would be revenue neutral. On that point, United Utilities has not been able to produce figures that substantiate that claim.

It was not long before churches, community sports clubs and scout groups contacted me about media reports and contacts from their parent organisations warning that they would be required by United Utilities to pay massive increases for surface area and highway drainage. Before the change to surface area charging was introduced, such organisations had been granted significant discounts on their water bills because of their status. Their bills were based on the rateable value of their property, which was either zero or heavily discounted.

I took up these cases with United Utilities. Sadly, in several cases, it emerged that United Utilities had not been billing the organisations for water rates at all, and it then decided to issue them with water bills based on surface area charging. The bills were also backdated for seven years. That was a particularly insensitive approach by United Utilities.

I will give two examples of just how much the water bills are going up. The 1st Halton scout group in my constituency saw its water bill go up from £37.80 to £198, which equals a massive 424 per cent. increase. St. Mark's church and the Bethesda church in the Hallwood ecumenical parish in Runcorn are billed jointly. In 2007-08, they did not pay any water rates. In 2008-09, their surface area charge went up to £181.76. That is set to rise to approximately £2,000 by 2010-11. That is a massive increase that the Hallwood ecumenical parish will not be able to afford.

For places of worship, community sports clubs, scout groups and guide associations, every extra £1 they spend on surface water drainage is £1 less that they have to spend on the valuable services they provide for their parishioners, communities and members. In the area covered by United Utilities, there are more than 2,000 faith buildings and 600 not-for-profit sports clubs. There are also 900 scout groups in the United Utilities area which are going from strength to strength. Over a three-year period, those groups will face an increase in bills of up to around £2,000 per annum. If those increases are implemented, for many groups it will mean bankruptcy.

There has been considerable criticism of the way in which the surface area charging scheme has been implemented for places of worship, community sports clubs, scouts and guides. That criticism has come from both sides of this House, and we have seen concerted effort from hon. Members, especially through the all-party scout group, to try to change the policy. Interestingly, Ofwat has now started to criticise United Utilities' approach.

On 21 January, Ofwat issued a statement saying that United Utilities had poorly implemented the new system of surface water charges. In particular, it had failed to communicate the fairness and environmental benefits of the new system and failed to take into account the impact on the 2,000 faith buildings and 600 not-for-profit sports clubs in its area. Ofwat went on to announce that United Utilities had agreed to a one-year moratorium during which surface area charges would be frozen at 2008-09 levels for faith buildings, community sports clubs, scout groups and guide associations.

At face value, that was a much welcomed measure. However, I am very concerned that this one-year moratorium will only delay the implementation of surface area charging and will not result in a charging policy that is both acceptable and fair to those groups. The reason I am concerned is that Ofwat has made it clear that United Utilities should use the one-year moratorium to work with customers to communicate the need for the new charges and offer advice on how they can implement environmental improvements which will help them to reduce costs significantly.

Ofwat has also said that United Utilities will use the moratorium to create a new time frame for the implementation of the surface area charging scheme by spreading the remaining charge over a longer period of time to allow time for customers to take measures that will offset future costs and also benefit the environment. On that basis, at the beginning of the financial year 2010-11, places of worship, community sports clubs, scout groups and guide associations will still be faced with substantially larger bills for surface area drainage. Simply altering the implementation date is not good enough. Those organisations want to see a scheme that places them back where they were prior to the change.

Ofwat has made it clear that certain water companies have been able to bring in changes to charges that have been beneficial to the communities they serve, and it cites Severn Trent Water. Severn Trent has an exemption for community and voluntary groups from surface area charging. It is very popular with those groups, for understandable reasons, and that is why there have been no complaints to Ofwat about the charges under Severn Trent. Unfortunately, Ofwat has instructed Severn Trent that the exemption cannot continue and that it must re-visit the scheme and remove any subsidies.

Ofwat has made it clear to water companies that it will not approve any tariffs for surface area charging that involve cross-subsidies, are based on rateable values or involve exemptions. Ofwat has also instructed all water companies that their tariffs for surface area charging have to be approved by November this year. Conversely, Ofwat has not said what types of charges other than surface area charging will be acceptable. Unless something is done now, places of worship, non-profit making sports clubs, scout groups and guide associations will still be faced with the bills, which will have been delayed for only 12 months.

United Utilities and other water companies have fallen foul of the same directives from Ofwat. We have here a classic case of unintended consequences of the actions of the regulator, and only the regulator can break the deadlock and put things right. United Utilities and other water companies say that they do not have the legal scope to bring in a scheme for surface area charging that will benefit places of worship, community sports clubs and guides and scouts.

The Bill sends a very strong message to Ofwat that it must act now to break the deadlock, and must start to be part of the solution and stop being part of the problem. If action is not taken now, it will have a massive impact, with massive water bills closing down places of worship, community sports clubs, scout groups and guide associations across the county. The purpose of this Bill is to provide certainty that such a scheme is possible by bringing forward legislation that exempts places of worship, community sports clubs and guides and scouts from having to pay surface area drainage charges. I commend my Bill to the House.

Question put and agreed to.

Ordered,

That Mr. Mike Hall, Andrew Miller, Helen Southworth, Derek Twigg, Mr. George Howarth, Ian Stewart, Mr. Greg Pope, Mr. Neil Turner, Janet Anderson, Dr. Brian Iddon, Tom Levitt and David Heyes present the Bill.

Mr. Mike Hall accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 16 October and to be printed (Bill 94).

Finance Bill

(Clauses 7, 8, 9, 11, 14, 16, 20 and 92)

Considered in Committee

[SIR ALAN HASELHURST *in the Chair*]

The Chairman of Ways and Means (Sir Alan Haselhurst): I call Mr. Stephen Timms to move the order of consideration motion.

Ordered,

That the Order in which proceedings in the Committee of the whole House on the Finance Bill are taken shall be: Clauses 7, 8, 9, 11, 92, 14, 16 and 20.—*(Mr. Timms.)*

The Chairman: I am very grateful to the right hon. Gentleman; otherwise we might never have started at all.

Clause 7

CHARGE AND MAIN RATES FOR FINANCIAL YEAR 2010

3.49 pm

Mr. Mark Hoban (Fareham) (Con): I beg to move amendment 1, page 3, line 16, leave out '28%' and insert '25%'.

After that rather shaky start, Sir Alan, I am sure that the rest of our Committee proceedings will move more smoothly.

Clause 7 sets the main rate of corporation tax at 28 per cent., but the amendment—which I also tabled in Committee to last year's Finance Bill—would reduce that to 25 per cent. We have tabled amendment 1 for the same reasons that applied last year. We believe that the headline rate of corporation tax is uncompetitive, and that it impacts on the UK's attractiveness as a place to do business. If we are to look forward to how the economy will develop once the recession is over, we need to think about making sure that we are as competitive as possible when compared with other nations.

Some may argue that now is not the time to think about reducing the headline rate of corporation tax and that we should focus first on the current economic and fiscal crisis, but I do not believe that we can afford to ignore the UK's competitive position at this time. I shall set out in more detail why I think the amendment is important and necessary and why I believe the Committee should support it.

Five years ago, Britain had the fourth lowest corporation tax rate in the EU. Now, even after the reduction in the headline rate from 30p to 28p in the 2007 Budget, we have the 19th lowest rate. The average in the OECD is 22.5 per cent., so Britain's rate is some 5.5 per cent. higher than that. We need to address that. Without a change, we are likely to find ourselves slipping further down the OECD table and putting ourselves at a competitive disadvantage to other members of the OECD, the G20 and the EU.

Mr. Geoffrey Robinson (Coventry, North-West) (Lab): We can take it for granted that everyone wants to reduce taxes when they can, and no doubt we will come on to how much the proposal would cost and how the Opposition intend to pay for it. On the point of comparison, however, does the hon. Gentleman agree that our present 28 per cent. rate is distinctly lower than the various forms of corporation tax in France or Germany, taken together? They are our principal competitors, so there is not a great deal to be gained from the comparisons that the hon. Gentleman makes.

Mr. Hoban: The hon. Gentleman has long experience of business, both in the UK and overseas. He will understand the importance of remaining competitive and of always being vigilant about what other nations are doing. Tax has become an increasingly important issue when it comes to the location of businesses and, given that both capital and labour are very mobile now, we need to pay attention to it. It is not good enough to say, "Okay, France and Germany have higher rates than we do." We need to look at the broad perspective, because there are other countries that are happy to compete for inward investment and people to join their work forces.

Mr. Robinson: Will the hon. Gentleman confirm the fact that we have a more competitive corporation tax rate than France or Germany?

Mr. Hoban: But we have also slipped down the table: our rate used to be the fourth lowest, and now it is the 19th lowest. We can pick and choose our comparisons, but the reality is that we have moved down the league table. That is what we need to reflect on. I would not want always to benchmark myself against the performance of the French and German economies. The Prime Minister has always boasted about how we have performed better than other countries, but I do not think that that is a very fruitful route to go down.

David Taylor (North-West Leicestershire) (Lab/Co-op): Is it not potentially misleading to concentrate solely on the rate of corporation tax? We have to include comparators such as incentives, concessions, allowances and the regulatory frameworks in other nations. The headline rate of corporation tax may or may not be a significant factor in decisions to invest or relocate.

Mr. Hoban: The hon. Gentleman makes an important point. I do not argue that my proposal is a magic bullet—that all our problems would be dealt with overnight by reducing the headline rate from 28 to 25 per cent. Within the confines of the debate, I hope to touch on that briefly later in my speech. He is right: there are other factors that businesses bear in mind when thinking about the location of their business. They include the predictability and certainty of the tax system, which again are perceived to be weaknesses in the UK tax regime. Our tax system is not seen to be as predictable and as certain is it could be. In attracting businesses to the UK and keeping in the UK those that are already here, I am the first to accept that the amendment is not a magic bullet.

Mr. John Redwood (Wokingham) (Con): Is my hon. Friend, like me, concerned to see Shell, for example, deciding to locate its headquarters and taxable operations in Holland rather than here, because the Dutch have a lower tax rate? Does he think that the Irish rate is

[Mr. John Redwood]

extremely attractive to many businesses thinking about an English-speaking location? Is he worried by the flight of much of our insurance industry out of this country for tax reasons?

Mr. Hoban: My right hon. Friend makes some important points. I shall discuss later some of the companies that have relocated from the UK to overseas jurisdictions because of tax regimes and rates. A number of Lloyd's-based insurers have moved to Bermuda, in part for regulatory reasons, but in part because of the rate of corporation tax in Bermuda. Canada is setting a clear policy goal of having the most competitive rate within the G7, because the Canadians recognise how easy it is to move from one jurisdiction to another, particularly among English-speaking countries, and how important tax is—perhaps following the Irish example, where a very low corporation tax rate was set to attract businesses into the country.

Mr. Timms *rose—*

Mr. Hoban: People regard such tax policies as a way to gain competitive advantage and we need to bear that in mind. When I first spoke on a Budget from the Dispatch Box, in 2006, when the right hon. Member for Normanton (Ed Balls) was Economic Secretary, the Government dismissed this issue as though it did not matter. I thought that that was a disappointing, short-sighted view of the importance of tax to attracting businesses to the UK. The present Financial Secretary is much more aware of these matters and I expect us to discuss some of the reforms to the taxation of foreign profits later. The Government have been slow on the uptake, however, which has damaged our competitiveness.

I thought that the right hon. Gentleman wished to intervene earlier. Does he wish to do so now?

Mr. Timms: I am grateful for the invitation. The hon. Gentleman was getting on to firmer ground when he talked about comparisons with other G7 countries. I think that he will acknowledge that, since 1997, the UK has had the lowest corporation tax rate in the G7.

Mr. Hoban: But Canada has stated a clear ambition in that respect, and our competitors are to be found outside the G7 as well. The very fact that we have had to expand to the G20 demonstrates the importance of other nations as competitors to the UK.

Let me give a few examples of countries with lower tax rates than ours. My right hon. Friend the Member for Wokingham (Mr. Redwood) referred to the Netherlands, where the corporate income tax rate is 25.5 per cent. Norway and Sweden are in line with us, but Canada—a member of the G7—has a rate of 19.5 per cent.; our position in the G7 is therefore under threat from Canada. Within the EU, the Czech Republic, one of the new accession states, has a rate of 21 per cent., and Portugal, Greece, Denmark and Austria all have a rate of 25 per cent. Although the rate in Germany is a central Government rate, clearly there are federal rates, too. The headline rate in Germany is 15.83 per cent. There are a range of views. We can pick and choose, but the general picture is that we have moved backwards, not ahead, in the league tables; that is the point that we want to make.

4 pm

Mr. Geoffrey Robinson: Surely the point is that when we make a judgment we have to take the most meaningful comparators. We could include whatever country we liked from across the world, if we took what the hon. Gentleman says literally and took it to its logical yet absurd conclusion. Surely it is therefore right to consider the members of the G7, which are our real competitors in such areas. Perhaps focusing on that at this point of time, when we are at a crossroads, is not the most relevant thing to do. He has to see the matter in that context.

Mr. Hoban: I think that this argument about the G7 is a bit sterile and a bit stale. It says that the G7 economies are the only ones that we should care about, yet we held the G20 summit in London just last month because we recognised that the global economy is changing. Countries that were previously of relatively little economic importance to the world are becoming increasingly important to the shape of the global economy. We cannot rest on our laurels by assuming that the G7 will always remain in pole position; we cannot take that view. If that was the view that the hon. Gentleman took when he was in government, I am disappointed and surprised at him.

Stewart Hosie (Dundee, East) (SNP): I agree that the G7 argument is spurious. Workers in my constituency have recently lost their jobs to Hungary and China. We will never compete with those countries on wage costs, but does the hon. Gentleman not agree that a reduction in corporation tax simply helps to create a competitive package? It would at least make it a tough decision, and not an easy choice, for boards of directors to move their businesses elsewhere.

Mr. Hoban: The hon. Gentleman makes an important point about his experience of jobs in his constituency moving to China and Hungary. There may be situations in which we cannot compete with such economies, but we should make sure that we have the best possible competitive environment—an environment that will encourage businesses to invest in the UK, and ensure that businesses based in the UK see our tax system as a reason for being here.

Kerry McCarthy (Bristol, East) (Lab): The right hon. Member for Wokingham (Mr. Redwood) drew a comparison with Ireland. During my time on the Treasury Committee, its Conservative members frequently made comparisons with Ireland; they said that its tax rates and deregulation were important pull factors for companies that chose to locate there, or that it was always a threat that they would locate there. Given the economic situation in Ireland—businesses are closing down and leaving that country—is it really a valid comparison? Is that really the model that we should look to? Does that point not shore up what my colleagues on the Labour Benches have been saying—that we should be making a comparison with members of the G7 and our real competitors, such as France and Germany, instead?

Mr. Hoban: Labour Members say, "The Irish economy has collapsed, so we should throw out the idea that low tax rates and a proportionate regulatory environment are means by which to achieve economic growth." I know that that is a seductive argument, but part of the

problem for the Irish economy, as I understand it, is that because of the euro there were low interest rates when the economy was booming. There was an asset price bubble in Ireland, which has burst, as it burst in the UK. Some of Ireland's problems flow from that, rather than from the fact that it has a low corporation tax rate or a particular regulatory environment.

We have to be careful to understand correctly the causes of success in Ireland, and the cause of its current economic problems. I would argue that its problems have to do with the macro economy, and the way in which the euro does not necessarily meet the needs of every economy in the eurozone—a point that my right hon. and hon. Friends would very much recognise. I suspect that even the Government recognise that point from time to time; that is probably why we are not in the euro. The convergence criteria have yet to be met, even if they are still being measured over in the Treasury.

Kerry McCarthy: Is the hon. Gentleman saying that the regulatory environment in Ireland is not a factor in its economic problems?

Mr. Hoban: I am not sure that it is the main cause, which is the asset price bubble that built up because credit was cheap, thus enabling people to borrow, pushing up prices in the housing market. That is exactly what has happened in the UK. We have a solution in macro-prudential regulation and in giving the Bank of England greater control over the amount of debt in the economy, which will tackle issues relevant to the asset price bubble at a time when inflation rates are lower. The hon. Lady may be right to identify the lack of macro-prudential regulation as a weakness in the Irish economy, but it is a weakness, too, in our economy, which is why reform is needed.

Rob Marris (Wolverhampton, South-West) (Lab): I am grateful to the hon. Gentleman for his usual generosity in giving way.

These are difficult issues, but from looking at the figures in the Red Book, I would imagine that the Treasury has taken corporate relocation into account, so if the amendment were accepted, tax revenues in the United Kingdom would drop by £3.7 billion, as a rough estimate. Why is the hon. Gentleman not pursuing the logic of his position in going for the OECD average of 22.5 per cent. corporation tax which, again on those figures, would cut corporation tax revenues in the UK by £6.8 billion? Where is the money coming from?

Mr. Hoban: I am grateful to the hon. Gentleman for raising the issue of costs, and I shall tackle it within the narrow confines of our debate. I think that that was his first contribution to the Committee of the whole House, but he has featured in previous Finance Bill Committees, bringing his detailed knowledge of explanatory notes to the fore. I hope that he will be tempted by the usual channels to serve on the Public Bill Committee again, because we missed him last year. It would be nice to see him again this year, taking part in debate on probably the last substantive Finance Bill before the general election.

It is important that we have a competitive rate of corporation tax. One of the great strengths of the UK is that we have an open economy, which is the basis on which the City of London, the global financial centre, has grown. There has been a free flow of capital and people into London, which has made it a successful centre. The fact that businesses are prepared to move to this country means that—

Mr. Jeremy Browne (Taunton) (LD) *rose—*

Mr. Hoban: Perhaps the hon. Gentleman wishes to add his support to the point I am making.

Mr. Browne: I share the hon. Gentleman's enthusiasm for the notion that the hon. Member for Wolverhampton, South-West (Rob Marris) should serve on the Public Bill Committee, but I would be interested to hear him develop his response to the intervention. Even if we were minded to support the amendment, there would be cost implications, so given that we have a budget deficit of £175 billion, is the hon. Gentleman confident that that cost gap can be bridged, and does he anticipate that the extra industry of the type that the right hon. Member for Wokingham (Mr. Redwood) often describes in these debates will be sufficient to generate the extra revenue to make up the shortfall identified by the hon. Member for Wolverhampton, South-West?

Mr. Hoban: I had forgotten that we had the voice of fiscal conservatism to the left of our Benches.

I will, as I said earlier, return to the issue of costs. However, I have not yet addressed the issue of whether we are dependent on an increase in tax revenue flowing from a reduction in corporation tax to fill the gap. We have not factored that into our costings—that would be a windfall to accounts. My right hon. Friend the Member for Wokingham is a great proponent of the Laffer curve, but I am a bit more cautious than him about its impact and banking those gains, as it were, at this point. I would rather have a cost-neutral package of reform—and I will explain how we will fill the gap in a minute—than presume that we would get an instant flow of tax revenues. As the fiscal environment improves, I hope that that means that more companies will want to come to the UK, which will strengthen the flow of tax revenues to the Exchequer. Goodness knows, we need it at the moment.

Mr. Robert Syms (Poole) (Con): I thank my hon. Friend for his generosity in giving way. Clearly, our financial problems are spread over more than one year, so a lower rate sends a signal. One would hope to keep companies in the UK, or encourage them to relocate to the UK, so that they would pay tax over three or four years. One year, if the figures are out, will not make much difference, but it will make a difference if a company is here for three or four years.

Mr. Hoban: Indeed. A big part of the issue is sending a clear signal about what a tax regime's direction of travel should be. One of the criticisms that people could make of the Government is that, at times, there has been a lack of clarity about that direction of travel. I shall touch on that in my remarks on clause 8.

Mr. Jeremy Browne: I am grateful to the hon. Gentleman for giving way once more, and I am sorry for interrupting his flow. He said that the additional location or additional output of businesses were not factored into his financial calculations, so he has still not answered the hon. Member for Wolverhampton, South-West (Rob Marris), who

[Mr. Jeremy Browne]

made two points. The first was that, in his estimate, the cost would be £6 billion and he asked where the Conservative party would find that money; the second was to ask why the hon. Member for Fareham (Mr. Hoban) did not follow the logic of his own argument and reduce the rate to 22.5 per cent. I am thinking particularly of the first point: if there is not going to be extra industry and growth to bridge the gap, how does the hon. Gentleman propose to finance it?

Mr. Hoban: I am just getting going on the amendment. I have said to both the hon. Member for Wolverhampton, South-West (Rob Marris) and the hon. Member for Taunton (Mr. Browne) that I will come to that point. I am not using a debating or rhetorical device to avoid answering the questions, but I want to deal with the issue in sequence. I ask them both to be patient; the day is still young.

Rob Marris: We've got all night.

Mr. Hoban: Indeed—we literally have all night. Let me continue to make the case for why it is important for us to deal with the issue.

As I was saying, our economy is an open one. Businesses choose to locate here; we have few barriers to prevent them from doing that, and few that prevent them from moving offshore. Because we are so open, we cannot tax businesses on the basis that they have no choice but to stay here. The evidence has shown that businesses move. During the period covering the last Finance Bill, when we debated the same issue, companies such as United Business Media, Shire, Kraft, Experian and Google had moved outside the UK. To pick up on the point made by my right hon. Friend the Member for Wokingham, since then, Beazley, a Lloyd's of London insurer; WPP, the advertising giant; Regus, which provides office services; Henderson, a major fund manager; and Charter, an engineering company have all done the same. The fact that they constitute a broad spectrum of businesses from a wide range of industries is telling.

We have had warnings. Richard Lambert, the director general of the CBI, said:

"In today's world of global markets, companies have many more choices to make about where to invest their capital and their talent than they did in the past. Business tax is one of the most important considerations that firms have to take into account, and it is easily measured...business leaders believe the UK's corporate tax regime is more burdensome than it was five years ago, and that this is making the UK less attractive as an international business location.

The worry is that on current trends our position relative to other developed economies will deteriorate further over the next two or three years."

Mr. Lambert made that statement in 2006. Time moved on, but the CBI returned to the same point last year in its publication "UK business tax: a compelling case for change", which concluded:

"Comparatively high tax rates, increasing complexity and a lack of certainty are all contributing to declining tax competitiveness."

The report called for a more strategic approach to corporation tax. So the voices making the point are not only those of Conservative Members; people in industry are also making it. Richard Lambert touched on the point raised by the hon. Member for North-West Leicestershire (David Taylor): the issue is not only the rate but other aspects of the tax regime. I remind Members of what Mr. Lambert said:

"increasing complexity and a lack of certainty are all contributing to declining tax competitiveness."

This theme has emerged elsewhere—it does not just come from the CBI. Last year, the City of London corporation published a report, "The Impact of Taxation on Financial Services Business Location Decisions", which discussed how "sticky" London is with regard to business staying put in spite of the tax regime, not because of it. It compared the UK's corporate tax regime with those of other financial jurisdictions, and found that the UK had among the worst scores in two categories: "Certainty of Interpretation" and "Attitude and Approach".

4.15 pm

There is a growing consensus that says, yes, rates are important, but it is not just about rates. In a report commissioned by the Mayor of London—

Rob Marris: Which one?

Mr. Hoban: It is very clear who the Mayor of London is. *[Interruption.]* If I meant the lord mayor, I would refer to the lord mayor of the City of London. *[Interruption.]* I am not sure that the previous Mayor would have been that interested in the tax regime, whereas I think that Boris Johnson is a bit more interested in the competitive position of London compared with other jurisdictions.

The executives interviewed for that report concluded that the UK's reputation for predictable, competitive and constructively applied taxation is in decline, and the call was for a strategic policy on corporation tax.

David Taylor *rose—*

Mr. Hoban: I happily give way before moving on to the favourite topic of the hon. Member for Wolverhampton, South-West—Canada.

David Taylor: When a detailed analysis was done in 2006, it was found that the de facto corporation tax rate for larger companies in the UK was not 30 per cent., the official rate at the time, but 22.5 per cent. because of the activities of avoidance vehicles and companies. Is the hon. Gentleman reassured by their ingenuity? If this is such a crushing burden on British industry, why do the majority of FTSE 100 companies pay no tax, or negatory amounts, and did so even before the recession reduced their profit base?

Mr. Hoban: The hon. Gentleman had an Adjournment debate on this issue last week when we were debating the Second Reading of the Finance Bill; I am sorry that I could not listen to his remarks. There is an issue about the tax take and what a tax gap is. One comment made about research by the TUC is that it does not take into account some of structural reliefs that are in place in the UK tax system. It is important that companies pay the tax they are due to pay and do so promptly and fairly. However, we live in a complex global economy. Several of the companies listed in the FTSE 100 are not necessarily UK trading companies, so they will be subject

to a different tax regime. It is a difficult comparison to make. Just as the hon. Member for Coventry, North-West (Mr. Robinson) picked holes in my analysis of where we are in relation to the OECD, some would pick holes in an analysis of the tax gap. It is not as clear-cut as people would suggest.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): I am interested in what the hon. Gentleman is saying about complexity and differences in the tax system. Before he moves on to Canada, will he expand on why he chose not to extend his proposed cut to ring-fenced profits and to apply it only to non-ring-fenced profits? I declare an interest as a shareholder in Shell, and an interest in North sea investments through my constituency and my membership of the offshore oil and gas industry all-party group.

Mr. Hoban: The hon. Gentleman makes an important point. When I thought about the amendment's impact, I considered whether it should deal with changing the ring-fenced profits rate as well, but I was conscious that that might take me into a new field of argument about oil taxation, which my hon. Friend the Member for Hammersmith and Fulham (Mr. Hands) will deal with in Committee. There is a complex set of interactions for us to discuss carefully, but I wanted a narrowly framed amendment to avoid detaining the Committee for too long.

I turn to Canada, which the hon. Member for Wolverhampton, South-West mentions quite often. He prayed it in aid in relation to VAT in last week's debate on the Bill. I do not know whether he has seen Canada's inspiration for corporation tax rates, which was highlighted in the report produced by Bob Wigley for Boris Johnson. It stated that Canada's mission statement on tax was that:

"To improve productivity, employment and prosperity in an uncertain world, a bold, new tax reduction initiative will reduce the general federal corporate income tax rate to 15 per cent. by 2012 from its current rate of 22.1 per cent. The general corporate income tax rate will decline by 7.12 percentage points between 2007 and 2012—giving Canada the lowest overall tax rate on new business investment in the Group of Seven (G7) by 2011 and the lowest statutory tax rate in the G7 by 2012."

That is a very clear statement of intent from the Canadian Government about the direction of travel, and I am sure that people thinking about the relocation of businesses will take it into account.

Mr. Timms: For completeness, will the hon. Gentleman confirm that the separate provinces of Canada charge additional tax?

Mr. Hoban: Indeed, and that is why I carefully quoted the report, pointing out that the quotation related to the general federal rate. The report flags up the scale of the reduction—7 percentage points—in the federal rate of tax. The Canadian Government believe that that will provide the lowest overall rate of tax on new business investment in the G7, which is a clear statement of direction. In thinking about how economies move out of recession and plan for the future, countries that can afford such tax changes will think very carefully about making them.

Mr. Timms: The hon. Gentleman is extolling, I think, the advantages of a country having the lowest corporation tax rate in the G7. Is he now confirming that he believes, contrary to what he said earlier, that that is a good thing?

Mr. Hoban: I am not taking a position on where we should be in the league tables. I am saying that other countries are looking at how they can use their headline rate of corporation tax as a tool, to use the words from Canada, to

"improve productivity, employment and prosperity in an uncertain world".

I am not suggesting that a target should be set for the UK's headline rate of corporation tax; I am just pointing out to the Committee that it is an important tool that countries use to attract and retain businesses. We must be mindful of that when thinking about overall tax policy in the UK.

I believe that there is a consensus on this issue. The Prime Minister said last year at the Institute of Directors conference:

"Our aim is to reduce corporation tax even further when we can afford to do so...and we're looking at how we're going to do it."

I shall come to how we can pay for that in a second, but I shall wait until the hon. Member for Taunton returns to his place so that he can hear that bit of fiscal prudence.

The Financial Secretary might remark that the Government have taken some measures to reform the taxation of foreign profits. I acknowledge that, although it has not been an entirely straightforward process and the Government have had a couple of consultations to attempt to get the right structure in place. The sense from industry is that that is now broadly in place, but no one should say, "The job is done, we have dealt with this issue, let's move on to something else." The listed publishing group Informa moved its tax domicile from London to Switzerland not long after the Budget, once it knew broadly what the shape of the taxation of foreign profits would be. We therefore cannot afford to rest on our laurels in any way, and that is why I tabled the amendment.

Given the Government's dire fiscal position, I appreciate that the room for manoeuvre is limited. When borrowing this year is £175 billion and next year's forecast is for £173 billion, there is not much money left in the kitty to cut the burden of taxes. That is why the package we propose today is cost-neutral. We have long made it clear that our reforms to the headline rate of corporation tax, reducing it from 28 per cent. to 25 per cent., will be funded by simplifying reliefs and allowances. *[Interruption.]* Right on time, the hon. Member for Taunton returns. We will bring the rate of capital allowances more closely into line with the accounting measure for depreciation, which is meant to reflect the deterioration in value of assets over their life. That is how we will fund the package of reforms. We set out that position clearly when we announced the policy, and we will continue to use that approach of funding changes in the headline rate of corporation tax by simplifying the tax system and trying to align the accounting and tax definitions of profit more closely.

Rob Marris: I am rather bemused by the hon. Gentleman's explanation of the cost-neutrality, which makes it sound as though the amendment were mere window-dressing. It will not remove any tax burden on UK-based businesses if, taken as a whole, the package is cost-neutral, with counter-balancing increases from the business sector. It sounds like grandstanding and window-dressing.

Mr. Hoban: The hon. Gentleman cannot have it both ways. He must either accept that our proposal is a funded tax package, or believe that it is grandstanding, which will do nothing for business. He can criticise us for one or the other, but just one at a time.

Rob Marris: I thank the hon. Gentleman for his generosity in giving way. On the projections for corporation tax this year—I do not say he accepts those figures—the amendment would cost the Exchequer £3.7 billion. If he proposes a cost-neutral package, the £3.7 billion will be raised from businesses through other mechanisms—for example, changes in allowances. How would the amendment, as part of such an overall package, have any effect on whether a company decided to relocate to Switzerland? A company would examine the total tax burden, including allowances, not simply the headline rate of corporation tax.

Mr. Hoban: I do not agree and I shall explain why. The hon. Gentleman argues that there is a clear relationship between businesses that pay corporation tax and those that benefit from capital allowances. He claims that they are alike in their profile, but I do not think that that is the case. The headline rate sends a powerful signal to business about the advantages of locating in the UK. Perhaps some businesses are not interested in capital allowances; that depends on the nature of the business—on whether it is service-oriented or invests more in capital equipment. There is a mixture of incentives, and there will be some winners and losers. However, it is important to send a signal about the direction of travel. There is no money available for tax cuts, so a funded package is the sensible way to send the right signal to business about the importance to us of the UK tax system's remaining competitive.

Mr. Geoffrey Robinson: The debate is interesting. As the hon. Gentleman said, we often had it in the Treasury, and the headline rate seems attractive. However, as my hon. Friend the Member for Wolverhampton, South-West (Rob Marris) said, the tax burden remains the same. Will the hon. Gentleman bear in mind the massive impact of £3.7 billion a year on capital allowances? It cannot simply be dismissed as a compensating factor. The problem with much of British industry, particularly the manufacturing sector, is the UK's persistent tendency to under-invest in capital. Increasingly, we say that we will have cheaper and more flexible labour and we chase that market down, but it does not get us anywhere. Let us consider what the Germans have done. Germany is the biggest exporter in the world. Its manufacturing sector is strong because of its continuing capital investment in its industry. By how much would the £3.7 billion a year reduce capital allowances? Has the hon. Gentleman taken that into account? Can he give us that figure?

4.30 pm

Mr. Hoban: According to some examples, the general plant and machinery capital allowance will be about 12.5 per cent., and the long-life plant and machinery capital allowance will be about 6 per cent., bringing them more closely into line with the accounting rates of depreciation.

Mr. Robinson: Bringing those allowances into line with depreciation is no good at all. That means we will barely be investing at the replacement level, which was one of the big problems with the old General Electric Company. Tight though Lord Weinstock's controls were, investment often ran at less than the depreciation rate. Manufacturing is a bit more in the spotlight now—rightly so, I think, and not just because I represent a manufacturing constituency in Coventry, in the west midlands—and it is regaining importance, given the imbalance that the collapse in the financial sector has caused, which we need to remove. However, having a target to drive capital investment down to the level of depreciation is a suicidal policy.

The Chairman: Order. We are beginning to lose track of who is making the speech and who is making an intervention. Let us try to keep interventions in proportion.

Mr. Hoban: I am grateful to the hon. Gentleman for his rather lengthy intervention, because it enabled me to find a quotation. I will not hold a competition with hon. Members afterwards to see whether they know who the author was; rather, I will tell them. The quotation says:

> "Promote investment and growth—by...reducing tax-driven distortions on commercial activity, ensuring that business decisions are based on commercial rather than tax considerations; stimulating higher levels of foreign and domestic investment through a lower CT rate on a broader tax base".

That is a good summary of our policy. What particularly pleases me about that quotation is that it is from the Treasury, from a document entitled "Business tax reform: capital allowance changes", a technical note from December 2007. Clearly, the debate has moved on since the hon. Gentleman was sat around the table watching TV with the former Chancellor—wherever he watched TV.

That is why I said what I said earlier, when I teased Government Members about there being a consensus on the issue. The Treasury recognises the power of the argument. Indeed, the hon. Member for North-West Leicestershire (David Taylor), who is a great campaigner against the tax gap, will be very concerned about distortions in the tax system that led to particular types of behaviour. I just think that the hon. Member for Coventry, North-West should be a little more careful not to state the Government's case too boldly.

Stewart Hosie: Is there not a slight paradox, given the argument being made? Only last year, there were significant changes to plant and machinery allowances and a massive reduction in industrial buildings allowances, which was commented on at the time. I am pretty sure that the arguments made by the Government on that occasion were rather different from those that we have heard this afternoon.

Mr. Hoban: Indeed. I am pleased that the hon. Gentleman, who is a fellow veteran of previous Finance Bill Committee proceedings, has reminded me of that.

We have had debates in Committee about reformed capital allowances before. The Financial Secretary and I had a debate about the abolition of the industrial buildings and agricultural buildings allowances. *[Interruption.]* The Minister says from a sedentary position, "You were against it." We argued that the issue should be explored in more detail—so that the competitive impact could be considered—and that the Government had rushed into things without proper thought.

There are issues on both sides of the argument, although I take on board the important comment that the hon. Member for Coventry, North-West made about manufacturing. I know from my experience of visiting manufacturing companies in my constituency that compete at the top end, producing high value-added items that compete with the best—that is, if they are not the best in the world themselves—that there is a mixture of plant in those operations. There are some very old, faithful bits of kit in those factories, as well as some very new, modern equipment. It has been pointed out that the life of some of the more modern pieces is quite short, in relation to their contribution to the top end of manufacturing, and that they might therefore require a shorter depreciation period and a steeper write-off. We need to think about that.

I do not wish to stray too far from the subject, Sir Alan, but one issue that has emerged from the economic crisis is the need to broaden the base of British business, and manufacturing is important in that regard. We must be mindful of that. We are not blind to the concerns expressed by the hon. Member for Coventry, North-West, but we do not want to see distortion in the tax system.

Mr. Robinson: Distortion in the tax system is one thing, and we have had the arguments about neutrality. I am sorry that I was not at the previous meetings of the Committee. May I just plead that we do not build into Conservative thinking the idea that the Treasury or the Department for Business, Enterprise and Regulatory Reform have ever had the policy—which the hon. Gentleman is now adopting—of reducing capital allowances down to the bare minimum of depreciation? That cannot be a proper theoretical or practical position to take up.

Mr. Hoban: This is about trying to reduce distortions in the tax system to ensure that decisions are not being driven by tax considerations. The rate of the capital allowance is a cash flow issue. Over the life of an asset, a business will get full relief on that asset, assuming that it uses it until it is scrapped. It is a question of timing as to when that relief arises. I am sure that, at a later stage in Committee, we shall have a debate about the 40 per cent. first-year allowance being introduced in the Bill. Perhaps such a measure is right in a crisis, but for the purposes of the long-term reform and simplification of corporation tax, we need to look at reducing the distortions in the system.

In so doing, we should consider reducing the headline rate of corporation tax. That would send a clear message to businesses, which are fed up with the complexity and distortions in the tax system. A lot of the tax planning that takes place is a consequence of the distortions that are built in to encourage particular types of behaviour. A less complex, more straightforward system would yield benefits to the economy as a whole and make it more attractive to inward investment. Companies' compliance costs would also be reduced, and my old employer, PricewaterhouseCoopers, might not get quite the same revenue flow from tax planning as it had in the past. That might be a price worth paying, however.

I have spoken for rather longer than I hoped to, but the Committee will be pleased to know that I have almost completed my remarks on this subject. It is important for Britain's competitive position in the global economy that we have a corporation tax regime that is fit for purpose. Part of that can be achieved through tackling complexity, improving predictability and certainty, and having a proper consultation process in place. A fundamental part of the package, however, is to reduce the headline rate of corporation tax.

The amendment is part of a package that would ensure that the measure was cost-neutral. Regrettably, I cannot table amendments that would increase the tax take, so I cannot propose the flipside to this package, which would change capital allowances. However, we have set out a clear package of measures to reform corporation tax, in order to improve the competitiveness of the UK economy. As we look beyond the recession, we need to ensure that we are competitive not only with the G7 but with other global economies, so as to make the best of the advantages that we have, to broaden the base of the economy and to bring wealth and prosperity back to the UK.

Mr. Geoffrey Robinson: Having been lucky enough to catch your eye, Sir Alan, I wish briefly to revert to the question of effectively reducing the capital allowances, which would come into effect in year one. Given the recession and its likely progression, immediate cash-benefit to companies is the very thing we need at the moment. Despite the seeming good news today, I think we all know that we are still in a precarious position and should not take anything for granted. The real need is for cash flows to companies now, so reducing capital allowances at this point in time would hit the very thing we need for the future, which is investment. The timing is particularly perverse.

Apart from the wrong timing, we would be hitting the very area where we are already weakest, and the hon. Member for Fareham (Mr. Hoban), who led for the Opposition, should realise that. We already have a relatively low depreciation charge, which arises directly from the fact that our manufacturing sector is weak compared to our main competitors in exports and world markets—India and China, for example, are taking the lead on many consumer goods. Where we have to compete, we already have a low depreciation charge arising from our relative under-investment over the years, so driving it down still further would hit the very sector that most of our policies should be directed at improving.

Mr. Redwood: Is the hon. Gentleman aware that the parlous plight of British manufacturing today means that a very large number of otherwise very good companies are loss-making, so his case in the short term falls?

Mr. Robinson: If they are loss-making, they are not going to benefit from a reduction in corporation tax. That is the whole point. They are losing money in part because of under-investment but mainly because of the

[Mr. Geoffrey Robinson]

world situation. The right hon. Gentleman has, surprisingly, made precisely my point for me. In the short term, those companies will not benefit from any reduction in corporation tax, so we should be trying to get them what they need by securing money for them from the various schemes that have been announced. Of course, I am the first to acknowledge, in front of the Secretary of State for Business, Enterprise and Regulatory Reform, that we have been slow to get those schemes off the ground. The Conservative party offers no help, however, by suggesting that we have £50 billion in our pockets and that it be should doled out to anybody who wants it. That is not serious.

I put it to the hon. Member for Fareham that what he proposes is wrong. I accept that getting the headline rate down is important, and the first thing we did in government, if the hon. Gentleman remembers, was to introduce a whole range of tax changes, including moving to a new system of corporation tax and other measures. Of course, we reduced the headline rate of corporation tax—it was the first thing we did in our first Budget. I do not underestimate the importance of that, but it is important that we send the right signal and timing is so important. It is no good sending a signal at the wrong time. No one is coming here to invest at the moment. However well we are doing in other respects, the important thing is to get money to the worst-hit sector at the moment, which is manufacturing.

I highlight the manufacturing sector, because, despite the dire forecasts of the City of London—the right hon. Member for Wokingham (Mr. Redwood) knows far more about that than I will ever know; indeed, he has probably forgotten far more than I will ever know, and probably to his own benefit—comparatively speaking, the City has not been so badly hit. Not yet, at any rate, so the losses are occurring where they always occur—in my own area, that of my hon. Friend the Member for Wolverhampton, South-West (Rob Marris) and that of my right hon. Friend the Secretary of State for Business, Enterprise and Regulatory Reform—*[Interruption.]* Yes, in the area of my hon. Friend the Member for Walsall, North (Mr. Winnick), too.

In sum, now is the wrong time and this is the wrong target. The Conservatives should reconsider and put off their proposal. In fact, I know that their proposal to reduce capital gains is not remotely serious—it is a talking-point, and quite a good one in a way. However, I believe, Sir Alan, that now is not the time and what is offered is directed at the wrong target. The amendment should not be pressed and we should not accept it.

Mr. Redwood: I am a director of two companies, as declared in the Register of Members' Interests, but I wish to make some general remarks about the tax system.

My hon. Friend the Member for Fareham (Mr. Hoban) has been quite right to say that a lower headline rate of tax could be very important in attracting more business to this country. I think he could have added that it will also affect the judgments of quite a lot of multinational businesses that already have some representation in Britain but have options over where they could carry out their various activities.

Quite rightly, it is not legal for a company to fiddle its transfer prices by suppressing profit in a high-tax regime in order to allow the transfer of that profit to a low-tax regime by artificial means. Under this and previous Governments, the Treasury has rightly adopted methods of preventing or stopping that practice. It is, however, an entirely legitimate business strategy for a multinational with factories, service areas and operational centres around the world to decide where, at any given time, it is best to allocate particular types of business. Obviously, if a multinational has footloose business of a high-technology, high-value-added, high-growth kind which will produce a high margin and plenty of profit, it will look very carefully at the effective and, especially, the headline tax rates around the world. All other things being equal, it may then decide to put more of its high-value, high-profit business into the parts of the world that offer the most competitive headline rates.

4.45 pm

I am sure that, in their saner moments, Treasury Ministers agree that that is the case. They know that it happens and that it is a real possibility now, which is one of the additional reasons why I think my hon. Friend the Member for Fareham is right to press them again on whether they are certain that 28 per cent. is a sufficiently competitive rate at a time when the whole world is hungry for jobs and for higher-technology and high-value-added business, and when there is not enough business to go round and there are not enough jobs to go round.

It is true that our debate takes place against the background of a sharp devaluation of the pound. Such a devaluation has many drawbacks. It makes us all poorer, and it pushes up inflation—although it has one important advantage in that it makes our industrial and service activity much more competitive in the short term from a British base, which I trust will limit the damage in Britain compared with that in some of our competitor economies. However, we need to think beyond the one-off impact of the devaluation. We need to think beyond the present trough of the recession. We cannot be sure how long it will take, but there will be recovery, and we need to ask ourselves that fundamental question: is 28 per cent. a sufficiently competitive rate at the present time?

The hon. Member for Coventry, North-West (Mr. Robinson) rightly pointed out that the present Government had continued the previous Government's policy of cutting the headline rate. That was very sensible, but I think that they got stuck. I do not think that they realised how rapidly the rest of the world had moved on. In the opening exchanges today, my hon. Friend the Member for Fareham was asked if he recognised that all that we needed was one of the more competitive rates in the G7, and that if we had it we would be all right. Of course we will not be all right. The world has been completely transformed. The Prime Minister accepted that in hosting and chairing the G20. The serious competitive threat to keeping manufacturing in Britain or attracting it to Britain today comes primarily from China and India. It is a serious option for most multinational companies to switch production from the United Kingdom or Germany to China or India. Most multinational companies already have several factories in those countries, as well as having manufacturing

capability in Britain, Germany, the United States or some combination of all three.

The proposal that we are discussing goes to the heart of that issue. Why are we talking about the headline rate? We are doing so because it is the headline rate that people usually use in their simulations, models and forecasts when considering where to put their future investment. They also look at the underlying trend of policy. If, as in Canada, it is clearly a commitment to make the current rate the maximum and to say that in future it will be reduced, that will be a fairly influential factor when it comes to the judgment on the back of the numbers. If people see a Government who face a monumental deficit and who seem to think that it is only possible to secure more tax revenue by raising tax rates—itself a very dubious argument, in my view—they may well say to themselves that the Government could not be bothered to cut the rate below 28 per cent. although they knew that 28 per cent. was no longer particularly competitive, and that in a year's time they, or some other Government, might be forced to put the rate up. That is not a good background against which to make an investment judgment.

I urge Treasury Ministers to think again. I urge them to understand that our prime competitors have much lower tax rates than we have, as well as having lower remuneration and other competitive advantages. I urge them to understand that the big investment players in manufacturing in this world already have capacity around the world, and the ability to switch. I also urge them to understand that we are talking about not just where the new factory goes, but where the work is allocated around the different factories of the world, and that if we allow our country to be perceived as more hostile to business—less competitive in tax and regulatory terms—we will start to be on the wrong end of business judgments. The people in the American, Japanese or Chinese multinational will start to say, "Well, we'll leave the old, low value-added, less profitable business in Britain because of the tax rate," and that means that Britain will lose jobs rather than create them, and that, in the end, the British plant will be the one most likely to face the closure notice because—surprise, surprise—it has the worst business and then it has the worst figures. The people in the multinationals will forget that that particular country has less good factory results because, for tax reasons, they chose to locate a less profitable business in it. Therefore, if countries are not careful, they can find that they are on a very slippery slope indeed.

In today's exchanges, we have already heard Labour Members voicing scepticism about whether the setting of a 10 per cent. rate in Ireland was the reason so much business was attracted there. I can assure Labour Members that, from conversations I have had on account of my work on the policy review and for other purposes, it is clear that the low headline rate of corporation tax has probably been the number one attraction to footloose international businesses in choosing to go to the Republic of Ireland. They did not go there for the European Union grants; most of those were paid to agriculture, which was not a particularly successful sector. They did not go there to join the euro either, because they have to deal in a multi-currency world and what matters to them is the rate into the dollar, the renminbi and the rupee, so the euro is not that important. What mattered to them was that they assumed that they would run profitable businesses—and for quite a lot of years, many of them did—and it makes a huge difference to their forecast cash flows on an investment if they are keeping 90 per cent. of them rather than only 70 or 72 per cent. of them with the rest going to the Government. The Financial Secretary is a clever man, and he knows the power of compound arithmetic. The compound effects of taxing at 10 per cent. are so much more benign than the compound effects of taxing at 28 per cent.

I do have one, friendly, disagreement with my Conservative Front-Bench colleagues in that I believe that the Laffer curve works—they are sitting up and taking notice, Sir Alan. I am trying to make our lives easier, because I believe that this is one of those rare cases where we can have our cake and eat it. I believe that if a country is brave enough to set a lower tax rate, as the Irish were in spades, it can attract a huge extra amount of business, because world business is very footloose and very sensitive to the individual tax rates on offer. The Irish moved from being a lot poorer than the United Kingdom to being a lot richer. At the same time, they moved from spending less per head to being able to spend a lot more on public services because the low rates brought in so much more revenue. Such low rates can therefore have an extremely benign effect, but there is also the reverse effect: if a country allows itself to become too uncompetitive on the headline rate, it discovers that even putting it up does not solve its revenue problem, but can actually make the revenue problem worse.

Fortunately, so far, although we have had a run of companies leaving the country, such departures have been paced out and the Government have managed to suppress a lot of bad commentary on that, but I suggest to them that they should not push their luck any further. My hon. Friend the Member for Fareham produced a partial list of those companies that have gone. There are others as well, and in certain sectors, such as insurance, it is becoming a rush to get to the exit on time. The situation could be the same for some of the higher charging investment management companies, one of which my hon. Friend mentioned. This is a serious problem for the United Kingdom. To those on the Labour Benches who say, "Well, we don't want to keep those sorts of businesses if they're that sensitive to the tax rate and do not want to pay their fair due", I say that that is a very short-sighted view. Businesses are, on the whole, motivated by profit and money as well as by wishing to serve the public, but they know they have to serve the public well to generate the revenues—that is the deal—and if we are too cavalier in our approach to taxing them, we do not just lose the tax revenue they were paying in terms of corporation tax, but we lose the tax revenue they were paying in terms of the tax on their employees, the national insurance and the VAT on the money their employees would have spent in the shops. We lose a great deal of tax revenue if we become too cavalier about where businesses are to be located.

The case is very straightforward: cutting the rate from 28 per cent. to 25 per cent. would send a very strong signal to our international competitors and, more importantly, to international manufacturing investors that this country is serious about remaining tax competitive. I hope that my Front-Bench colleagues agree that a change to 25 per cent. is the minimum that we need to do and that it is not the final resting place. I would be much happier with a rate of 20 per cent., because that

would make a huge statement, would catapult us back to being a place that people talked about as a desirable location for investment and would definitely illustrate the Laffer curve—one might say that one would be "Laffing" all the way to the bank if one was to do that, because so much more business would be attracted and so much more revenue would be coming in.

As a result of these straitened times, my hon. Friend the Member for Fareham says that we should be absolutely sure and pay for this proposal out of removing allowances. That is my second-best option—I would rather just cut the rate—but it makes more sense than doing nothing, because it does take the trick on the headline rate and I do not believe it does the damage that the hon. Member for Coventry, North-West, who is no longer in his place, seemed to suggest. Past corporation tax reforms have cut allowances and cut rates, and they have been helpful and benign; they have usually resulted in more flows of business as long as they establish a competitive international rate that we can work with and of which we can be proud.

I do not think that those on the Treasury Bench are communicating a strong enough sense of the danger to our economy that the current situation represents. Perhaps they are resting on the laurels of the devaluation and perhaps they do not understand how tough the situation is, particularly in the manufacturing heartlands. They are not energetic enough in making the case within government that if we are serious about rebuilding our manufacturing, we need to put in place a package of measures, and this considerably lower corporation tax headline rate would be an important first step.

I would like this country to export more and make more, as that is part of the necessary process for recovery. A lower corporation tax rate would help to do that. I do not despise financial services. I would like us to grow and improve our financial services offering in Britain and keep London as a very important financial centre. That, too, is very dependent on a very competitive corporation tax regime. The Financial Secretary knows that I am not happy with the huge sums tipped into banks, which have grossly distorted the economy's adjustment process and have delayed the necessary adjustment in those banks. I wanted to keep them going at a much lower cost.

Of course I did not want the banks to go bankrupt, but it is a disgrace that so much money has been absorbed in them. If we had not wasted all that money in the banks, even the Financial Secretary could have afforded my 20p in the pound proposal for corporation tax, given his view that it does not generate the extra revenue that I believe it does. That option would have been a much better competitive package for Britain than losing billions in RBS and delaying the time when RBS sorts itself out and actually generates some money for British taxpayers and for the Treasury, instead of taking away all the money that we need in order to offer a more competitive package. I hope that the Treasury will also go away and think about squeezing some money out of the banks to make the rest of British business profitable, rather than squeezing the rest of British business to try to buttress the banks.

Rob Marris: If one looks at table C6 on page 231 of the Red Book, one sees that the projected receipts from corporation tax for the financial year 2009-10 are £34.7 billion. The amendment would cut corporation tax by three 28ths—from 28 to 25 per cent. In round terms, three 28ths of the projected revenues of £34.7 billion is £3.7 billion. If one were to cut our corporation tax rate to the OECD average, which the hon. Member for Fareham helpfully informed us is 22.5 per cent., that would be a five and a half 28ths cut in £34.7 billion, which would be a £6.8 billion cut.

That is not before us tonight. I suspect, from what the hon. Member for Fareham (Mr. Hoban) said—although he did not say so directly—that he would not pursue the logic of his position and seek to put the UK at the average rate of the OECD, but cut only from 28 to 25 per cent. That was because he wanted a revenue-neutral package, and that the counter-balancing measures that he outlined to make up for that loss—which I calculated at £3.7 billion, although I appreciate that he does not accept that figure—would come to £3.7 billion. His countervailing measures did not come to £6.8 billion and therefore he could not go the whole hog to cut corporation tax to 22. 5 per cent. When I hear the phrase "revenue neutral", it has the same effect as the words "efficiency savings" and my scepticism meter starts twitching markedly—

5 pm

Mr. Redwood: Does the hon. Gentleman recall that under a Conservative Government corporation tax rates were cut and income tax higher rates were cut, and in both cases there was a revenue surge?

Rob Marris: I am not saying that it cannot happen: I simply said that my scepticism meter starts twitching. Following the probing and then the speech by my hon. Friend the Member for Coventry, North-West (Mr. Robinson), and the measures that the hon. Member for Fareham said that he was not allowed to table tonight, it appears that the countervailing measures to achieve the other half of this package—to make up for the lost revenues in corporation tax, were that cut to be enacted—are precisely the sort of measures that would hit manufacturing.

Parenthetically, I would say to the hon. Member for Fareham that my understanding of the procedure of the House is that he could have tabled his amendments, so that we could have seen them, but the Chairman of Ways and Means would not have selected them—*[Interruption.]* Well, there is chuckling from Conservative Members, but it would have been useful to see the countervailing measures proposed. Instead, they were outlined by the hon. Gentleman, and from what I understand, they would hit manufacturing. The right hon. Member for Wokingham (Mr. Redwood) talks about footloose manufacturing companies, but his Front-Bench colleagues favour a tax regime for business that would hit manufacturing. It would be the loser under the countervailing measures and other parts of British business would gain. As a Member of Parliament in the west midlands—my hon. Friend the Economic Secretary is in his place, and my hon. Friends the Members for Walsall, North (Mr. Winnick) and for Coventry, North-West were here earlier—the current plight of manufacturing is a considerable concern, without changing the tax regime in a way that would make things worse.

I understand the aspiration towards lower corporation tax, but the hon. Gentleman has to be careful about pushing the Canadian model too far. There are many jurisdictions in Canada, and those subject to federal taxation are federally incorporated and make up a tiny minority of companies, engaged in activities such as telecommunications and transport that, under the Canadian constitution from 1982 and the British North America Act 1867, are the federal preserve. Almost all business in Canada is the provincial preserve, and the huge trade barriers between provinces are an issue that bedevils that country. I understand that the hon. Gentleman aspires to that model, and it does raise some money at the federal level, but he should not push it too far.

I do not accept the concept of distortion—although I am not sure that that is the argument that has been made—because people change their behaviour. There is no natural way for people to behave that is somehow then distorted, because to say that is to buy in to the whole nonsense about perfect competition, which never exists, even on eBay. We have taxation measures to encourage certain forms of behaviour, and some of those behaviours are related to commercial matters, including for example, the lack of VAT on newspapers and books, and the company car taxation regime. So, corporation tax as part of a package of taxation measures will have an effect on behaviour and one must be very careful about that so as not to drive business out. I reject any suggestion that we have perfect competition and that we should not intervene at all.

We should have a capital allowance regime that encourages manufacturing and capital investment, as my hon. Friend the Member for Coventry, North-West said. I remember that a few years ago, when we had a 100 per cent. first year writing down allowance for investment in computers, that measure found favour on both sides of the House, although some might have said that it was a distortion. I favour capital allowances that help manufacturing and I urge Labour Members to reject the amendment tonight.

Mr. Hoban: The hon. Gentleman referred to the 100 per cent. first year writing down allowance for computers. Did he object to its withdrawal?

Rob Marris: Yes. It was cut by this Government and I do not think that it should have been. It should have been kept for longer—that is the simple answer—because computers are used across British industry, including in manufacturing.

Mr. Hoban: The hon. Gentleman is characteristically honest, but does he not recognise that decisions are taken to reduce allowances because they have perhaps distorted behaviour or outlived themselves and changes need to be made? We need to get people to act in a way that is consistent with their economic and commercial drivers rather than simply distorting behaviour for a short-term objective.

Rob Marris: I will not be tempted too far down that line, Sir Alan. However, I think that there is a role for writing down allowances and tax and capital allowances to encourage certain behaviour in the economy, even though it might be seen by some—and perhaps by the hon. Gentleman—as a distortion. That is why I think that the computer writing down allowance should have continued for a bit longer, until we had even more computers in the economy. That allowance was very helpful. I urge my hon. Friends to reject the amendment, because it is part of an overall package that would hit manufacturing and would be bad for British industry and bad for jobs in the west midlands.

Mr. Jeremy Browne: The measure proposed by those on the Conservative Front Bench is actually rather simple and modest. One would think from the attempt to draw dividing lines, as is fashionable in politics at the moment, and from the length of the speech made by the hon. Member for Fareham (Mr. Hoban) that a huge point of principle was being proposed that distinguished the Conservative party from the Government. If the sentiments expressed by the right hon. Member for Wokingham (Mr. Redwood) had been the substance of the amendment, that would have been true. He made a serious ideological point that distinguished between what he thought was the best way forward for the British economy and the Government's proposed way forward for the British economy. The distinction made by the amendment is not nearly as substantial and as impressive.

The right hon. Member for Wokingham said that there was great value in cutting headline rates. I think there is some truth in that, although it is not always as straightforward as he might think, as shown by the Prime Minister's experience in his last Budget as Chancellor of the Exchequer. He cut the headline basic rate of income tax to 20p, thinking that that would be extremely popular and would incentivise a lot of people on low to middle incomes to do more work. It appeared not to have that effect when people realised that it was revenue-neutral and that some would be disadvantaged as they would have to pay additional taxes to make up the shortfall arising from the money that was lost by cutting the headline rate. Cutting headline rates is not always as popular as politicians and legislators might think.

I was also interested in the point made by the right hon. Member for Wokingham about the Laffer curve, although he appeared to suggest that the Laffer curve's principal benefit is attracting investment from other countries into the jurisdiction where that applies. I would have been more interested if he had gone on to advance the view that it would generate more money from companies within the existing area of jurisdiction. He appeared to dwell less on that point, although I suspect that that is also his view.

By way of contrast, the amendment attempts to create an impression that, at this time of recession, the Conservative party would like to give British companies preferable tax treatment. However, having heard the explanation from the hon. Member for Fareham, one understands that that is not the case and that the proposal is revenue-neutral with regard to the total tax take. For that reason, his speech could have lasted two minutes rather 50—he could simply have said, "This amendment seeks to redistribute but not reduce the tax burden on British businesses." Given that our budget deficit will be £175 billion this year and £173 billion next year, and that we do not have huge amounts of surplus revenue sloshing around to use to reduce taxes, I and my party are minded to support the amendment precisely because of its modesty.

[Mr. Jeremy Browne]

Three principles are worth observing—*[Interruption.]* I hear mutterings from off stage, but my point is that, although the ideas of the right hon. Member for Wokingham are more interesting and ideologically adventurous, they would create a real distinction—something that the Conservative party wants only to give an impression of doing. In a way, there is nothing very interesting about the amendment.

Mr. Redwood: Will the hon. Gentleman give way?

Mr. Browne: I will in a moment. We are considering not how much business is taxed, but whether the burden on different aspects of business should be redistributed in a way that renders the total tax take more reasonable. By and large, I think there is scope for collecting the same amount of tax revenue in a more simple way, and I shall set out my three principles for doing so. Before I do, however, I shall give way to the right hon. Gentleman.

Mr. Redwood: Do I understand the hon. Gentleman correctly? Does he think—unfairly—that, because the proposal from my hon. Friend the Member for Fareham (Mr. Hoban) is potty, it is now good Liberal Democrat policy?

Mr. Browne: That would have been funnier if the timing had been better. As it was, it was a typical Back-Bench attempt to be conservatively amusing.

The Conservative party believes it is here to argue the case for British business. That is reasonable, but it is trying to create the impression that it wants to cut the tax burden on British business. In reality, though, it does not want to do anything of the sort, and that is why I said that the amendment could have been dealt with rather more quickly. Had the Opposition proposed from the Front Bench the measures articulated by the right hon. Member for Wokingham, that would have been worth debating all of today and tomorrow because it would have represented a massive change in economic and tax policy. However, that is not what the Conservatives are trying to do: they are trying to give that impression, but they are not really trying to achieve that.

Even so, for the reasons that I am about to outline, I think the amendment is probably a step in the right direction. The first principle that I think ought to govern these matters is stability. Stability is beneficial: the Government have kept the rate unchanged, and that is a reasonable step in the right direction. It would help if they gave an indication of how long the rate will be kept at that level. I realise that future Finance Bills and general elections make it harder for them to give a firm commitment, but it would be helpful if business could have a feel for where corporation tax rates are going.

The second principle is simplicity, and it is in that regard that I think the amendment is most worthy of support. Removing lots of rates and reliefs and concentrating on a lower headline rate makes the system easier to understand for companies. It is harder for people to dodge tax, and complying with tax obligations is less of an administrative burden.

The third principle is transparency. I caution Conservative Members against creating the impression that they wish to cut business taxes when the reality is that they want nothing of the sort. They are in harmony with the Labour Government in thinking that the overall tax burden on business is exactly right, but this modest amendment at least advances the cause of simplicity and, on that basis, I see no reason to oppose it.

5.15 pm

Mr. Brian Binley (Northampton, South) (Con): I declare an interest as the chairman of an SME that employs about 140 people and that pays well below the corporate tax rate affected by the present discussion, although we hope that, one day, we will get there. We do, however, service a number of companies that are in the relevant tax bracket, and therein lies my interest, because supply chains are a vital component of the whole structure.

I shall talk about how people think about tax as much as about how accountants evaluate tax. Business men tend in the main to be more creative than accountants and they tend to dwell less on detail. It is that degree of creativity that makes the amendment interesting and it is why I commend it so strongly. What the amendment proposes would create a feeling of the worth of being involved and of using money to gain more money and to grow on behalf of the nation, as well as on behalf of the people we employ. It reflects an attitude of mind —one that is often not understood by Government Members.

Many in business get the impression that Labour Members think that business men are there to make profit and that that undertaking is in some way dubious—or even, some of the worst sort of that thinking suggests, crooked. In fact, many business men are there to create, to build and to grow, and that very objective is the driving force that creates jobs in this country. Therein lies the importance of the amendment: it would encourage creativity, which in turn encourages jobs. That is a vital part of the process in which we need to be engaged right now if we are take advantage of the green shoots that will appear, as my right hon. Friend the Member for Wokingham (Mr. Redwood) and my hon. Friend the Member for Fareham (Mr. Hoban) have said. When those green shoots appear, we need to be in a position to exploit them to the advantage of our nation. High taxation in any form does not help us to do that.

Another point touched on by my right hon. Friend is the need to attract to this country businesses and big companies from other nations. I am amazed by the arguments advanced by some Government Members, who seem to think that our real opponents are Germany and France—that those countries should be our comparators and that, as long as we are lined up relatively sensibly with them, the world is okay. Let me tell Ministers that the world is changing dramatically and the G7 may not always be in pole position. In fact, I believe that the present elements of the G7 will not be in pole position for very much longer, because I perceive a massive, dynamic change in the world, which the present recession will only enhance. The Government need to understand that, but I see no understanding among them of that trend.

Let me explain part of the reason I think that. I have just returned from a Department for Business, Enterprise and Regulatory Reform trip to the United Arab Emirates and Saudi Arabia, and I went to Dubai. Some might say that Dubai is having a pretty bad time, and indeed it is,

because it is not a major oil-producing part of the world, but it is a hub for a massive region. People there said to me time and again, "We used to look to the west; we now look to the east." Business man after business man in Saudi Arabia and the Emirates told me that. Of course, many of them were not nationals of those countries. They were European business men who decided to settle their businesses in that part of the world because of the potential that it provided. That is what we are competing against. It is against that background that this debate is so important. It is about ensuring the recharging of Britain's natural entrepreneurial spirit. That creativity is vital, and lower tax rates inspire that creativity. I beg the Government to recognise the connection in the amendment, even at this late stage.

I was rather surprised at the hon. Member for Coventry, North-West (Mr. Robinson), whom I admire enormously. He is one of the few members of the Labour party with real business experience. I was particularly surprised that, although he recognised that we created the lowest corporate rates of taxation in the G7, he did not seem to think that that was too important. That was a very confusing argument. I recognise the points made about the overall tax basis, but he did not see the creative, imaginative elements of the proposal, as I would expect a business man to do. That surprised me in a business man of his stature.

Mr. Redwood: Drawing on his business experience, does my hon. Friend find, as I do, that business people in big companies will go to enormous lengths—within the law, we trust—to try to avoid paying higher taxes? That is important when they do business across the world.

Mr. Binley: Of course my right hon. Friend is correct. Many of the greatest business supporters of the current Government were the proponents of such exercises. The hon. Member for Coventry, North-West—I repeat that I hold him in great esteem—said that the argument was about timing. That was the essence of why he did not want to support a cut to 25 per cent. at this moment. I would argue that it is precisely because of the timing that we need to make the change. I was one of those people who saw, from '79 onwards, a great rebirth of entrepreneurial spirit in this nation. I saw what that did for people like me, who wanted to go out and be their own boss, to build and create, and to drive forward the jobs that were so successfully created in the next years.

At the time, one of the major motivations for me, and for many other people like me, was the fact that the Government wanted to get off the back of business, free business up, and encourage business to build. Therein lies the import of the cut to 25 per cent. Like my right hon. Friend the Member for Wokingham, I want further cuts as time progresses, but timing is vital if we are to grab the green shoots that will surely appear. That is why it is important that we make the change now, and that we tell people we want to support business and entrepreneurism. We want to grow jobs and businesses and we want to attract businesses so that my children and grandchildren do not see that movement to the east as the end of their hopes and aspirations.

Stewart Hosie: I do not have a problem with lower business taxes, and I am very supportive of lower corporation tax. I have said so many times that, as part of an overall competitive framework for business, that is a prerequisite for solid economic growth. When we look back over the medium term, we can see that many countries that, when they reduced their business tax burden, in fact experienced a business tax increase year on year as the rates came down.

None of those comments will come as a surprise to those on the Conservative Front Bench, as I have made them on many occasions. It is the case, however, as we have discussed before, that concerns arose when business taxes were kept high. Even when allowances and reliefs for investment were extended, there were concerns that that regime failed to support the good businesses that were simply getting on and running their companies, and supported only the companies or firms that invested in particular areas. I shall return to that in a moment.

The hon. Member for Fareham (Mr. Hoban) suggested that the proposed tax cuts would fundamentally be paid for by reducing or removing allowances or reliefs, by simplifying the allowance or relief system. Although I agree with the need for a simpler tax allowance and relief system in general, I have a couple of questions about his amendment. What assessment has he made of the value of lost investments—investments that might be cancelled or delayed as a result of the proposals—if those allowances or reliefs have already been budgeted into the costs? Why has he proceeded at this point with the cut, rather than proposing a longer time scale for changes to the tax and allowance regime, which would allow the economy to benefit from the announcement effect, as we have seen elsewhere, whereby businesses come and set up in preparation for lower taxes, while mitigating the risk of investment projects being cancelled or postponed?

I am very supportive of a lower corporation tax rate—our aspiration is to reduce it to 20 per cent.—and I am in favour of a simpler tax system, which is a good thing, as it reduces costs and burdens, and is easier for business people, their offices and their staff, to understand. However, I question the timing of the proposal. Why not say that it would take place in future, to benefit from the announcement effect, and why not tie that into a longer lead time for the abolition or simplification of allowances? Importantly, what assessment has the hon. Gentleman made of the risk of investment projects being cancelled? I want to support the proposal, but it would be useful to hear his thinking.

Mr. Redwood: From the point of view of the hon. Gentleman's party, what would be a competitive corporation tax rate for the United Kingdom?

Stewart Hosie: We suggested a reduction to 20 per cent. That was our favoured route, and we thought it would be the optimal position. We must not have a race to the bottom, but we cannot compete with the lowest-cost economies: there must be a competitive package—that is the key. At the same time, we made it clear that that would not be done on day one. There must be a lead time, and where that has happened—and there is empirical evidence of this—the announcement effect on businesses coming here in preparation increased the tax yield even before the rates went down. If the hon. Member for Fareham responded to those points, I would be extremely grateful.

Mr. Syms: First, I should like to draw hon. Members' attention to my interest in the Register of Members' Interests as a director of a family building business.

We have had an interesting debate, and when we talk about first principles—tax, tax rates and competition—we often have such a debate. At the beginning of debate on the Finance Bill, we had almost a Cook's tour of Canada, Bahrain, Dubai, China and Dundee, East. That shows that we live in a competitive world environment that is not getting any easier year by year, but is becoming far more competitive. One of the examples that I used was Ireland, and a key message that has come across is that low taxes generate more revenue and jobs, attracting people to locate there. Ireland is one of our competitors and, notwithstanding its short-term difficulties, which are similar to ours as a result of asset price deflation and everything else, we must accept that this is a competitive world.

We should not look at the question on a year-by-year basis; we need to look at the medium term. Our economic problems relate not to one year alone, but to half a dozen years. We have to keep business in the UK and attract it to the UK. Setting a rate, a direction of travel, of 25 per cent. will make things a little easier than if we set a rate of 28 per cent.

5.30 pm

One of the messages to come from our financial problems has been how big some of the banks and international companies are in relation to our economy. We know that people sitting in various capitals around the world look at the various competitive differences of language, productivity and tax; all those things feed in. Although we do not necessarily need the lowest tax, we do not want to tax too much more than our competitors. That is a black mark when people are considering where they are going to invest and to locate their businesses.

Paying for the measure by restricting the capital allowances reliefs is probably right. Most businesses that have to invest in equipment and machinery do so for reasons to do with the business and not because of the tax advantages. The hon. Member for Coventry, North-West (Mr. Robinson) has already told us that there may be an impact on manufacturing. Of course: the pound has devalued against the euro and interest rates have massively reduced. All those things should—fingers crossed—help west midlands manufacturing. So what I have been discussing is a rather good way to go about things.

My hon. Friend the Member for Fareham (Mr. Hoban) mentioned companies such as Google and insurance companies, some of which are moving for regulatory reasons as well as the reason of rate. Such companies are more mobile. Manufacturing can move, but it is a hassle to move a plant; it is easier for an insurance company, bank, investment fund or software company such as Google to move. It is perfectly possible for my hon. Friend to come up with a calculation for amendment 1 whereby the burden on UK business would be the same but the pot might be bigger, because we might retain businesses that would otherwise consider moving—whether to Bermuda, southern Ireland or the Netherlands—and we might well attract businesses in. We have tremendous advantages as a nation. We are creative and hard-working, and the English language is a tremendous asset. That also means that we have to be competitive because a lot of other people speak English and can compete with us. Reducing the rate from 28 to 25 per cent. by restricting capital allowances and reliefs is sensible.

My hon. Friend made some compelling arguments. At the beginning of this debate he said that five years ago we had the fourth lowest headline rate in the EU and that today we had the 19th lowest. However, as we have heard, our competition comes not only from the EU—let us face it; many EU countries are rich and successful and will get through the problems—but from the whole world. Setting a lower rate is therefore important.

The hon. Member for Taunton (Mr. Browne) made some good points. A simple proposal that is more certain and not as avoidable is far better than having a higher rate and lots of reliefs and allowances. We see the direction of travel, but countries in the rest of the world are trying to get our business. They want to attract our companies, and they are doing so by setting more competitive rates. Unless we respond to that, we will not be defending the wealth, jobs and investment in the UK. We have to look beyond our current economic difficulties. Let us face it—we know that the corporation tax take is going to take a hit and that, even when recovery comes, there will be a lag. However, we also know that international businesses plan on a three, five, seven or 10-year basis. We should therefore plan our economic renaissance on the basis of setting rates to encourage people to look towards the medium term.

Mr. Redwood: Is my hon. Friend worried for firms in his constituency that are part of multinationals given that, at a time when a lot of capacity worldwide will be removed and plants will be closed, too high a headline rate might be what tips the balance against a British plant?

Mr. Syms: There is over-capacity within the car industry, and there will be cutbacks there; and we have already seen bad news from Teesside as regards steel. Many international businesses will be looking to see where they want to expand in future. We face great competition, and the tax rate is one of the things that might encourage people at least to consider staying here at a difficult time. Many of our major manufacturing plants are hanging in there by their fingernails. We hope that we will get through the current problems. However, it is important to send a message in terms of public policy, setting rates and stating a direction of travel if we are to retain people and stop them moving abroad. I was surprised when my hon. Friend the Member for Fareham listed some of the companies that have moved. I was aware of some, but perhaps I am not as glued to the financial pages as somebody who does the Treasury job full time and is a chartered accountant.

The amendment deals with lost revenue to UK plc that could be spent on important alternatives. It is therefore an excellent proposal, and I commend it to the House.

John Howell (Henley) (Con): I apologise for not having realised that in order to participate in this debate one had to be an expert on Canada, but having returned from Canada only on Saturday morning let me give the Committee the benefit of an update on the situation there. The economic situation was encouraging, as were the conversations that I had with Ministers, including those in the finance team. They had a realistic view of

Canada's position and direction and were keen to go out around the world and "sell" the country. Canada started with a good situation in terms of its approach to the current crisis. The stock market was doing rather well last week—not that I had time to undertake any speculation—and unemployment was under control.

There is one great difference between Canada and the UK: Canada has a Conservative Government. One of the Committees that I have served on over the past few months considered the Corporation Tax Bill. Nothing new was introduced into that Bill—it was part of a tidying-up exercise; "simplification" was the euphemism used—but the fact that it had some 1,300 clauses shows that we have some problems in our corporation tax system. It was evident that what was required was not just telling the press about closing loopholes but genuine simplification of a regime of allowances and reliefs that interact with each other, are extremely complex and set a very confusing picture for foreign investors who come to this country. It is a shame that the opportunity was not taken to make more of simplifying the corporation tax system as part of the way out of the current crisis.

There is huge scope for simplifying the system even further. For several years, I was an inspector of taxes—*[Interruption.]* I hear cries of "Shame!" from my hon. Friends. I remember that when I first started, all the income and corporation tax Acts could be put into a reasonably small box that could be put into one's briefcase and taken home. That is no longer so, which is a great shame. Even then, one had to deal with huge areas of enormous complexity, such as transfer pricing.

The Temporary Chairman (Mr. Jim Hood): Order. May I ask the hon. Gentleman to speak a bit more about the amendment as opposed to the generality of corporation tax?

John Howell: Thank you, Mr. Hood. I shall try to do that. That complexity, though, is very much part of the balance that needs to be struck in deciding what reduction in corporation tax is required and how it can be adjusted.

A lot of hon. Members have spoken about competitiveness in reducing the rate, and I endorse the many comments that have been made about the role of a lower rate of corporation tax in encouraging foreign investment into this country. For a number of years, it was very much the UK that set the agenda in encouraging newly developing countries in how they should approach their financial systems and set their own rates. I remember being involved in discussions how the countries of central and eastern Europe, as they emerged, could get the right balance between the rate of corporation tax and the need to bring in foreign investment through other means. That was always a difficult discussion, because countries always want to encourage companies to come in initially through means other than reducing corporation tax. It takes quite a lot of maturity for a country to get to the point of reducing it, as the amendment proposes.

Mr. Redwood: When my hon. Friend was in Canada, did he find people taking great delight in the fact that the UK rate was so much higher than the Canadian rate? Did they believe that that gave them a great competitive advantage?

John Howell: My right hon. Friend is right—there was a certain pleasure in that, although perhaps I should not use the word "pleasure", as they are, after all, our cousins and still part of the Commonwealth.

Mr. Timms: I may have misheard, but I believe that the intervention was factually incorrect. The corporation tax rate in Canada is higher than that in the UK.

John Howell: I think that my right hon. Friend the Member for Wokingham (Mr. Redwood) was talking about the overall direction in which it was going—at least, that was what I understood.

To return to the example of countries needing to reach maturity to consider reductions in corporation tax, the country that sticks in my mind is Poland, which has reduced its corporation tax rate to 19 per cent. Of course, the UK was very much behind the reforms there in the whole tax and financial system. It is a great irony, particularly given the advice that Poland gave the Prime Minister recently, that Poland was ready to take advice from the Conservatives but the Prime Minister was not. There we have something that will continue in future.

In the businesses that I have advised and examined, there is great attraction to the headline rate of corporation tax.

Rob Marris: May I caution the hon. Gentleman about praying in aid Canada and Poland? He will find that both countries have a rather higher unemployment rate than we do. I appreciate that ours is getting worse and is worrying, but I think that both those countries have higher rates. Canada certainly does.

John Howell: I thank the hon. Gentleman for his intervention. There is always a limit to the use that we can make of examples, but those of Canada and Poland still have merit to the extent that I have indicated.

David Taylor: The hon. Gentleman has rapidly developed a reputation in the House for being a rather more subdued and rational person than his predecessor, which does not take a lot. He says that the direction in which things are going is all that matters. Does he believe that if investors and industrialists were looking at a country with a highish corporation tax rate that was heading down slightly, and at another country with a lowish corporation tax rate that was heading up slightly, a rational organisation or individual would choose the former because the direction was downward? I do not think so.

John Howell: I am not sure whether to thank the hon. Gentleman or whether his remarks comparing me with my predecessor were even a half-hearted attempt at a compliment, but I will take them at face value and hope that I continue to make the gap bigger in his appreciation.

5.45 pm

In my experience of advising companies and Governments about how to set up foreign investment regimes, companies consider the headline rate. They do not look at it on its own, and the comments about not considering it in isolation are correct. However, companies consider the direction in which it is going and are prepared to take a punt on that, and to examine other circumstances, such as the simplicity of the tax system. An incredibly complex system will offset some of the advantages of reducing the tax rate. It is therefore right to proceed with simplification.

Companies examine the whole complex pattern, but I cannot emphasise enough that the starting point is the one thing that one can always grab hold of—the amount and direction of corporation tax. Earlier remarks about considering the whole package are important, but there must be one guiding figure: the rate of corporation tax.

I have done enough of a world tour to my two favourite spots, Canada and Poland. I hope that other hon. Members will consider other countries. As my hon. Friend the Member for Northampton, South (Mr. Binley) said, the middle east is an important area. His comments about attitude, direction, perception and the changes people make are vital because we can be sure that, when the crisis is over, people will not look at the world, or countries' approach to their tax systems, in the same way. They will look for simple tax systems that focus on the nation's priorities and reflect the changes in people's experience when, for example, they examine the amount of debt on the books.

I fully endorse the amendment and look forward to the vote on it.

Mr. Timms: The debate has been interesting. I want to underline the Government's determination to maintain the best possible environment for business in the UK, help the economy recover from the current downturn and provide the right conditions for long-term growth.

Since 1997, the UK has led the way among its peers in reducing corporate tax rates. We reduced the main rate from 33 per cent. in 1997 to 31 per cent. in 1998, to 30 per cent. in 1999 and to 28 per cent. last year. The UK corporation tax rate has been the lowest in the G7 since the Government were elected in 1997. The rate has consistently come down.

From listening to some comments, one could be forgiven for concluding that the rate had gone up, was going up or was set to go up. It has not—the main rate has consistently decreased. Indeed, we have set a target to maintain the most competitive main rate of corporation tax of the major economies. The hon. Member for Fareham (Mr. Hoban) said that he did not have a target. We do. Our target is to maintain that most competitive rate, and we will continue to assess the case for further reductions in the corporation tax rate, consistent with our wider objectives.

This debate, like many in the past, has been enlivened and enlightened—

Rob Marris *rose—*

Mr. Timms: By the contributions of my hon. Friend, to whom I gladly give way.

Rob Marris: May I take my right hon. Friend back a few sentences? I think that he said that the Government's aim was to keep the UK's corporation tax the lowest in the G7. Does that mean that, if Jim Flaherty in Canada achieved his aspiration of dropping corporation tax to 15 per cent., the UK Labour Government would follow that figure on a beggar-my-neighbour downwards approach?

Mr. Timms: I was coming to precisely the point about Canada, which, thanks to my hon. Friend's contribution and those of others, has been an interesting aspect of this debate. As I understand the current position in Canada, the rate is 33.5 per cent.—at least for most companies—compared with 28 per cent. in the UK. However, as we have heard, the Canadian Government have announced an aspiration to reduce that rate and, in due course, for Canada to have the lowest rate in the G7. Clearly, there cannot be two countries—*[Interruption.]* It is possible, I suppose, to have two, if both countries set the same rate. It is worth pointing out, however, that that aspiration was set before the problems in the world economy that we have seen over the past 18 months. There have been big changes in the world economy and Canada may wish to reconsider how best to address the fiscal consequences of the past 18 months. However, our intention—which was set some time ago and which Canada said a little while ago it wanted to emulate or even better—remains, but of course we will need to see what happens.

It is worth bearing it in mind that tax competitiveness is about more than just the headline rate of corporation tax, as has been pointed out. The UK tax system certainly has significant advantages, including a generous and well-developed system of research and development tax credits, relatively low administrative burdens for business, a large tax treaty network and no withholding tax on dividends paid. We are introducing a package of measures in the Finance Bill to reform the taxation of foreign profits, which the hon. Member for Fareham mentioned, enhancing the UK's competitive position as a location for multinational business. We will debate that in due course.

We in the UK also perform well on other measures, according to the hon. Gentleman's former employer. In "Paying Taxes", a publication by PricewaterhouseCoopers and the World Bank, we rank first in the G7 for ease of paying taxes. We were ranked by KPMG last year as the most friendly country in the world for VAT arrangements.

Mr. Redwood: Dream on.

Mr. Timms: I refer the right hon. Gentleman to the authoritative KPMG survey of more than 500 multinational companies that reached that conclusion. The World Bank's "Doing Business 2009" study ranks the UK sixth in the world. The evidence is clear: we are in a strongly competitive position, and it is important that we should retain that.

Mr. Redwood: If everything is so wonderful, why have so many companies left for tax reasons and why have there been such strong representations in recent months about how hostile the climate now is on tax?

Mr. Timms: The climate is certainly not hostile on tax. Of course it is true that, from time to time, some companies choose to locate elsewhere. It is also true, however, that over a long period we have consistently attracted more foreign direct investment into the UK than any other country in the world, with the exception of the US, and in one year—I forget exactly when; it was three or four years ago—we got more in than the US as well. We have an absolutely stunning record on attracting foreign direct investment, which is a reflection of the strongly competitive character of the UK business environment.

David Taylor: I am pleased to hear the views of international businesses about the user-friendliness of HMRC. The prompt payment code, which the Government have signed up to, requires the payment of invoices by

the public sector and the Government within 10 days where there is the equivalent of an invoice, such as an acknowledged refund of corporation tax that is due. Is it the case that those payments, which are vital to the continuity of the businesses concerned, sometimes take weeks and weeks, because of peaks of work in the relevant tax offices, which is partly because of cuts in the headcount of staff? That is not good, is it?

Mr. Timms: No, it certainly is not, although I do not agree that our announcements about changing the way in which Revenue and Customs is organised, for instance, would lead to that kind of difficulty. If my hon. Friend is aware of a particular problem, I would be happy to hear about it from him and will gladly investigate. However, he is certainly right that such repayments should be made promptly.

In opening the debate, the hon. Member for Fareham seemed to say at one point that the change could be funded by simplifying taxation. Indeed, it would be a wonderful idea if one could simplify everything and thereby fund the reduction of corporation tax from 28 to 25 per cent. However, as we explored what he is proposing further, the position became clearer. Cutting the rate of capital allowances further could produce an effective rate of tax depreciation significantly below the average depreciation rate used by businesses.

Businesses with good commercial reason to invest would then find the tax system discouraging them from doing so, which would be a very undesirable state of affairs, discouraging investment by sectors such as manufacturing, transport, communications, retail and utilities, and certainly damaging our international competitiveness by reducing investment in those sectors. My hon. Friend the Member for Coventry, North-West (Mr. Robinson) was absolutely right to underline that point with his experience of working in manufacturing. Indeed, my hon. Friend the Member for Wolverhampton, South-West (Rob Marris) made that point as well. The hon. Member for Poole (Mr. Syms) did not think that that mattered, because of other benefits that the manufacturing sector was experiencing. It is certainly true that, for example, the change in the exchange rate over recent months has been helpful for manufacturing. However, he would be very ill advised indeed to rob manufacturing in particular of the significant benefits of the current arrangements for allowances. We simplified capital allowances in the Finance Act 2008 to pay for the reduction in the headline rate. Going further could create serious problems. Indeed, the hon. Member for Dundee, East (Stewart Hosie) was right to query the timing of the hon. Gentleman's proposition.

I hope that the House will reject the amendment. Nevertheless, I underline the Government's commitment to maintaining the attractive tax environment for business that we have in the UK, not least through having the lowest headline main rate of corporation tax in the G7.

Mr. Heban: We have had a wide-ranging and thorough debate on the amendment about reducing the headline rate of corporation tax. It was interesting that the Minister acknowledged the fact that, in the Finance Act 2008, the Government were able to fund a reduction in the headline rate of corporation tax by simplifying the allowances. We discussed the reforms to the industrial buildings allowance and the agricultural buildings allowances in Committee. There is therefore a track record of using the proceeds of simplifying capital allowances—that is, reducing the rates—to fund reductions in the headline rate of corporation tax. Our view is that we could go further and reduce the rate to 25 per cent.

My right hon. Friend the Member for Wokingham (Mr. Redwood) was acting in his customary role as a critical friend, supportive of where we had moved so far, but perhaps keen for us to move further in the direction of reducing the headline rate of corporation tax. My other hon. Friends cited their business experience in talking about competitiveness and about what businesses bear in mind when locating activity.

Mention has been made of the way in which Governments focus on tax as a means of competing, and I think that more reference was made to Canada in today's debate than perhaps at any time since it was a dominion and part of the empire. It was good that my hon. Friend the Member for Henley (John Howell), a former tax inspector, joined the hon. Member for Wolverhampton, South-West (Rob Marris) as an aficionado of Canada and a spokesman on its behalf.

6 pm

We discussed the fact that Canada has a federal rate and provincial rates of tax. I note that the OECD figures suggest that it has a combined rate of 33.5 per cent. If Canada were to achieve its aspiration of reducing the federal rate by 7 per cent., that would bring its combined rate down to 26.5 per cent., which is below the present UK tax rate. If the Minister is keen to match the Canadian rates, some progress clearly needs to be made.

We discussed the impact of the proposal on capital investment and the possible reaction of businesses to it. Part of the problem that we need to address is the fact that the structure of capital allowances has been so unpredictable in this country. That has made it difficult for businesses to factor into their plans an understanding of what the capital allowance rate might be. For example, businesses planning on the basis of a 25 per cent. writing-down allowance might be surprised to find that there will be a 40 per cent. first-year allowance for this year only. The extent to which that provision will create an incentive for businesses to invest this year is unclear. Many businesses with a longer planning horizon might not be able to respond to such a short-term incentive.

It is important to have predictability so that businesses can make their plans. That is one reason why we are so keen to flag up our intention to reduce the headline rate of corporation tax, and to fund that reduction through a reduction in the rate of capital allowances. The broader economy would gain huge benefits from moving to a lower headline rate. Such a move would send a clear signal to inward investment that this is the place to come for lower corporation tax rates.

Such a move would also tackle the issue of businesses moving out of the United Kingdom. I think that my hon. Friend the Member for Poole (Mr. Syms) was impressed by my lengthy list of businesses leaving the UK. Part of the problem is that, when the first few businesses moved, it was newsworthy and people paid attention, but subsequently, a stream of businesses leaving have left. It has become more commonplace and less noteworthy, and people now accept that it is happening.

But the fact that it is less newsworthy does not mean that it is less important for us to take action.

The Financial Secretary to the Treasury talked of several firsts. He said that the UK was the best place for tax compliance and the best place for VAT, but let us not forget our other first. We also have the longest tax code in the world. We beat India by a country mile in that regard. International comparisons do not always work in our favour.

It is important for Britain to have a competitive tax rate. It is important for inward investment, and for strengthening the economy to make Britain a place where people want to do business. This proposal is only one part of a series of reforms of the corporation tax system that would lead to a better system for business in this country, but it is important that we send a signal that this is something that we are committed to. That is why I shall press the amendment to a vote this evening.

Question put, That the amendment be made.

The Committee proceeded to a Division.

The Temporary Chairman: I ask the Serjeant at Arms to investigate the delay in the Aye Lobby.

The Committee having divided: Ayes 200, Noes 302.

Division No. 117] **[8.3 pm**

AYES

Afriyie, Adam
Alexander, Danny
Amess, Mr. David
Arbuthnot, rh Mr. James
Baldry, Tony
Barker, Gregory
Barrett, John
Baith, rh Sir Alan
Bellingham, Mr. Henry
Bercow, John
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Breed, Mr. Colin
Brokenshire, James
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Cable, Dr. Vincent
Cameron, rh Mr. David
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clarke, rh Mr. Kenneth
Clegg, rh Mr. Nick
Clifton-Brown, Mr. Geoffrey
Cox, Mr. Geoffrey
Curry, rh Mr. David
Davey, Mr. Edward
Davies, Mr. Dai
Davies, Philip
Davis, rh David
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Nadine
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Hague, rh Mr. William
Hammond, Mr. Philip
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Holcobme, Mr. Philip
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howarth, David
Howarth, Mr. Gerald
Howell, John
Hughes, Simon
Hulme, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Kawczynski, Daniel
Kelich, Mr. Paul
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Lamb, Norman
Lansley, Mr. Andrew
Laws, Mr. David
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Lloyd, Mr. Elfyn
Luff, Peter
Mackay, rh Mr. Andrew
Mackinlay, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mason, John
Mates, rh Mr. Michael
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Oaten, Mr. Mark
Öpik, Lembit
Osborne, Mr. George
Paice, Mr. James
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Pritchard, Mark
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shephard, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stunell, Andrew
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Stephen
Wilson, Mr. Rob
Wilson, Sammy
Wishart, Pete
Young, rh Sir George

Tellers for the Ayes:
Jason Dudbridge and Jeremy Wright

NOES

Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Battle, rh John
Bayley, Hugh

Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Cleyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Creagh, Mary
Crobbie, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael (Worcester)
Foster, Michael Jabez (Hastings and Rye)
Francis, Dr. Hywel
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hoey, Kate
Hoon, rh Mr. Geoffrey
Hope, Phil
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keen, Alan
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Oliver, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Pickthall, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. (Sheffield, Hillsborough)
Smith, Angela E. (Basildon)
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Sloate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watts, Mr. Dave
Whitehead, Dr. Alan
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David

Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Barbara Keeley and
Chris Mole

Question accordingly negatived.
Clause 7 ordered to stand part of the Bill.

Clause 8

SMALL COMPANIES' RATES AND FRACTIONS FOR FINANCIAL YEAR 2009

Mr. Hoban: I beg to move amendment 2, page 3, line 22, leave out '21%' and insert '20%'.

The Temporary Chairman: With this it will be convenient to discuss the following:

Amendment 6, page 3, line 23, at end insert—

'(1A) The Treasury may by regulations provide for the introduction of a very small companies relief from the small companies' rate under subsection (1) for businesses with a rateable value of less than £25,000.

(1B) Regulations under subsection (1A) shall be made by statutory instrument and shall be subject to amendment in pursuance of a resolution of the House of Commons.'.

Amendment 3, page 3, line 25, leave out '7/400ths' and insert '1/50th'.

Mr. Hoban: Having engaged in a helpful and thorough debate on amendment 1, relating to the main rate of corporation tax, we must now deal with the small companies rate. Amendment 2, tabled by me and by two of my hon. Friends, seeks to reduce the headline rate from 21 per cent. to 20 per cent., while amendment 3 seeks to change the fraction from 7/400 to 1/50. I shall say more about amendment 3 a little later. Many of the points made during our debate on amendment 1 about the unpredictability, complexity and uncertainty of the corporation tax system apply to small companies as well, but in the case of small companies there is a more pressing issue.

There is a little bit of history attached to amendment 2. There has been a long-running debate in Government about the taxation of small companies, and about what tax rate has been appropriate. When I first served on a Finance Bill Committee as a Back Bencher in 2002, the then Chancellor—now Prime Minister—had proposed a zero per cent. corporation tax rate on profits of less than £10,000. What the Government said at the time suggested that they saw the proposed rate as a spur to enterprise which would reinvigorate British business, but that rested on a key assumption which was misplaced then and which, in a sense, has led to some of our present problems: the assumption that only companies were entrepreneurial. That assumption ignored the contribution that can be made by partnerships and other unincorporated businesses to the dynamism of the British economy.

The flaw in the Government's proposal was that it did not merely overlook the fact that other types of business organisation could be equally dynamic, but triggered a behavioural change. A raft of unincorporated businesses became limited companies, because a gap had opened up between the rates of tax that would be paid by, say, a plumber, depending on whether he was employed, self-employed or a limited company. I believe that it was adequately flagged up at the time that that would happen.

David Taylor: I recall the decision and its implementation, and I recall the massive wave of incorporation that took place. It was not one of the best decisions that we have made in government. Does the hon. Gentleman agree with me—and, indeed with most management consultants—that, in the context of the framework for business, the decision whether to incorporate should never, or at best very rarely, be made for fiscal reasons?

Mr. Hoban: That is an important question. It returns us to what was said earlier about distortions in the tax system, and about attempts to persuade people to make decisions that reflect commercial realities rather than being driven by tax considerations. A difficult position arose. Very small businesses—one-man bands—became incorporated in order to take advantage of the fiscal position, which I believed was a flawed decision. I argued at the time that it would lead to a wave of incorporations.

The problem is that small companies are not measured in terms of numbers: in terms of whether they have one employee or two, three, four or five. They are measured in terms of the amount of profit that they make. On the one hand, there is the wish to create a level playing field for the plumber, the carpenter, the engineer and the IT software support worker, while on the other hand there is a range of businesses that are also incorporated and that are much bigger. In the latter case, the decision to incorporate was probably made on grounds of logic or to admit liabilities.

What is happening now, however, is that larger companies that nevertheless fall within the profit threshold for small companies are paying the price of the Government's early mistakes. Following the introduction of the zero per cent. rate in 2002, the Government saw what was happening and responded by introducing such measures as a higher tax charge on distributions. Gradually, a point was reached at which, rather than piling complexity on complexity, the Government decided to increase the small companies rate of corporation tax in an attempt to narrow the gap between the rate paid by people working by themselves as small companies and the rate that they would pay if they were employees or self-employed.

In 2007, the Government finally decided that enough was enough. They scrapped the system, and introduced a 19 per cent. rate. They then set out to increase corporation tax for small companies by 1 per cent. per annum until it reached a top rate of 22 per cent. This was meant to be the year in which it would reach that rate, but, in the light of the current economic circumstances, the Government decided to put the increase on hold. Let me ask the Minister a question that I asked on Second Reading last week. Can the Government give any indication of whether they intend next year to raise the rate to 22 per cent., and to continue on that upward path?

It was not just the change in rate that the Government considered as a means of tackling the issue of incorporation. They introduced a raft of rules on managed service companies in the 2007 Finance Act, and conducted a long consultation on the shifting of income between husband and wife, which, as far as I can see, has been kicked into the long grass. However, I think that we

need to learn the lessons of the original rate change policy. I think that it was misconceived. It triggered certain types of behaviour that the Government have sought to crack down on, and introduced a new complexity into the tax system. It is a sign of the uncertainty and unpredictability in the tax regime for small businesses.

Lembit Öpik (Montgomeryshire) (LD): I accept that the hon. Gentleman's amendments seek to achieve specific ends, but does he more generally feel that, notwithstanding the current debate, we need to have a root-and-branch review of the complexity? That complexity does not help either tax gathering or small businesses. Businesses are burdened by an unbearable cost in time and effort because of the opacity of the system, but a more streamlined version would help both them and the taxman.

6.30 pm

Mr. Hoban: The hon. Gentleman makes an important point: we must have a less complex system. The Chancellor of the Exchequer made a commitment to simplify it when he was appointed to the post. I do not know whether the hon. Gentleman is auditioning to take part in the Public Bill Committee, but if he were he would notice that in the Bill's index there is the sub-heading of "Simplification", listed under which there are only three clauses out of a total of 126. Therefore, although everyone aspires to achieve simplification, it is clearly hard to deliver. I know that complexity is an issue for the people who run small businesses; that was raised with me on Friday, when I was talking to small businesses locally.

Lembit Öpik: I am grateful to the hon. Gentleman for his concurrence with my view, but for the avoidance of doubt let me make it clear to my party Whips that I am absolutely not auditioning for the honour of serving on the Public Bill Committee.

Mr. Hoban: I am grateful to the hon. Gentleman for his comments too, but I hope that that is the end of them, as his party colleague, the hon. Member for Taunton (Mr. Browne), was very critical about the length of an earlier speech of mine, which was the result of my being overly generous in taking interventions.

I have talked about the need to look at the direction of travel of the small companies rate, and about whether holding the figure this year at 21 per cent. is a permanent feature or whether it is the Government's intention to move to 22 per cent. next year. Many small businesses are finding the current economic crisis very difficult. In October of last year, John Wright, chairman of the Federation of Small Businesses, wrote an open letter to the Prime Minister under the heading,

"Help or the UK will crumble".

In the body of the text, he implores the Government to implement Conservative proposals to reduce the rate of corporation tax for small businesses; amendment 2 would reduce the rate from 21 per cent. to 20 per cent. Not only is that a Conservative policy, but Mr. Wright clearly hoped that the Government would introduce it in the Budget. This is what Mr. Wright said after the Budget:

"In what has been the most crucial budget in decades, the FSB is disappointed that small businesses have been largely ignored".

In an FSB survey, when its members were asked if this was a Budget for small businesses, 68 per cent. said no. When asked if it would have a positive effect on their business, only 7 per cent. of respondents said yes. A survey conducted by the Forum of Private Business came to a similar conclusion: 97 per cent. of respondents said nothing had been done to ease the burden of costs that they face, and 94 per cent. felt that the Budget did not address the issues threatening the survival of their businesses.

It was not only business organisations that were critical of the Budget and its impact on small businesses. Theo Paphitis, one of the stars of the "Dragons' Den" television programme, said:

"The Chancellor forgot that small businesses exist. He also forgot that one in five households in the UK derives its income from small businesses. He also forgot that nearly half of all employees in the private sector are employed by small businesses. In fact, the Chancellor forgot a lot of things."

One way in which we can help small businesses is by reducing the headline rate of corporation tax for small companies from 21 per cent. to 20 per cent. As with the measure proposed in amendment 1, this is a funded tax cut. I know that the modesty of it will upset the hon. Member for Taunton, but it is the prudent thing to do at present. Again, we will fund the reduction in the small companies rate through simplifying the capital allowances system.

Earlier on, we engaged in debate about the competitiveness situation for small businesses and how the UK tax regime compares with those of other countries. According to the OECD, our small companies tax rate is significantly higher than that of the US and France, whose rates are 15 per cent. Earlier in the debate, the Government were very keen to highlight that the UK mainstream corporation tax rate was one of the lowest in the G7. Clearly, however, as the US and France—and, indeed, Canada—have lower rates of corporation tax for small companies, we are out of kilter with other countries. My hon. Friend the Member for Henley (John Howell) will be interested in the Canada comparison, and I am sorry that the hon. Member for Wolverhampton, South-West (Rob Marris) is not present to hear about it, although I am sure he will pick it up later. We need to ensure that both the main rate of corporation tax and that for small companies are competitive.

The measure proposed in amendment 3 is very straightforward—or at least I thought it was when I tabled an amendment last year reducing the fraction concerned to one fortieth, only for the Financial Secretary's predecessor to point out that that fraction was based on the corporation tax mainstream rate being 30 per cent. I have therefore gone back to my calculator, and it is my belief that the fraction should be one fiftieth, under which there would be a very smooth transition for businesses whose profits exceed £300,000, which is the upper threshold for small companies until they reach the full rate for large companies of £1.5 million. I hope the maths of that work. If the House were to agree to amendment 2, then amendment 3 flows logically from that. In our amendments, we both reduce the rate concerned from 21 per cent. to 20 per cent. for small companies and we have got the right fraction.

May I pre-empt the hon. Member for Taunton in his comments on his amendment 6? I was intrigued by it, and I wish to flag up my understanding of it. The

[Mr. Hoban]

intention appears to be to give further tax relief to small companies based on the rateable value of their premises. Does that not create a risk of giving highly profitable businesses relief simply because they might work from small offices? I am not sure whether that is the hon. Gentleman's intention, but I am sure he will explain the situation at greater length.

The thrust of taxation for small companies has been disjointed over the past few years. The Government saw it as a spur to enterprise when they introduced the zero per cent. rate back in the 2002 Budget. They then decided that that led to all sorts of inappropriate behaviour and, sadly, by increasing the rate of tax from 19 to 22 per cent., have started to penalise businesses that fall under the definition of small companies but that are not an alternative to being self-employed or employed. I see the emerging danger that we are penalising those small companies that have not sought to incorporate to take advantage of the tax rules, but that incorporated for the right commercial and legal reasons. They are being penalised because of a flaw in the Government's thinking back in 2002. I do not believe it is appropriate for that to continue. That is why I propose this cut in the small companies rate from 21 per cent. to 20 per cent. That, again, will be funded through a reduction and simplification in capital allowances. I hope that the House will support amendment 2.

Mr. Jeremy Browne: I am grateful for the opportunity to contribute to this part of our deliberations. I say at the outset that I was not criticising the hon. Member for Fareham (Mr. Hoban) when I said his proposals were modest: I was praising him, and it is precisely because of their modesty that I feel able to support them. If they had been unfunded—the right hon. Member for Wokingham (Mr. Redwood) suggested that we consider such a situation—that may have given us greater difficulty, given the overall state of the public finances.

That leads me neatly to this proposal, which, after all, is largely an extension of our discussion on the previous clause. However, as it is slightly different, I shall speak at slighter greater length to it. According to the Federation of Small Businesses, there are 4.7 million small businesses in the UK, a remarkable 97 per cent. of firms employ fewer than 20 people, and 95 per cent.—19 out of 20 companies in the United Kingdom; I am not talking about 19 out of 20 employees—employ fewer than five people, so the overwhelming majority of businesses and enterprises in this country are extremely small employers. More than 500,000 people start up their own businesses every year, small firms employ 58 per cent. of the private sector work force, 13.5 million people work in small firms, small firms contribute more than 50 per cent. of UK turnover, and 64 per cent. of commercial innovations come from small firms.

I rehearse those statistics because it is clear—this point is made so often that it is a truism—that small enterprises are extremely important to wealth creation and employment opportunities. Thus, it is important that we regard them as being a distinct entity for corporation tax purposes. That point is widely accepted, which is why the Government have a different rate for them. For the same reasons that I cited in our previous discussion, we think that stability is important. If the Government are not going to cut rates, it is good that they at least indicate that there will be stability and that the rates will be frozen, and seek to convey to businesses the understanding that the situation will endure, even though it is not necessarily in the gift of the Government to guarantee that, as clearly it is not for a longer time scale.

That statement of intent is helpful because it allows businesses to plan. However, it remains our view, as it was when we discussed the previous clause, that simplicity has a virtue and that our trying to reduce headline rates helps companies—as my hon. Friend the Member for Montgomeryshire (Lembit Öpik) said, it helps in terms of their administrative burden—and creates the right message for those looking to start businesses or invest in this country. For those reasons, and because I have the assurance of the hon. Member for Fareham that the Conservative proposal is costed and responsible, as I like proposals to be, it is reasonable to support it.

Amendment 6, which stands in my name and that of my colleagues, was an attempt to provide additional assistance. In an effort to be open-minded and generous-spirited, may I say that I take the hon. Gentleman's point that there are potential difficulties with the system I am proposing? It is difficult to frame amendments that cover every eventuality, because the nature of the process is that amendments have to be reasonably brief. We seek to give further assistance to particularly small businesses, which may benefit from that help, given that, as I was saying, 95 per cent. of businesses in the United Kingdom have five or fewer employees.

David Taylor: I am a big admirer of the FSB and I use its website and services from time to time. Has it said whether there is any correlation between rateable value and profit? Why would it be sensible to use as a proxy for a definition of small businesses something related to rateable value? Far better measures could be used, particularly for organisations and small businesses that are devolved in an electronic sense through good numbers of people working from home. How would that be handled?

Mr. Browne: One might seek to give the greatest encouragement to precisely those businesses. I take the hon. Gentleman's point, and my doing so relates to the concession I was making only a moment ago; I only regret that he did not take the opportunity to table an amendment that he felt would be more effective in assisting the businesses I am trying to help. I think there is broad agreement on the overall point that small businesses contribute substantially to the UK economy, and it is very much in our interests that that be recognised in the tax structure.

6.45 pm

Mr. Hoban: The hon. Gentleman makes an important point about recognising the importance of small companies in the tax structure, but could he elaborate a little more as to the nature of his amendment and the relief that would be granted to businesses that fell into this category? Is he talking about a 10 or a 15 per cent. rate of corporation tax for those businesses? It is not clear where his thinking is heading on the additional relief that would be offered to them.

Mr. Browne: There would be an additional saving to such businesses, and it would depend on the rateable value of the premises. An assessment would have to be made of that rate, and the saving would accrue at that point. Even if you propose to let me press my amendment to a Division, Mr. Hood, I do not intend to do so; I was seeking to make the point that there is merit in the Conservatives' proposal. I did not think it necessary to table an identical amendment, because I am more than happy to give my party's support to their suggestion. I was seeking to explore ways in which we could help particularly small companies that may benefit from additional assistance. If people feel there are multiple ways in which that can be achieved, I am open-minded on the matter and I hope that those will emerge during this debate and our deliberations in Committee.

Mr. Hoban *rose—*

Mr. Binley *rose—*

Mr. Browne: Should I give way to the Front-Bench spokesman?

Mr. Binley: Better give way to seniority.

Mr. Hoban: I am not sure how my hon. Friend defines seniority, but could the hon. Gentleman make his point a little clearer? He talked about the relief in relation to rateable value, which gave me the impression that he was talking about a reduction in the business rates a small business would pay, as opposed to a reduction in its corporation tax bill. He left hanging in the air the question of what sort of relief he means in practice.

Mr. Browne: If his intervention is directly related, I shall give way to the hon. Member for Northampton, South (Mr. Binley).

Mr. Binley: It is. We should recognise that the seniority to which I referred was with regard to pecking order, rather than anything else. I welcome the general thrust of the hon. Gentleman's proposal; there is a need for a more graded relationship to corporate taxation, particularly for micro-companies. He has the good will of the Committee in this respect, and I hope that the Government will take that on board. The proposal does need defining further; introducing rateable value creates a more clumsy arrangement when matters need to be simplified.

Mr. Browne: I am grateful for the hon. Gentleman's intervention, because it perhaps gave the response that I may have sought to give to his Front-Bench colleague. I hope that the Equality Bill, which we debated yesterday, will address any issues he may have about seniority and discrimination in terms of pecking order. The intention behind amendment 6 was not only to say that the proposal to cut the headline rate had merit and that additional simplicity had virtue; it was also to consider whether, through this method, we could grade matters further and target specific assistance on particularly small companies such as start-up and IT companies, which have been mentioned. There is probably a feeling that this may not necessarily be the best method, but that there is some merit in trying to think along those lines. This has afforded me the opportunity to make that point.

On the lead amendment, while I welcome the Government's intention not to increase the rate, we think there is scope for decreasing the headline rate, based on tax-neutral assumptions and simplification of the system as a whole.

Mr. Binley: Of all the things the Government have done in recent months, one of the worst was to increase corporate taxes for the small business sector. The timing of this proposal has been disastrous, and the Government—and many of their supporters—recognise the problems. The increase has had a depressing effect on small businesses. It has prevented entrepreneurs from starting businesses, and it has certainly stopped small businesses growing. We need to change that situation, and amendment 2 would help to do that. That is why I am so keen that it should be accepted.

My main point concerns the importance of retained profit to small businesses. Retained profit is the very essence of their growth and survival. Small businesses tend not to have loans or be involved in over-complicated financial support—they simply have an overdraft. Therefore, the amount of money left at the end of the year is a vital consideration for their future growth, and to their protection against bad debt. That is particularly relevant at this time. For small businesses, cash is king and the more that the Government take in corporation tax, the less small businesses have to survive. The objective of most small businesses is simply to be here next year, and the Government could help enormously by accepting the amendment.

The amendment would also help businesses looking to grasp the opportunities that will be provided by the green shoots when they come. I hope that the Chancellor's projections are right. I want to see the green shoots sooner, rather than later, and a cut in corporation tax would better prepare small businesses to exploit those opportunities. I do not need to tell the Government about the growth opportunities in small business, as they have been well proved. The creativity of small businesses is very valuable for this country, and we need to have them in situ to support the supply chains for our bigger plc companies. However, they will not be in situ if they do not survive, and we will lose that infrastructure. The amendment would be a small measure to encourage small businesses, because it would give them more cash at the end of the year, which would help their survival and their growth when the recession ends.

Mr. Hoban: My hon. Friend will know from his experience running small businesses about the impact that the Government's change in their approach to small business taxation has had. From his viewpoint, have the frequent changes over the last few years damaged the willingness of those businesses to invest and plan for the long term?

Mr. Binley: My hon. Friend makes a vital point. Many small businesses that were thinking in the longer term have ceased to do so. Many of them are simply looking to the next six to nine months in the hope that they will still be around. As I said, cash is king, and the amendment would provide a little more cash for such

[Mr. Binley]

businesses at the end of the financial year to enable survival, after which they can think about growth. They have to survive first, and that is the point that I wish to make to the Government. The amendment would give small businesses sizeable encouragement, which would be most welcome.

John Howell: I wonder whether my hon. Friend's experience is similar to mine in that, because of the vulnerability of small and medium-sized companies, even the smallest amount of tax reduction has a huge effect on them.

Mr. Binley: I am grateful to my hon. Friend for making that point, because it allows me to point out that just a £2,000 bad debt can be the end of a very small company. That sort of saving might ensure its survival, which is why I seek the Government's support for the amendment. If that is not forthcoming, I hope they will think about this matter more constructively than they have to date. I am told that the road to Damascus is a most attractive route.

Mr. Syms: Clause 8 is important and amendment 2 would be very helpful. We have already heard how important small businesses are—probably more for the employment they provide and the taxes thus generated, rather than for their profits and corporation tax purposes. Many companies in the small business sector are under-capitalised. It is therefore important that when they make money, it be retained within the business. Many of the capitalist entrepreneurs who run such companies pay the tax and leave the money in the company instead of taking a dividend, so that the company can grow.

If we are to get through these economic problems, we will need people who are determined, who are good managers and who have a vision for running a business. Many small businesses do not make a profit, but giving a signal to the small business sector by reducing, rather than increasing, the rate is potentially very important. Many people are in business out of sheer awkwardness—they have run the business for years and are determined to keep faith with their employees. Those people are looking for better times ahead. Many of them have risked their homes, put off holidays and even ruined marriages over their businesses, so it is important that we give them a signal that they will be able to retain more of what they do make in profit.

Today's small business is the potential medium or large company of tomorrow. We have seen several examples over the past 10 to 15 years of small businesses growing and providing many jobs and innovation. It is important to tend, encourage and provide direction for small businesses so that they provide jobs, make profits and produce a return for those who take the risks.

The Government are already set on a course of raising national insurance on employees. That is not the right approach, but the amendment would enable us to reinvigorate and encourage small businesses, which will, we hope, be the great successes of tomorrow.

John Howell: I wish to draw Members' attention to my entry in the register, as I am the director of a family company—my own family company, for the sake of clarification.

I thank the hon. Member for Taunton (Mr. Browne) for giving the statistics on the small business sector. It was a helpful tour d'horizon and has set the scene for this debate. However, it does not emphasise enough that the problem faced by small and medium-sized businesses comes down, essentially, to the credit squeeze and their inability to access credit to develop their businesses.

7 pm

Mr. Jeremy Browne: I am grateful to the hon. Gentleman for giving way, because he has only just started to speak. I am also grateful for his kind words. The one other point that I omitted to make during my speech is that most of the big multinational companies started as small businesses. The benefit of this sector is measurable in terms of not only current small businesses but many companies, employing thousands of people, that had to get off the ground initially.

John Howell: The hon. Gentleman makes a good point. We all need to bear in mind and to stress the support provided by the interrelationship between small and medium-sized companies and larger companies. Many of the points that I made during our debate on amendment 1 are just as relevant to amendment 2. Other hon. Members have mentioned the effect on small businesses of uncertainty within the tax system and the need to get rid of that, as well as of the system's inherent complexity. Indeed, I would argue that those two elements are especially important considerations for the small business sector.

Getting rid of uncertainty is vital and there is no benefit to anyone in maintaining a complex tax system for small businesses driven by entrepreneurs. It is totally unnecessary to make things complicated or more expensive. Entrepreneurs can be a funny bunch. They are very focused on their idea. I am sure that there are some very good examples of such people on the Conservative Benches and that they will take these comments in good spirit. That focus is why their business ideas work and why they are successful. However, as well as doing all the things that a business needs, they have to undertake a range of other activities, from being the head cook and bottle washer to being the bookkeeper. I know that—I have been there and have experienced the pressures of going out and getting business while ensuring that the cash flow is working and that there is back-up. The Budget presented a handful of measures for the small business sector, but it did not address the important issue of cash flow. The amendment seeks to address that problem.

Earlier, reference was made to comments from the Federation of Small Businesses and its chairman, John Wright. The quotation was:

> "In what has been the most crucial budget in decades, the FSB is disappointed that small businesses have been largely ignored".

The most important word in that quotation is "crucial". His point is borne out in the quotation from the chief executive of the Forum of Private Business, who said:

> "The Chancellor has missed a vital opportunity to produce a Budget for business survival".

That point has already been made eloquently by my hon. Friend the Member for Northampton, South (Mr. Binley). It is crucial, because this is about survival.

Many of our small businesses are just surviving, and the rate reduction could be of extreme benefit to them.

We like to think in terms of protecting vulnerable institutions but we rarely think of small businesses as vulnerable. Last night, I was privileged to have in the House members of the Henley-on-Thames partnership, many of whom represent small and medium-sized businesses in and around the town. They individually employ relatively small numbers of people, but collectively they make a major contribution to the life of the town and to its business life in particular.

In small towns such as Henley, lay-offs are personal. People know each other and there is a family atmosphere, even when the companies are not necessarily owned by the same families, among the companies that work and do business in the town. It is crucial to reduce the threat that any possible downturn could pose to those companies. Anything that can improve the cash flow, as amendment 2 does, is to be welcomed.

As I said at the beginning, the vulnerability of such companies results principally from a lack of credit. However, many are vulnerable because they have already had to make cuts in order to save costs. In some cases they have laid people off, and in others they have found different means to make savings. Also, as a result of the recession, many of the service sectors are already witnessing a decline in the number of people seeking their business. When businesses have made all those efforts and cuts in order to stay afloat, it does not go down well at all when they see the money that they have saved going on higher taxes. That is nonsense for them. They do not understand it and it does not encourage entrepreneurs into the system, particularly to begin start-ups.

Mr. Binley: I am listening intently to my hon. Friend's speech, and I congratulate him. I meet many small business people who are beginning to despair and feel that the burdens are getting too heavy for them to continue the journey. This is about spirit as well as money; it is about giving a sign of encouragement as well as taxation. Does my hon. Friend agree?

John Howell: I completely agree. An important point that emerged in our debate on the headline corporation tax rate concerned its importance as a signal of the country's competitiveness. In this case, we are giving out a signal about the importance of a very vulnerable sector, which lives on the margins, as my hon. Friend has described so well. I, too, meet representatives from many businesses in a similar situation in my constituency and as I go around the country.

I have never been in despair about the business, but I know that one has to deal with many things as part of running a business while yet more tasks are piled on top. The lack of recognition and appreciation of the role played by small businesses in the economy bites into one's enthusiasm and energy. The amendment sends a powerful signal to a business sector on which we all rely.

Mr. Timms: Opposition Members are right to underline the crucial importance of small businesses to the UK economy and I agree with those points, as well as with their points about the large proportion of UK employment provided by small businesses. However, I disagree with their overstatement of the significance of the small companies rate. They have also underestimated the important measures that the Government have put in place to support small businesses specifically—in fact, they have rather ignored them.

The UK has about 4.7 million small businesses, three quarters of which are made up of self-employed people who would therefore not benefit from a reduction in the small companies rate of corporation tax. About 400,000 companies pay no corporation tax, so they would not benefit either. The small companies rate is, in reality, a small profits rate. Any company with profits up to £300,000 benefits from that lower rate, regardless of its size.

We are introducing a wide range of measures to support businesses in the downturn, including additional targeted support for new investment through the temporary increase in the main capital allowance rate to 40 per cent., which is a significant boon for many businesses.

Mr. Binley: May I give the example of a small company in my constituency that sells wood-burning fires for companies? They cost £200,000 whereas the very big ones cost £500,000. A sizeable grant is available, but what I hear is, "People cannot afford the stuff even though they get a very good grant." That is what I mean about survival. People are not spending, even though the grant incentive is sizeable. Would he accept that?

Mr. Timms: I do not accept the hon. Gentleman's conclusion, and I was about to make an extremely important point about the effectiveness of HMRC's business payment support service, which we introduced in November. It has addressed exactly his concerns about the survival of businesses, as it means that those businesses that for cash-flow reasons need to or would like to defer a tax payment can do so by ringing up HMRC. Very often, they can make an agreement on the spot in that call. More than 100,000 companies have benefited from the scheme, and between them they have deferred about £2.3 billion in tax. It is undoubtedly the case that a significant number of companies that would have "given up", to quote the hon. Member for Northampton, South (Mr. Binley), in the downturn have been able to survive, go on to do well and keep up with their repayments as well.

Mr. Binley: The Minister is most generous in giving way again, and I am most grateful. I accept the value of the benefits that the Minister has outlined—it would be churlish not to—but my point is that the customers of the business to which I referred say that, even though they get a lot of grant, they simply do not have the money that they need to put in themselves. They get a 40 per cent. grant, but they cannot afford the remainder, however they might want to pay it.

Mr. Timms: We are undoubtedly in a very serious world economic downturn, and the measures that the Government have taken are helping to support the economy through it. I was speaking to an accountant yesterday, and he told me that his colleagues who work in liquidation are less busy this year than they were last year. He thought that that was because of the success of the business payment support service and the large number of companies that have gained a significant

[Mr. Timms]

cash-flow benefit from it. The service has been very valuable for business survival, and its scope was widened further in the Budget.

The hon. Member for Fareham (Mr. Hoban) spoke about the fairness of the UK's corporation tax arrangements for small companies. At £300,000, the UK threshold for the small company rate is the highest in the G7. It is perfectly true that rates in some other countries are lower, though not many are. For example, the small companies rate in the US is 15 per cent., but that applies to only about £30,000 of profit, compared with £300,000 in the UK. The fact that the threshold in Britain is the highest in any of the G7 countries means that companies making a profit of, say, £250,000, or up to the threshold pay the lowest marginal rate on that profit in the G7. Finally, as we discussed earlier, we performed very well in an international analysis of competitiveness.

The amendments proposed by the hon. Member for Fareham would raise a serious problem of fairness. He acknowledged, I think, the problems that arose when the small companies rate was reduced significantly, as the result was a large incidence of businesses being incorporated, which was motivated purely by tax. The problem with his amendment 2 is that it would return us to precisely that problem.

It would not be fair to encourage people to incorporate purely to gain an advantage in terms of tax and national insurance payments. We have set out a range of measures to make the tax system fairer across all small businesses, and to reduce the competitive disadvantage faced by unincorporated businesses. The amendment would make that disadvantage greater.

The number of incorporations per year increased from 230,000 to 320,000 with the introduction of the zero per cent. starting rate. They reached a record high of 450,000 in 2006-07, but they have declined since, following the increase in the small company rate. The amendments tabled by the hon. Member for Fareham would reignite the problem, which would be unfair and a mistake.

7.15 pm

The amendments also pose a substantial fiscal risk—by the way, I accept that the hon. Member for Fareham has got his arithmetic correct this year—because a permanent reduction in the rate would cost about £500 million per year. He suggested that more changes to capital allowances would pay for that, but he did not give us any information about what they would be. I simply point him to the concerns that I expressed when we debated similar changes to the previous clause.

I agree with the hon. Member for Taunton (Mr. Browne) about the crucial importance of very small companies to the UK economy, although he accepted that his amendment 6 might not be the best way to identify them. I was not quite clear about what relief he had in mind, but he made some important points.

Mr. Mark Field (Cities of London and Westminster) (Con): The Minister professed the crucial importance of small and growing businesses, but is he not concerned that one of the biggest impacts of the income tax changes proposed by the Treasury for the years to come will be that the owners of such businesses will have even less incentive and available collateral to grow them? Businesses like that are very often run by a single individual using his own pocket and energies, so being taxed at a much higher level post £150,000 of earnings will cause them to suffer most. Does he agree that, as a result, the growth of small businesses that is so crucial to the economy will be undermined?

Mr. Timms: No, I do not agree with that. The entrepreneurs whom I know and admire earn a long way short of £150,000 a year. Moreover, the owners of businesses occupying premises with quite low rateable values will not, on the whole, have earnings of over £150,000 a year. For those reasons, I do not agree with the hon. Gentleman.

I hope that I have demonstrated to the House's satisfaction that the amendments would not help the majority of small businesses. They do not recognise the importance of fairness, which is a very important consideration in tax matters. In addition, the debate did not properly reflect the impact of the substantial measures that the Government have put in place to support small businesses. I hope that the House will decline to agree the amendments.

Mr. Hoban: This has been a useful debate, as it drew on the experience of my hon. Friends the Members for Poole (Mr. Syms), for Henley (John Howell) and for Northampton, South (Mr. Binley), in small businesses. My experience before entering Parliament was largely confined to large businesses; in my professional practice, I had little contact with small businesses, but I have got to know the sector well in my role as a constituency Member of Parliament.

I have a great deal of respect for small business men, because they really do put themselves on the line in growing their businesses and taking day-to-day responsibility, not only for their own future, but for that of their staff. My conversations with them over the past few months have brought home to me how tough they are finding it to survive in the present economic climate. They are worried about their cash flow, for example. The Financial Secretary talked the tax payment deferral scheme, which I welcome, but before the Government announced their scheme, the Conservatives proposed a six-month deferral of payment of VAT, recognising the importance of cash flows. The hon. Member for Taunton (Mr. Browne) talked about smaller businesses. We also proposed measures on national insurance that particularly affected micro-businesses employing four or fewer members of staff.

There is a judgment call to be made on the small companies tax rate. The Minister is right to point out that not all small companies are small businesses. He says that there are 4.7 million small businesses in this country, three quarters of which are unincorporated, leaving about 1.2 million small companies, of which 400,000 pay no corporation tax. We are therefore talking about 800,000 businesses across the country that fall into the small companies' rate of taxation. This debate is important to them.

We have to decide the extent to which we should be focusing on how people used incorporation for tax planning and crack down on that, or incentivising those small companies that incorporated for legitimate economic and legal reasons. That is where the division is between

the Conservative party and the Government. The Government see incorporation of small companies as a way of managing down tax bills and not paying what is fair. In my view, and that of my hon. Friends who have had experience of running small companies, the increase in the small companies' rate is not a matter of fairness. We believe that the increase is having an impact on their ability to retain profits which, as my hon. Friend the Member for Northampton, South said, is important to their ability to build up reserves for the future and to fund investment.

In our judgment, the small companies rate of taxation should fall, to incentivise genuine small companies and encourage their growth and future development. The rate should not be increased, as the Government would use it, as a means of cracking down on tax avoidance. That is the dividing line between the Conservative party, which wants to support entrepreneurs, and the Government, who have seen fit to crack down on them by increasing the small companies rate of corporation tax. The Government's argument on tax-motivated incorporation is, I think, an excuse for a revenue-raising measure, increasing the tax take from small businesses. They have sought to compensate for the increase through the annual investment allowance, but that is available to all businesses, not just small companies, so on average small companies will be worse off as a consequence of the changes that the Government have announced.

Because we want to support entrepreneurs and because we recognise that people have set up limited companies for genuine purposes, and not only for the purpose that the Minister says, we want the small companies rate of corporation tax to be reduced. We have set out clearly how we would fund the reduction through reforming the system of capital allowances—our proposals are costed. I shall press the amendment to a Division, because it is important to send a clear signal to this country's small companies that we have their interests at heart—we do not regard them as tax dodgers or tax avoiders and we want them to flourish and continue to grow. That is my party's policy; it is not the Government's policy. I therefore ask my hon. Friends to vote for amendment 2.

Question put, That the amendment be made.

The Committee proceeded to a Division.

The First Deputy Chairman of Ways and Means (Sylvia Heal): I ask the Sergeant at Arms to investigate the delay in the No Lobby.

The Committee having divided: Ayes 180, Noes 294.

Division No. 118] **[7.24 pm**

AYES

Afriyie, Adam
Alexander, Danny
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Baker, Norman
Baldry, Tony
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Bercow, John
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Brake, Tom
Brazier, Mr. Julian
Brokenshire, James
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burt, Alistair
Burt, Lorely
Carmichael, Mr. Alistair
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Cox, Mr. Geoffrey
Curry, rh Mr. David
Davies, Mr. Dai
Davies, Philip
Davis, rh David
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Nadine
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Field, Mr. Mark
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Grayling, Chris
Green, Damian
Grieve, Mr. Dominic
Hague, rh Mr. William
Hammond, Mr. Philip
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howarth, David
Howarth, Mr. Gerald
Howell, John
Huhne, Chris
Hunter, Mark
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Lamb, Norman
Lansley, Mr. Andrew
Laws, Mr. David
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Luff, Peter
Mackay, rh Mr. Andrew
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mason, John
Mates, rh Mr. Michael
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Oaten, Mr. Mark
Öpik, Lembit
Osborne, Mr. George
Paice, Mr. James
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Pritchard, Mark
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shepherd, Mr. Richard
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Dr. Richard
Teather, Sarah
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike

Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Wilson, Mr. Rob
Wilson, Sammy
Wishart, Pete
Young, rh Sir George

Tellers for the Ayes:
James Duddridge and Jeremy Wright

NOES

Abbott, Ms Diane
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Cousins, Jim
Creagh, Mary
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hoey, Kate
Hoon, rh Mr. Geoffrey
Hope, Phil
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Malik, Mr. Shahid
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr. Pat
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miller, Andrew
Mitchell, Mr. Austin
Moffatt, Laura
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Oiner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth

Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watts, Mr. Dave
Whitehead, Dr. Alan
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Barbara Keeley and Chris Mole

Question accordingly negatived.

Clause 8 ordered to stand part of the Bill.

Clause 9

EXTENSION OF REDUCED STANDARD RATE AND ANTI-AVOIDANCE PROVISION

Mr. Jeremy Browne: I beg to move amendment 8, page 4, line 2, at end insert—

'(1A) The Chancellor of the Exchequer must, not later than 1 April 2010, compile and lay before the House of Commons a report containing an assessment of the impact of the temporary VAT rate reduction on—

(a) UK economic growth,

(b) the competitiveness of small and medium-sized businesses, and

(c) the disposable income of low-income households,

for the period during which the rate reduction had effect.

(1B) A Minister of the Crown must, not later than 1 May 2010, make a motion in the House of Commons in relation to the report.'.

I am grateful for the opportunity to speak on a subject that most people would regard as a central feature of our debate on the Finance Bill—the Government's decision to use a reduction in VAT as a way of injecting extra money into the economy and trying to deal with the recession. Members will be familiar with many of the arguments, but before I make some slightly more general comments, I shall just explain the amendments that I tabled.

Amendment 7, which has not been selected, but which appears on the amendment paper—I hope I am not out of order, Mrs. Heal, if I briefly mention it, because it illustrates the direction in which I am seeking to move Government policy—seeks to bring forward the day on which the VAT reduction from 17.5 to 15 per cent. ceased to apply to the date on which the Bill receives Royal Assent, which we believe is the earliest conceivable date on which that temporary reduction could be ended. The amendment was not accepted, for entirely understandable reasons to do with revenue implications, but it nevertheless remains our intention to try to encourage or force the Government to bring forward that measure to the earliest possible date.

Amendment 8 is much more wide-ranging and benign, and provides an opportunity to review the success or otherwise of the Government's policy. Inevitably, such a review could take place only after the effects of the policy had been experienced, so it is not as immediate as the change proposed in amendment 7 or, indeed, a proposal to reject the clause as a whole. However, it provides a useful opportunity to discuss the Government's strategy as a whole. Many right hon. and hon. Members will be familiar with that strategy.

The Government are running a massive deficit—£175 billion this financial year, and £173 billion in the next financial year, if their assumptions are correct—so there is a legitimate debate to be had about the extent to which the Government can afford to borrow more to stimulate the economy. My party's view is that there is merit in fiscal stimulus—trying to inject an extra boost into the economy will help us to get through the recession quicker, and the best way we can address our public finance deficit is to get the economy growing again. After that, we will have to ask questions about additional tax revenue, and about savings in the public sector. The immediate task, however, is to get through the recession and out the other end, growing strongly again. Some sort of fiscal stimulus, in my party's view, is the right way forward, if it is affordable.

7.45 pm

Mr. Nicholas Soames (Mid-Sussex) (Con): Without wanting to make a point about it, I agree about the need for fiscal stimulus. Before every Budget, I survey almost every business in my constituency and this year, for the first time, that survey received an extremely high response rate. Everyone who responded on the VAT cut was extremely critical of it. Does the hon. Gentleman acknowledge that that change is not one that commands universal support across the country and that it was not the right thing to do?

Mr. Browne: I not only acknowledge but completely agree with that.

The starting point for us, for the Government and for others was whether it was possible to afford some sort of fiscal stimulus. The answer, in our view, was yes, although it would be limited in scope because of the state of the public finances. The question that then arose was what form that fiscal stimulus should take. The Government's view, as I understand it, was that a VAT cut would be a good way to go, partly because it could be introduced speedily—no doubt the Minister will put the Government's case; I do not with to misrepresent it, but I will explain my view. They thought a VAT cut would incentivise people to spend money, which would provide the sort of stimulus they believed would be advantageous in the short term. They also believed it would be beneficial for individual consumers. I remember their making the case when it was introduced that it would save money for typical households, and we were given examples of those savings. However, when some retailers did not pass on the VAT reduction, the Government then made the case that it helped the margins of those retailers. I accept that there was a degree of truth in the Government's position, even though to some extent they were having their cake and eating it: when the VAT cut was passed on, it would help consumers, and when it was not, it would help retailers and businesses.

That, as I understand it, was the Government's case for the VAT cut. It is not a case that my party finds compelling, and that view is shared by many hon. Members, including Government Members. There are

[Mr. Jeremy Browne]

numerous reasons for that but, first, the Government unfortunately cut VAT in the run-up to Christmas, when retailers were heavily discounting their products. Many companies were introducing cuts of 20, 25, 30 or 35 per cent. and, in that context, the 2.5 per cent. reduction was rather modest. It may have led to a small extra saving for consumers, but it was unlikely to provoke them to make a purchase that they would not otherwise have made. The cuts introduced by the retailers themselves were substantially greater than the VAT cut.

There was the serious issue, too, of the administrative burdens placed on businesses as a result of the VAT cut. A number of businesses sought to reprice their goods, and if they were priced in a catalogue that had already been printed or if a similar approach had been taken, that presented even greater problems. I went into a shop in my constituency where the company introduced the discount, but did not mark it on the price that appeared on the product, as that would have resulted in extra burdens. I remember buying a birthday card for someone for £2, and I paid with two £1 coins. I was given 4p change because the shop had kept the marked price as £2, but I was given a discount, to reflect the temporary VAT reduction, which I had not anticipated. Up to a point, I appreciated it, but I did not necessarily feel incentivised to buy another card once I knew that another 4p was there for the taking. I suppose I had 4p more to spend on other goods and services, but I am not sure that the effect on the economy as a whole, even if everyone received that benefit, was as great as the Government hoped.

Lembit Öpik: I very much agree with my hon. Friend's point, but is there not another marketing consideration? Something that had cost £11.99 should cost about £11.73 after the VAT cut but, as we all know, the price points are heavily determined by marketing considerations—the prices tend to end with "99" and so on. Does my hon. Friend agree that the benefit of the VAT cut will almost inevitably gravitate back to the companies and businesses as they revert to the standard pricing points? No one can pretend that £11.73 is a natural pricing point or that it has any marketing advantage.

Mr. Browne: I take my hon. Friend's point. Many retailers round their prices to a sensible point and then discount a penny to make them look more attractive. A lot of the margins might be greater than the VAT reduction, so the reduction might not have been felt in the way envisaged by the Government. With small items—I just gave the example of a birthday card—the saving to the consumer is small. With big items such as a new car, the saving would be greater. However, it is worth mentioning that car retailers were so desperate to turn over more of their products that the discounts by and large were bigger than the VAT reduction that was meant to incentivise consumers.

Mr. Syms: The hon. Gentleman has talked about costs to small businesses, but there are also the costs to local authorities, which charge for a range of services such as car parking spaces. Some such charges have VAT implications. That created costs for local government, which had to reduce lots of charges to be able to comply quickly with what the Government wanted.

Mr. Browne: That is an entirely fair point. Parking charges are a good example, which leads on from the point made by my hon. Friend the Member for Montgomeryshire (Lembit Öpik). By and large, parking charges are rounded to a sensible hourly rate. A reduction of 2 per cent. would mean that instead of paying £1.50 an hour, a person would pay—somebody else should do the maths—£1.47 or whatever. People might prefer to pay £1.50 rather than £1.47 or have difficulty in paying the precise amount. Many local authorities would think it easier to stick at £1.50, so in such cases the benefit was not passed on to the consumer.

No doubt opposition parties of all colours in the authority would then criticise the administrating party for not passing on the VAT cut to consumers, even though it would have been administratively burdensome for the authority to do so. The money would be absorbed by the local authority, so I suppose that the Government would argue that the local authority would have more money to spend on other services. However, I am not sure that the money flowed through the system as neatly as the Government would have wished.

Mr. Tobias Ellwood (Bournemouth, East) (Con): The hon. Gentleman and I both have constituencies in the south-west, where the biggest industry is tourism. He mentioned small and medium-sized businesses. There are 200,000 such businesses involved in tourism and I have not found one that has embraced the change that we are discussing. It has actually cost them more—they have had to change their online basket systems and the pricings and so forth. They would relish the opportunity to have the measure thrown out as soon as possible.

Mr. Browne: The hon. Gentleman makes a good point. To follow on from that made by the hon. Member for Mid-Sussex (Mr. Soames), I should say that my experience—other Members' experiences may be different—is that there are two reactions to the reduction. One is hostility, which the hon. Member for Bournemouth, East (Mr. Ellwood) described; the other is indifference. I have not met anyone who feels zealous enthusiasm for the Government's policy. Some regard it as making no difference whatever to their business or the assumptions that they make; others regard it as burdensome and troublesome and, if they went to great lengths to accommodate the reduction, are not looking forward to having to put the rate back up again.

Bob Spink (Castle Point) (Ind): Local authorities, of course, could reduce the council tax as a result of having collected more money from parking charges and so on. Does the hon. Gentleman have any idea which tax his party would reduce to balance out the 2.5 per cent. VAT increase that it wants? Alternatively, would it use the additional money to cut borrowing?

Mr. Browne: I do not want to incur Mrs. Heal's wrath, so I will not extend the debate to local government finance. However, in due course I shall discuss possible alternatives to the VAT cut, because that is very much within the scope of amendment 8.

Mr. Ellwood: Another aspect of the issue, to which the hon. Gentleman may come, is the date itself. The VAT change is unpopular, but most people are enjoying a drink on new year's eve, and no small or medium-sized

business, particularly in the tourism industry—pubs and so forth—wants to start changing tills when Big Ben is striking midnight.

Mr. Browne: The hon. Gentleman makes an entirely legitimate point, which I have heard him make in other debates. The Minister needs to engage with it. New year's eve may well be the worst possible date of the year to pick—365 options, and the Government pick the worst one of the lot. Clearly, there are cost implications in pushing the date backwards—*[Interruption.]* I accept that the hon. Gentleman was not making a point about cost, but a practical one about businesses that trade beyond midnight into the new year and how they would manage to adjust.

The broader point is that businesses as a whole—and, in some cases, even individuals—have either found the change burdensome or have not noticed it at all. I doubt whether many people have changed their behaviour as a result of the measure. I take the point made repeatedly by the Government—people might have a little more money to spend and not consciously realise that they are changing their behaviour. They may buy one thing at the end of the week that they might not otherwise have bought because the accrual of all the 4ps saved when buying cards and other bits and pieces might make them think, "I might buy one more birthday card because I am suddenly feeling a bit more affluent." My suspicion, however, is that even at a subconscious level, very few people have acted as the Government would have wished.

Lembit Öpik: Given my hon. Friend's sage and insightful observations, he may be amazed that at today's sitting of the Business and Enterprise Committee, it was claimed that the VAT reduction had increased economic activity by £8,000 million to £9,000 million. What is my hon. Friend's view of that heady claim?

Mr. Browne: It would probably be better to hear the Minister's view of that claim; it does not accord with my experiences—or, apparently, those of other Members taking part in our deliberations.

Others may wish to dwell at greater length on the impact on business, but I have sought to make that point. My central point about the public finances—the Government's finances—is the cost of the measure and whether the opportunity cost represents a good decision by the Government. In all our deliberations on the Finance Bill, we have to return to the big elephant in the room: this year, we are running a public sector deficit of £175 billion. That is £480 million every single day, and £20 million every hour; since we started our deliberations this afternoon, close to £100 million has been added to the public debt. The figures are enormous.

There may be some scope for a fiscal stimulus, although, as I have said, it is fairly small. We have to make sure that we get the maximum value from the money being spent. I argue that that money should achieve two objectives. First, it should try to ensure as quickly as possible that the economy starts to grow again; that, after all, is the whole purpose of a fiscal stimulus. Secondly, it would be beneficial if we had something to show for the money afterwards.

It is worth reminding everybody that the cost of the temporary VAT cut—I do not know whether the Government realised that it would be this neat—is almost exactly £1 billion a month. Amendment 7 is not within the prescribed boundaries of our deliberations, but I was keen for it to take effect because that would have saved the taxpayer about £4 billion or £5 billion, depending on the precise date of Royal Assent. The clock is ticking. If we are to try to come up with a more effective way to spend the fiscal stimulus, then every day that passes we have roughly £30 million less to play with than we would have done had we made that decision a day earlier.

8 pm

Stewart Hosie: Would the hon. Gentleman like his proposed assessment to include the Treasury's own forecasts, run through the input-output model, of various options set against the VAT cut, showing how many more jobs might have been saved through direct capital expenditure, and what difference an income tax cut might have made in terms of GDP growth or jobs saved?

Mr. Browne: Yes; the hon. Gentleman is very helpful. Although it is tempting—and, I hope legitimate, Mrs. Heal—to have a wide-ranging debate on VAT, it is also useful to dwell on the amendment. That is precisely the sort of consideration that the review should examine.

What strikes me as extraordinary is that a civil servant asked to come up with a £12 billion or £13 billion tax cut could not have come up with one that had less impact on the public consciousness. If the Government were seeking, albeit with borrowed money, to give away that amount of extra money to the taxpayer, they could have taken roughly 3p off the basic rate of tax for a year. They might not have thought that that was the right way to go, or they might have felt that it did not stimulate the economy in the way that they had intended, but every time people got their payslip at the end of the week or month, they would have noticed the sizeable reduction in tax.

The most problematic aspect of the VAT cut, which it would be interesting to examine in a review, is that it did not have the effect of giving people additional confidence: the mental sense that they had additional money in their pockets. Part of the reason for the Government's changes was to try to give people a sense that things were not so bad, that there was a bit more money to spend, that they could go out there and spend it, and that that would be a self-fulfilling prophecy in its impact on the economy. I do not think that that has proved to be the case, although others may disagree. If there were a cut in the basic rate of income tax, people might choose to save the money. The Government would say that cutting VAT means that people get the benefits only if they spend money—they were keen to encourage people to spend, and continue to be so. However, psychologically, it did not have the impact that it could have had as regards people feeling that they had more money to spend, even if they did in practice because the 4p's were accruing here, there and everywhere as they made different purchases.

Mr. Soames: The basis of the hon. Gentleman's argument, which he is making very powerfully, is whether the VAT cut was or was not a good thing to do. Does he know whether the Government consulted retailers and those who represent them on what the burdens would

[Mr. Soames]

be, and whether retailers, who know much more than the Government about selling things, believed that the VAT cut would make a substantial difference to the Government's prospects and to theirs?

Mr. Browne: I am not aware of what consultation took place among retailers. I hope that the Minister is more aware of that than me, but from what I have seen there was little or no consultation. The Government felt a need to act swiftly, and perhaps they were right in that analysis. They grasped at the temporary VAT cut from 17.5 to 15 per cent. as being the best way to go—there seemed to be very little evidence for it, and amendment 8 would be a good way of starting to examine whether they made the right decision—and introduced it swiftly as part of an attempt by the Prime Minister, principally, to show that he had a grip on the economic situation. He wanted to show that the situation was bad, but that he was taking the decisive action necessary to get us through the recession as speedily as possible. I do not get the sense that alternatives were considered in as much detail as they could have been, nor that the adverse impacts of the Government's policy were considered in sufficient detail. No doubt the Minister will enlighten us about that.

I am not sure that the behavioural impact was fully assessed. Some people may behave in a way that the Government had not intended. I suspect that if the date on which the VAT reduction ceased had been brought nearer to today, some people who were motivated to spend differently because of the VAT reduction—for example, to buy a big-ticket item such as a car—would have tried to make such purchases just before the rate went back up to 17.5 per cent. again. Interestingly, the effect of the stimulus might have been brought forward if the reduction had been for a shorter period. Had it not stretched for the full 13-month period, the monthly cost of the reduction might have been a bit higher, but the overall cost might have been lower. That is a theory, but it is the sort of area that such a report could usefully examine.

Stewart Hosie: The hon. Gentleman says that the assessment should be done before 1 April 2010. Does he agree that it could be done very quickly, and that if it included an assessment that showed that direct capital expenditure would protect or preserve tens of thousands more jobs in the remaining period than the VAT cut, that might be something that those of us who believe in fiscal stimulus could yet coalesce around in the teeth of recession and in light of tomorrow's unemployment figures?

Mr. Browne: The hon. Gentleman makes a good point. I accept that the date in the amendment is arbitrary; I was trying to take account of the typical time scale of such reviews. There is a degree of urgency—very much so—in terms of the economy, and he mentioned unemployment. Of course, the review would be retrospective were it to take place on the date that the amendment envisages, but there would still be some benefit, because we do not know whether the Government may in time seek to use such a device again. It would inform future decisions instead of dealing with the here and now. I take his point that the here and now is an important priority, and we will no doubt focus on that in discussing the clause as a whole.

The hon. Gentleman takes me neatly on to what the money could alternatively be spent on, which is an entirely relevant consideration. There are, essentially, two schools of thought: that which says that there is no scope for a fiscal stimulus and that which says that there is. My party is of the second school, and while I do not wish to caricature anybody's arguments, I understand that we are in the same school as the Labour party and the Scottish National party. By and large, Conservative Front Benchers—although we heard a dissenting view a few moments ago—do not believe that there is scope for a fiscal stimulus beyond the automatic stabilisers that one would get at a time when the economy was shrinking. Having said, "The Government's policy is to have a fiscal stimulus, and after all they are the Government: they are in power and enacting this policy", we can move beyond that and ask how the money would better be spent. The sum involved is generally estimated to be £12 billion to £13 billion, although the more popular the Government's policy is, the more effective it is, and the greater the cost.

We should ask whether this is the best way to spend £12 billion or £13 billion, and whether it is doing two things. First, is it increasing demand and getting us through the recession more quickly than if the stimulus had not been put in place and the extra borrowing had not accrued? Secondly, will we have something to show for that large amount of public spending once it is finished? My party drew up a list, a package, when we were envisaging better ways to spend the entire £12 billion or £13 billion. As I said, with every day that passes that money ebbs away, but nevertheless I shall run briefly through some of the matters that we were talking about.

The First Deputy Chairman: Order. I hope that the hon. Gentleman will contain his comments to the amendment that is tabled in his name, rather than the wider package of reforms that he was about to discuss.

Mr. Browne: Thank you, Mrs. Heal, for that very helpful guidance. The point that I was trying to make—I certainly do not wish to make it at excessive length—was that amendment 8 asks the Government to consider the impact of the VAT reduction on

"UK economic growth…the competitiveness of small and medium-sized businesses, and…the disposable income of low-income households".

My contention is that the benefits in those three areas and more widely would have been greater had the Government gone down the path of spending the money on a range of programmes. I shall not list those programmes, but they would have been designed to encourage our country towards greater environmental sustainability.

We argued, and continue to argue even though the amount of money that we are arguing about gets smaller every day, that the money could have been spent on, for example, home insulation programmes, buying new rolling stock for trains or electrifying some train lines. That would have provided an opportunity for greater employment. It would have been a stimulus, but once we reached the end of the package, as the Government now envisage doing with the VAT reduction, at the end of this calendar year, we would have had a lot of insulated houses, electrified train lines and new rolling stock.

Instead, I am afraid that we are going to spend £12 billion or £13 billion and have precisely nothing to show for it except, arguably, some small, incremental, hard-to-measure benefits to some organisations. I fear that the review envisaged in amendment 8 would still not get us to the bottom of precisely what those benefits are. That is not £13 billion of public money spent wisely, especially as that money was not available. Borrowing was increased, by this year's figures, from £162 billion to £175 billion, but we do not have longer-term assets such as I have described to show for it. The Government talk about investment when they really mean spending, but under our plans there genuinely would have been investment as well as spending. They would have stimulated the economy in the short term while providing a longer-term legacy.

For all those reasons, amendment 8 requests a comprehensive review, and the debate gives us an opportunity to consider when the temporary VAT reduction should cease. The Government need to answer the question of the hon. Member for Bournemouth, East (Mr. Ellwood)—it was on a practicality, but an important one—about whether it is wise to finish it at the end of December. The Government also need to address the wider points about whether the end could be brought forward and the revenue savings realised earlier.

I hope that many hon. Members will contribute to the debate and that the Financial Secretary will accept the concerns that have been expressed in all quarters. I hope that he will take on board also the complete lack of enthusiasm of anybody in his party for debating this issue and defending Government policy. Perhaps, in the intelligent way for which he is well known, he will seek to arrive at a solution that is beneficial to the taxpayer and the economy as a whole.

Mr. David Gauke (South-West Hertfordshire) (Con): This is an important debate, and I share the view of the hon. Member for Taunton (Mr. Browne) that it is a pity that there are not more Labour Members here to debate what was, after all, the flagship policy of the pre-Budget report of 2008. Perhaps this subject cannot drag them away from the various plotting enclaves in which they are currently gathered.

Mr. Timms: Can the hon. Gentleman tell us why there is no Conservative amendment on this subject? Given the strength of feeling on the Conservative Benches, I would have thought that there would be some proposals, but there is nothing.

8.15 pm

Mr. Gauke: If the right hon. Gentleman will be a little patient, he will receive the full reason why there is no Conservative amendment, but he will find that there is still a dividing line between us.

Mr. Ellwood: Does my hon. Friend agree that we tried very hard in the debate on the Bill last week to get the Financial Secretary to recognise that this was an unpopular move, and that the best thing that could happen would be for the date of the VAT change to be moved? Does he agree that the response, body language and message that we got back suggested that in absolutely no way were the Government willing to listen? What would be the point of tabling an amendment if that is how we are treated in the Chamber?

Mr. Gauke: I am grateful to my hon. Friend. I was going to address that point later, and I will come back to it, but given the enthusiasm in all parts of the Committee for me to address it now, I shall do so.

Clause 9 will move the date at which we revert to 17.5 per cent. VAT back from 1 December to 1 January. If the clause does not stand part of the Bill, that date will remain 1 December. I shall elaborate on what that means, and I hope that the concerns that my hon. Friend raises, and the Minister's concern that there is no Conservative amendment on this point, will be addressed. The Liberal Democrats tabled an amendment to bring the date forward, but it was not selectable, as is customary in these circumstances. However, we have an opportunity to do what we can to deal with the matter as quickly as possible.

I return to my points in a more methodical way. The hon. Member for Taunton was absolutely right to ask his two questions—first, whether in November 2008 we could afford the fiscal stimulus that consisted of the VAT cut; and, secondly, if we could afford a discretionary fiscal stimulus, whether that was the right way to go about it.

It is worth my being precise about where there is a difference between the Government and the Opposition, because there is a tendency to point to dividing lines and caricature our positions, and the differences between us can be exaggerated. First, we recognise that there is a place for automatic stabilisers. We recognise that tax revenues will reduce in the course of a recession and that expenditure will increase on certain things, particularly benefits. We have not argued that our fiscal policy should be such that we do not allow the automatic stabilisers to apply. The difference between the Opposition and the Government is about the discretionary fiscal stimulus, not the automatic stabilisers.

Secondly, let us not exaggerate the significance of fiscal policy in addressing a recession. It is not the sole, nor even the principal, means of addressing a downturn. If I may, I shall quote what the hon. Member for Twickenham (Dr. Cable), who is highly regarded in these matters, said in the debate on 31 March. I did not say that he is rightly highly regarded, but he is highly regarded.

He stated that,

"what is actually happening is that the Government are very carefully following the doctrines of Milton Friedman and we have, in essence, a monetary response to the crisis, which is absolutely right, provided it is effective and gets money into the economy."—[*Official Report*, 31 March 2009; Vol. 490, c. 815.]

We supported the reductions in interest rates and recognised that addressing a downturn is essentially about monetary policy.

Mr. Syms: My hon. Friend is developing his argument well. Clearly, the VAT cut pales into insignificance compared with quantitative easing, devaluation, interest rate cuts and all the other things that are happening. There must be better ways of spending the money.

Mr. Gauke: My hon. Friend is right. The Government can and should do many things to address a recession. We differ from the Government in that we believe that, in the current circumstances, the benefits from a discretionary fiscal stimulus such as a VAT cut are outweighed by the dangers that it poses to the public finances and the burden that it places on future taxpayers.

Mr. Timms: I am following the hon. Gentleman's argument closely and with interest. I appreciate that there are separate discussions about whether we can afford a fiscal stimulus and which stimulus we should choose. Does he agree with the shadow Secretary of State for Business, Enterprise and Regulatory Reform that, if we are to have a fiscal stimulus, a VAT cut is the best and most effective measure?

Mr. Gauke: My principal argument is that we cannot afford it. On what constitutes the best fiscal stimulus when one can afford it, there are various arguments for and against, which I shall tackle in my speech. However, the fundamental argument is that we cannot afford it.

I want to reach out in a bipartisan spirit to find another matter about which we and the Government agree. It is that one must recognise the state of the public finances when deciding what stimulus one can have, and that there are limits to Government borrowing, which must guide the policy that one pursues when drawing up pre-Budget report and Budget measures. We clearly agree about that because, despite all the rhetoric in the run-up to the Budget in April from the Prime Minister on his world tour, when he made the case for a bold fiscal stimulus for every country, the UK did not pursue such a policy in the 2009 Budget because the assessment was that we did not have the money. As the Governor of the Bank of England put it to the Treasury Committee—

The First Deputy Chairman: Order. I have allowed some latitude, but the hon. Member is now straying rather wide of the amendment and its intention.

Mr. Gauke: Thank you, Mrs. Heal. I want to argue that we could not afford the VAT cut, which was announced in the pre-Budget report. The public finances are precarious and the Government recognised that they could not afford an additional fiscal stimulus in April. As the Governor of the Bank of England said:

"The fiscal position in the UK is not one that would say, 'Well, why don't we engage in another significant round of fiscal expansion?'".

Mr. Timms: May I press the hon. Gentleman a little more? He is now setting out a view that is consistent with the comments of the shadow Business Secretary, but does he agree with his right hon. and learned Friend that, if one has a fiscal stimulus, the VAT cut is the most effective sort of stimulus to introduce?

Mr. Gauke: Again, a little patience from the Financial Secretary would be appreciated. I know that he is keen to move me on from whether a fiscal stimulus was affordable, but I think that the subject should be tackled thoroughly. Given what we know now, who was right about the pre-Budget report 2008? Could we afford that discretionary fiscal stimulus? Hon. Members should remember that, at the time of the pre-Budget report, the Government projected that they would borrow £77.6 billion in 2008-09, and the projected figure for 2009-10 was £118 billion. By the time we reached the Budget—which contains the most up-to-date figures that we have from the Government; some consider them optimistic—the figures for 2008-09 were £90 billion and those for 2009-10 were £175 billion. That is an increase in borrowing over the two years of almost £70 billion.

Even in November, we were concerned about the risks of the VAT cut to the public finances. We were not alone—in a debate in the House on 17 December, the right hon. Member for Birkenhead (Mr. Field) expressed his concerns about the Government's ability to raise debt. Were we right to be worried about public finances? Absolutely. Given the decline in them and the difficulties in selling Government gilts since then, our case has become stronger. Our opposition to the VAT cut sent a much clearer signal to the markets than the Government could convey of determination to take the state of the public finances seriously.

Let us consider whether a VAT cut is the best way in which to use the £12.5 billion that the Government said in November that it would cost. I have said that I do not believe that we could afford it, but there is a range of views about whether a VAT cut was the best method of using that money. I am not persuaded by Liberal Democrat proposals that the money should have been spent on a public works programme. The hon. Member for Taunton rightly did not have an opportunity to discuss the Liberal Democrat proposal in detail. However, I remember examining it, and it seemed to consist principally of improvements to rail services relevant to Liberal Democrat seats—strikingly so.

Let me cite that great Liberal—I do not know whether the hon. Member for Taunton is from the same tradition—John Maynard Keynes. In 1942, he wrote:

"Organised public works, at home and abroad, may be the right cure for a chronic tendency to a deficiency of effective demand. But they are not capable of sufficiently rapid organisation (and above all cannot be reversed or undone at a later date) to be the most serviceable instrument for the prevention of the trade cycle."

Mr. Jeremy Browne: I appreciate the hon. Gentleman's joke, but I fear that it may not be accurate. I beg your brief indulgence, Mrs. Heal, to say that our proposal was to electrify the great western and midland main lines and begin the Liverpool light rail network. Although my party is winning more and more seats in all parts of the country, it is probably unfair to say that those measures would specifically benefit Liberal Democrat constituencies.

The First Deputy Chairman: Order. I have been generous to hon. Members. Perhaps we can now adhere a little more closely to the amendment.

Mr. Gauke: I anticipate that you would not want me to dwell on a response to that, Mrs. Heal, but I have seen a document that had a number of proposals for the west country, including one for a line from Eastleigh to Romsey, which was particularly egregious.

The reaction to the VAT cut internationally has not exactly been enthusiastic. Nicolas Sarkozy has said:

"Cutting VAT by two points doesn't incite people to buy if they are scared about their future."

Christine Lagarde, the French Finance Minister, said:

"as far as we're concerned...we're not certain that when prices go down a VAT reduction is that effective."

Peer Steinbrueck, the German Finance Minister, said:

"We have no idea how much of that stores will pass on to customers. Are you really going to buy a DVD player because it now costs £39.10 instead of £39.90? All this will do is raise Britain's debt to a level that will take a whole generation to work off."

Carsten Schneider, the German Social Democratic budget spokesman, said:

"I think the sales tax cut is counter-productive."

Oliver Blanchard, the chief economist of the International Monetary Fund, said:

"Temporarily cutting VAT, a measure that was adopted in Great Britain, does not seem to me to be a good idea…2 per cent. less is not perceived by consumers as a real incentive to spend."

8.30 pm

Mr. Brooks Newmark (Braintree) (Con): Not to be too cynical, does my hon. Friend feel that perhaps the Germans, the French and the Dutch were all terrified that the 2.5 per cent. cut in VAT would suddenly draw business away from France, Germany and Holland? Does he think that that was their motive in making those comments?

Mr. Gauke: No, I do not. My hon. Friend puts forward an interesting theory—it is one that I am sure the Government would like to endorse—but I do not think that that was the reason that those whom I have quoted thought that the cut was a daft idea.

Mr. Jeremy Browne: Does the hon. Gentleman think that the Government could take the approach of announcing—or letting it be known—that they intend to increase VAT to 20 per cent. in order to address the Budget shortfall and that that may have enough of an impact to create a stimulus in demand, when people realise that the differential will be 5 per cent., not just 2.5 per cent.?

Mr. Gauke: That is an interesting idea. Although it would be unfair, I am tempted to say that the Minister—or at least what went out in his name—rather contributed to that perception when there was a suggestion that VAT may rise yet further. However, the Government have not stated that that is their intention. There may well be a stimulation in demand when people get in before the reversion to 17.5 per cent.

John Robertson (Glasgow, North-West) (Lab): It's called Christmas.

Mr. Gauke: Indeed, although I take it that the hon. Gentleman will not be claiming credit for any stimulation in demand in December from the subsequent increase in VAT.

Mr. Newmark: To follow up with a more serious point, I would be interested to know from the Minister, given that the Government track our borders assiduously, whether he noticed a flow of individuals coming from France, Germany or Holland into this country as a result of the 2.5 per cent. cut in VAT, which would thereby have increased retail sales to German, French and Dutch customers, or does he not have that information?

Mr. Gauke: Again, I am grateful to my hon. Friend. I am sure that the Minister will have taken that question on board and will be able to provide us with some answers. The same question goes for the Republic of Ireland, although the devaluation of the pound over that period may have also played a part.

A number of countries engaged in a fiscal stimulus, because they were in a stronger position and could afford to do so, but they did not go down the route of the VAT cut. There are also some practical points to be made about VAT, some of which were raised in the quotations that I have cited. First, at a time of sharp discounting of goods—that was certainly the circumstance last November and last December—the 2.5 per cent. reduction in VAT could have been lost. That point was made by a number of commentators. In particular, when Justin King, the chief executive officer of Sainsbury's, appeared on "Question Time" on 27 November, he said:

"If we walk down the high street today you'll see 20 per cent. off, 30 per cent. off, 50 per cent. off, so really in that context it's a drop in the ocean."

That is one of the problems with the VAT cut.

The second problem is one of practical difficulties. There were practical difficulties with the sudden decrease in VAT at a time when shops were certainly hoping to be busy. There had to be re-pricing with very little notice and we know that that caused difficulties. In some cases the VAT cut was not necessarily passed on. In other cases, people were sitting in shops with calculators deducting the necessary amount, which also created difficulties. There were real costs involved in changing the system so quickly. Retailers were not exactly overjoyed at being faced with what was, after all, a tax cut. There are other technical difficulties involved. For example, those businesses operating under the flat-rate arrangements will not have felt the benefits of the change. There were significant practical difficulties.

At the big picture level, what was the test that the Government set themselves by reducing VAT? At the end of November, their argument was, "Thanks to the measures that we are introducing in the pre-Budget report, the recession is going to end earlier than it would otherwise do. It is now going to end in the second half of 2009." Sadly, that is not going to be the case, although there are clearly some encouraging signs, and we hope that they will continue.

The Government now accept that recovery will not happen until the end of the year. The test that they set themselves was to use the VAT measure to bring the recovery forward. They have had to downgrade their growth forecast for 2009 from the contraction of 1 per cent. of GDP predicted in the pre-Budget report to a contraction of 3.5 per cent. as set out in the Budget. Even that figure is optimistic compared with the projections of the likes of the International Monetary Fund.

I am sure that the Minister will refer to the Centre for Economics and Business Research and to Doug McWilliams' comments; he does so every time I debate this matter with him. Doug McWilliams has supported the VAT cut; indeed, he recommended that policy proposal in November. Having recommended it, he has subsequently looked at it again and concluded that he was right all along. His assessment states that retail sales over the December to February period were £2.1 billion higher than they would otherwise have been. We do not necessarily accept that, however. We need to disentangle the impact of the VAT cut from the effect of the very substantial cuts in interest rates over the same period, alongside the policy of discounting that shops were adopting, as we heard from Justin King. Even then, the Government's

[Mr. Gauke]

figures show that, in the period from December to February, the policy was costing the taxpayer something in the region of £3 billion.

Mr. Timms: I am delighted that the hon. Gentleman has now looked at the CEBR report. I wonder whether he has read the sentence in it that states:

"The data also shows that the acceleration in retail sales volume was not achieved through fire sales and fierce discounting on the high street."

That exactly addresses one of the concerns that he and others have raised.

Mr. Gauke: I have seen that comment, but I come back to the point that it is very difficult to disentangle all the various factors involved. The fall in interest rates at that time will have had a substantial effect on sales, as we have seen.

Having read the CEBR report, does the Minister agree with its view, which differs from that of the Government, on the actual cost of the VAT policy? The report cites a figure of £11 billion, rather than £12.5 billion. I would be grateful if the Minister updated the Committee on the Treasury's assessment of that cost, and told us by how much he thinks sales will increase. To what extent is the Government's view consistent with that of the CEBR?

That brings me to the heart of amendment 8, which deals with the need to look again at this matter and for the Treasury to prepare a report and to evaluate the various consequences of the policy. There is a need to assess the policy in greater detail. There is clearly a debate to be had, and the Government will always argue that the policy has been successful. Most of us would argue that the fall in interest rates had a greater impact on retail sales, and the growth in the economy is certainly disappointing compared with what the Government were hoping for when they announced their policy. I am not, however, convinced that the Treasury is the right body to review this, which I say in the context of last month's Budget, whose numbers have been heavily criticised. I will not go through all the detail, but the growth forecasts for 2009 and, more particularly for 2011 and 2012, seem to be out of line with those of most independent forecasters. The Government's reputation for making projections of the public finances has been very poor, and we have seen those projections substantially revised.

The point I am making is that there is a need for a body independent of the Treasury to make an assessment of projections for growth and for the public finances. We propose an "Office of Budget Responsibility", and there may well be a case for referring this sort of review to a body that is at arm's length from the Treasury in order to assess whether the right approach is being put forward. I raise this particular caveat over the Liberal Democrat amendment, but there is much to be said for looking again at a policy that has not, I fear, by any means provided the best use of £12.5 billion of taxpayers' money.

Alison Seabeck (Plymouth, Devonport) (Lab) *rose—*

Mr. Gauke: I welcome the hon. Lady to the debate and I give way to her.

Alison Seabeck: I do not want to be impatient or churlish because you have been approaching this issue in a spirit of generosity, actually, but on two occasions you have—

The First Deputy Chairman: Order.

Alison Seabeck: I am sorry, Mrs. Heal; I mean the hon. Gentleman. He said that he would at some stage tell us what the Opposition would have done to fill the gap if we had not reduced VAT in the way we did. We have not yet quite got there, however, and I am wondering whether we are going to.

Mr. Gauke: I am grateful to the hon. Lady, but I am not sure whether it is a question of filling the gap, as it more a matter of reducing it. There we go, but she brings me on to the next point I wanted to make, so I am grateful for her intervention.

What clause 9 principally does—I realise that I am venturing into a stand part debate, Mrs. Heal, but I am assuming that we are addressing the amendment at the same time—is to delay the implementation of the return to VAT at 17.5 per cent. from 1 December to 1 January. The reason for doing so is that the Government introduced their VAT change through a statutory instrument, which provided the authority to make that change only for 12 months. The Government now wish to add on an extra month, but to be fair to them, it was always their intention to do so. For the various reasons I have set out, however, we think it would be beneficial not to move the date on from 1 December to 1 January, but to stick with 1 December.

There are a number of reasons for doing that, so let me first address the point raised by my hon. Friend the Member for Bournemouth, East (Mr. Ellwood) about the difficulty of changing the VAT rate in the new year. It will be difficult for institutions in operation at the time when the VAT rate is changed, but perhaps even more significant is the fact that this will be in the middle of the post-Christmas sales. I should say the January sales, but it seems odd to have 1 January being in the middle and I am sure that you, Mrs. Heal, follow my point that there is a lot of activity going on in stores at the time of these sales. The representations we have received certainly suggest that retailers do not want the change to come in at this date. Whether it is the worst time of year, as the hon. Member for Taunton (Mr. Browne) suggests, I am not sure, but it is certainly one of the worst dates and we believe there is an argument for changing it.

Bob Spink: Is there not a case for pushing the date back rather than bringing it forward—perhaps to 1 June, which might have electoral as well as commercial benefits?

Mr. Gauke: The hon. Gentleman is right that a case can be made for moving it back, but that would have an effect on the Exchequer and, to be fair, I have been making the case that we do not have the spare money. As I have said, we oppose that because we do not think there is room in the budget, and we are therefore not persuaded of the case for moving it back to June or February or any other time.

8.45 pm

Our proposal would have an advantage in addition to that of practicality: it would save some money. We can argue about what we should do with the money—whether some of it should go towards public works, some towards other tax cuts and some towards reducing the level of borrowing—but we are by no means alone in believing that the cut should be brought forward. In "Progress" magazine in March, in an article entitled, interestingly enough, "April 2009, make or break month for Labour"—Labour Members can work out for themselves whether it was a make or break month for them—the right hon. Member for North Tyneside (Mr. Byers) wrote:

"I supported the V.A.T. cut in December. It was exactly the right thing to do at the time and it has been supported by many independent commentators since. However, I do now question whether it has run its course both in terms of its overall benefit to the economy and in relation to the political return that comes to the government."

Speaking in the House on 31 March, the hon. Member for Chorley (Mr. Hoyle) said:

"I believe it is time to bring forward the end date of the VAT reduction."—[*Official Report*, 31 March 2009; Vol. 490, c. 845.]

It is clear that both Members believe that the time has come to return VAT to its previous rate.

For the reasons I have given, we will vote against clause 9. We want VAT to return to its previous rate of 17.5 per cent. on 1 December. We thought that the policy was bad when it was introduced in the last pre-Budget report, and the facts that have emerged since then have reinforced our view that we cannot afford it. We think that, in continuing to pursue their policy in the face of our warnings, the position of the Liberal Democrats and, indeed, the position of their own Back Benchers, the Government are making a mistake. The sooner they recognise it and stop pursuing a failed policy, the better it will be for the United Kingdom.

Several hon. Members *rose*—

The First Deputy Chairman: Order. For the avoidance of doubt, I should inform hon. Members that I am indeed treating this as a clause stand part debate.

Mr. Syms: I congratulate the hon. Member for Taunton (Mr. Browne) on tabling an amendment that gives us an opportunity to discuss a very important issue.

It is clear that economic conditions have been very turbulent over the past 12 months. In terms of public policy, the Government were in a difficult position in the pre-Budget report. They had to decide what to do, and what to do quickly. A VAT cut is one of the main things that could be done quickly. However, a bigger cut over a short period might have been better than a cut of only 2.5 per cent. over a long period. That would have really pulled money out of people's pockets, and made them feel that they were getting a bargain. A cut of several billion over three months might have had more impact.

My hon. Friend the Member for South-West Hertfordshire (Mr. Gauke) quoted John Maynard Keynes. It is clear that anyone who wants to move the economy on cannot become involved in electrification schemes and railways and so forth. As we know, given our planning process, those things take a long time. My preference is for a middle view. The report suggested in the amendment would be useful, because it would enable us to judge what the Government did in the light of the alternatives.

If we really want people to spend money, we give lower-paid people a voucher with an end date so that they can buy goods in a store. Alternatively, we give local authorities money that they can use to provide grants for environmental improvements to homes—which we know will be a major challenge—so that small business can become involved. Clearly, things have changed very rapidly. The Government made a decision in the pre-Budget report, and to some extent they are stuck with it. Therefore, it would be useful to have a report, particularly as 1 April 2010 is likely to be at the start of a general election campaign. We would have a document that we could discuss with great interest.

I suspect that the cut will, of course, make a difference to UK economic growth, but I am not sure whether that impact is really worth the £12 billion or £13 billion. I am also unsure whether it will have much effect on the competitiveness of small and medium-sized businesses. We have heard in the debate that there are costs. There are certainly costs to local authorities and to many businesses in this manoeuvre. On the disposable income of low-income households, as such households have a higher propensity to spend what income they have, there may be some modest positive impact on them, but I suspect there are other means and policy instruments that could have been used to put money into people's pockets.

The amendment has allowed us to debate this matter and if the Government produced a report, I rather suspect it would be useful in April 2010. However, as we have moved on and the overall financial situation has deteriorated, one would also have to assess other things, such as the £12 billion or £13 billion cut in VAT revenue. That will leave a long-term debt legacy in terms of interest and compound interest, and there is also the opportunity cost of what else could have been achieved in the medium term while leaving a legacy of some sort, such as insulated homes or improvements in the overall economy.

The Government were in a difficult fix in the autumn. They faced an unfolding situation. There was clearly an imperative to take a particular decision: to try to put money into the economy. They made a choice, but I do not think it was a very good one; there are better steps that could have been taken. The amendment of the hon. Member for Taunton is a useful one for the Committee to consider, and I hope he is brave enough to press it to a Division.

John Howell: The amendment asks us to consider having

"a report containing an assessment of the impact of the temporary VAT rate reduction on"

a number of areas. I want to concentrate on the impacts on "UK economic growth" and

"the competitiveness of small and medium-sized businesses".

It is crucial to strike the right balance between what is of value to the economy as a whole and what is of value to the competitiveness of individual businesses. On the latter, a fundamental issue is the cost of administering what will, by the end of this period, be two changes in

[John Howell]

VAT. Business has consistently seen the VAT cut as having no positive impact on their sales. The Federation of Small Businesses conducted a survey of 5,000 of its members, and 97 per cent. said it had had no impact at all in terms of boosting trade. There has been a big cost impact, however. I see that in my own constituency, where a number of small retailers are very unhappy. They are part of the fragile and vulnerable small business situation that we described earlier today. As a result, there are large numbers of empty properties in many towns—although there are perhaps some signs of shops being attracted back.

There is a cost involved in decreasing VAT and then increasing it again in terms not only of cash, but time. For those who run small businesses—especially those who have to adjust to these changes in VAT—that is perhaps the most precious commodity of all. The question of where to put in the effort and to use the expertise is crucial, but it is very difficult to cost. That is particularly difficult for a small business that sells tens of thousands of products, and perhaps has only one or two people running it.

The impact assessment for the Finance Bill listed a number of actions that business would have to take to implement the temporary VAT cut, including familiarisation; re-pricing; carrying out the extra bookkeeping checks involved; dealing with potential extra accountancy costs; and, of course, making systems changes and upgrades. It estimated that the total compliance costs for business would be about £300 million.

I was particularly worried by the paragraphs that followed, in which it was acknowledged that in deciding how to respond to those changes, businesses were likely to have to take lot of other costs into account. Such costs would arise from consulting advisers or, potentially, from renegotiating the terms of any contracts that are inclusive of VAT. Although the assessment recognised that those costs were likely, they were somehow dismissed as being commercial decisions—as if the other changes it had costed were not commercial decisions. Even the impact assessment recognises that costs that have not been properly analysed are involved, and that they are not part of the costings in the assessment. Thus, it is very difficult to make a judgment on this matter, and that has not been a particularly helpful part of the Government's assessment of that part of the activity.

On the costs on the ground, as I have mentioned, the FSB survey has shown that there is no sign of the VAT cut working, but it is worth examining whether it is working at the bigger picture level and whether the model behind it was applicable. Without an understanding of that, the assessment required by the amendment would be difficult to achieve. One of the worrying features about the underlying model was that it was a simple supply and demand model of consumption, which would perhaps have been suitable to use in an economy that was doing well, but in one that contained a large marginal element, it ignored the complexities involved. The policy and the modelling that must have taken place in order to introduce this adjustment—the VAT cut and then the raise forward—assuming that any modelling was undertaken, was flawed from the beginning.

The Financial Secretary and I have already crossed swords in the debate over whether or not the VAT cut has worked. At that time, he repeated the view of a report by the Centre for Business and Economic Research:

"'The figures are clear; the VAT cut is working. There was an immediate boost to the volume of retail sales after the cut was introduced on 1 December.'"

He went on to endorse the report's view that the cut was "'good value for the taxpayer'".—[*Official Report*, 27 April 2009; Vol. 491, c. 668.]

That is clutching at straws. The view has been based on the volume of retail sales, and there are problems with that approach. The Government cannot have it both ways. If they are going to put a lot of emphasis and reliance on that report, logically they must accept the criticism it makes of raising VAT again in January 2010. It states that that

"threatens to cause a consumer downturn and choke the fragile economic recovery".

If they are going to rely on the report for one thing, they must rely on it for the other—although that is not a favourable situation.

I have great difficulty in trying to assess whether the VAT cut has worked. It is one of those questions that are illogical in terms of their resolution, because we can make no direct comparison with the counter-argument as to what would have happened without the cut. The need for that was recognised in the evidence given by the Governor of the Bank of England to the Treasury Committee, in which he acknowledged that the real problem was that

"It is very hard to know what the counter-factual is."

We do not know how quickly spending would have changed if the VAT cut had not been made. That is the fundamental flaw in claims that the VAT cut has worked, as the Governor pointed out.

9 pm

In the absence of a direct comparator, we need some form of proxy to represent it. A simple increase in sales is not enough. Traditionally, we have looked at whether sales of VAT-able goods have increased more than sales of non-VAT-able. The key proxies are generally non-food sales with VAT versus food sales without VAT. The difference should be surprisingly large if we are to claim any proof that the VAT cut has worked. Because those measures are proxies and the model is simple, it is not possible to distinguish on the basis of volumes, or even values, other factors that have already been mentioned, such as discounts, or to take account of postponed purchases or lower interest rates that may also affect the outcome. So there is no proof there that the VAT cut has worked.

Alison Seabeck: I am not as expert as the hon. Gentleman, but his argument about the proxies—spending on VAT-able and non-VAT-able goods—is flawed. If there is additional money in families' pockets because they have saved money on VAT-able goods, sales of non-VAT-able goods could rise because they have more money to spend on food and other products. I am not sure that the hon. Gentleman's argument makes sense.

John Howell: I have some sympathy with that view, and it reinforces the difficulty of using proxies in such matters. The assumption is that because VAT has been reduced, people will go out and buy more VAT-able

items. That assumption contains fallacies, and I am not sure that the distinction is very clear. But that is part of the difficulty of using proxies in situations where we do not have a proper counter-factual—what would have happened if what is being examined had not occurred. One can make a best guess and even do some modelling, but there is nothing to actually compare, which is why proxies are used. I agree that it is a difficult issue, but that is why claims that the VAT cut has worked are unsubstantiated and probably far from the mark.

I have already mentioned the comments from the report that the Financial Secretary is always keen to quote on such occasions about the impact of the date of the change. I wonder whether Ministers actually go shopping any more. Do they realise that Christmas and new year sales occur? That is not a hint of a present from the Financial Secretary, as I am sure that that would need to be declared somewhere. The arguments on the timing have already been made, and I have made my points about the difficulties of assessing the impact of the VAT cut.

Mr. Newmark: I am delighted to be able to make a few points on clause 9. I shall focus on three main areas—many of these points have been much discussed in today's debate—the first of which is the amount of the reduction, which is 2.5 per cent., and the importance of that figure; the second is the issue of the date when the rate reduction ceases; and the third is the cost of the 2.5 per cent. reduction in VAT.

The Financial Secretary to the Treasury makes an interesting point when he says that such a change can be an effective instrument in stimulating demand, but I am curious about how he came up with the 2.5 per cent. figure. What sensitivity analysis did he carry out about the effects of a 2.5 per cent. decrease as opposed to a 5 per cent. or 10 per cent. decrease in trying to drive demand and the volume of trade? The cut is an attempt to kick-start an economy, but in the two or three debates that I have attended on the issue I have heard that the instincts of retailers and consumers were that it would not suddenly drive people to go out and purchase more. When the 2.5 per cent. cut came into effect, did the Financial Secretary rush out and start buying more retail goods? Now that the VAT rate is down to 15 per cent., what has he gone out and bought that he would not have bought at the 17.5 per cent. VAT rate? Perhaps he can tell me how his shopping patterns changed.

It was also interesting to hear the discussions and observations about some of our continental competitors. It was interesting that the French attacked the reduction as a not particularly effective way of stimulating demand. We heard similar criticisms from the Germans and the Dutch, and even from the IMF—I think that it was the IMF chief economist who had no confidence whatsoever in the 2.5 per cent. VAT cut. As I said earlier to my hon. Friend the Member for South-West Hertfordshire (Mr. Gauke), was it some sort of jealousy on the part of our European competitors? Were they suddenly nervous that huge volumes of trade would shift across continental Europe and across the channel, and that the Germans, French and Dutch would suddenly begin moving their trade from Germany, France and Holland into the UK to buy our goods merely because of this 2.5 per cent. cut in VAT? Somehow, I think not. I think that they were making an objective assessment that the 2.5 per cent. was not enough to move the dial with respect to individual buying patterns.

The proof of the pudding can be found in the evidence of experts—that is, the evidence of the people who run some of the big retailers. We have heard Justin King's comments. Retailers are cutting their prices by 15, 20, 30, 40 and sometimes even 50 per cent. to try to drive trade into their shops. As people wander down the street, wondering which shop they should go into, a sign in the window of a shop that says, "2.5 per cent. cut in VAT", across the street from a retailer advertising a 30 per cent. cut in the price of its goods will not drive people in to the shop with the 2.5 per cent. cut.

We should focus on talking to some of the smaller businesses, as I did in Braintree and Witham, two of the towns in my constituency. I did not get a sense from any retailers there that the 2.5 per cent. cut would drive up volumes of business, but those volumes need to be driven up, because I have seen some major retailers in my town centres—particularly in Braintree—simply shutting down and leaving because the business was not there. The 2.5 per cent. that the Government chucked at them to try to drive up trade did not really work, I am afraid.

My next question for the Minister concerns what analysis he, his civil servants and the various people from consultancies who work for him have done. What uplift in the volume of retail trade can be attributed directly to the 2.5 per cent. VAT cut? How has it affected growth in the retail sector? Has it led to a sudden growth in our GDP, a point raised by my hon. Friend the Member for Henley (John Howell)? Those are pertinent questions, but my main interest is to know whether the Minister and his family rushed out and started to buy more as a result of the VAT cut. What goods did he end up buying?

My next question concerns the date on which VAT will return to its original rate. In our previous debate on these matters, my hon. Friend the Member for Bournemouth, East (Mr. Ellwood) said that the 31 December date was very inconvenient—*[Interruption.]* From a sedentary position, my hon. Friend the Member for Ludlow (Mr. Dunne) reminds me that he made the same point, and retailers around the country agree. My hon. Friend the Member for Bournemouth, East has observed that 3 January would be more convenient, and better than attempting to get retailers to change their VAT system at a peak time when they are trying to drive up sales.

I am curious to know why the Minister is so keen on the 31 December date. Has he chosen it because it is the end of the calendar year? The end of the year for retailers is usually later, as I suspect that my hon. Friend the Member for Ludlow will explain in more detail when he gets the opportunity.

The 2.5 per cent. cut has not really worked. I have been persuaded by the argument from my hon. Friend the Member for South-West Hertfordshire that it has not been a big success and that we should cut our losses and go back to the 1 December date. That would be better than extending the misery for another 31 days—*[Interruption.]* The hon. Member for Glasgow, North-West (John Robertson) is saying something from a sedentary position. Does he want to make an intervention, or is he just talking to himself? He is clearly talking to himself.

[Mr. Newmark]

I am not persuaded by the Minister. I hope that he will explain why adding the extra 31 days will be so important. Why has he chosen 31 December as opposed to, say, 3 January? As I and other hon. Members have pointed out, it is probably the worst day of the year to choose to change the rate back up to 17.5 per cent. from 15 per cent.

The third area that I want to spend some time on is the issue of cost. A number of figures have been thrown around, and it is clear that the process could be quite expensive for retailers. It has been estimated that it will have cost them about £90 million to implement the 2.5 per cent. cut, and that it will cost them another £90 million to change the rate back up to 17.5 per cent. Does the Minister have any figures that will help in estimating the cost to retailers of implementing both changes in a fairly short period?

9.15 pm

Is £90 million an accurate figure? My hon. Friend the Member for Henley mentioned a much bigger figure—£300 million—for the cost to retailers, simply to meet the costs of compliance, let alone consulting fees and so on. What does the Minister think of that figure? Is it reasonable? It is important to consider the expense for retailers, because it is not only the big retailers who are affected; they can probably handle issues of compliance and implementing systems to deal with the changes. It is the SMEs who struggle to deal with the constant shifting of the goalposts on VAT. It is inconvenient to them. They want to spend their time, not dealing with compliance and other regulatory issues, but improving their trade. The cost of having to hire more people, perhaps half a day extra a week or even a month, is a meaningful amount to them, because, as we all know, retailers work on very thin margins. I am trying to gain an understanding of the costs to retailers. I would be interested to know what homework the Minister has done on that question.

Moving from the cost to retailers to the cost to the Exchequer, a figure of £12.5 billion has been quoted. Is that figure accurate? What does the Minister think? Does he think it is less than £12.5 billion or more—£15 billion? Have patterns of buying changed, thus changing that £12.5 billion figure, which is constantly bandied around? Clearly, the right hon. Gentleman will be unable to give me an immediate answer on changes in buying patterns, as he has just left the Chamber.

I have asked the Financial Secretary several questions. One is to do with the amount of the VAT reduction—2.5 per cent. Why not 5 per cent.? The second is to do with the date of the change. Why has 31 December been chosen—perhaps one of the most inconvenient dates in the calendar year? Why not 3 January? What is his real objection to the suggestion made by my hon. Friend the Member for South-West Hertfordshire, that the Government should stick with 1 December? My third question is to do with the costs. We have heard several figures, including £90 million for the costs of implementation, doubling to £180 million when the rate is shifted back; and my hon. Friend the Member for Henley talked about £300 million in costs. What does the Financial Secretary think of that figure?

In the words of my right hon. Friend the Member for Witney (Mr. Cameron), it certainly appears that the Prime Minister's VAT cut was an expensive failure. That is why the Conservatives propose keeping to the date of 1 December.

Bob Spink: This debate is about whether one is a tax cutter or not. I am a tax cutter, unlike the official Opposition, who support the Liberals' amendment. I oppose the amendment because I am an unashamed tax cutter. I honestly believe that cutting tax is the best way to stimulate economic growth. I believe that people should keep more of their own money to spend themselves, because they can spend it better than the Government can spend it on their behalf.

Stewart Hosie: That argument is peculiar, because when the VAT cut is put through the input-output model, one finds that direct capital investment saves or creates twice as many jobs as the VAT cut. The hon. Gentleman is technically wrong about the cut stimulating economic growth. It was not the most effective measure. The same amount in direct capital expenditure would have been more effective.

Bob Spink: The hon. Gentleman disagrees with some well respected Conservative Front Benchers, who felt that cutting VAT was the best fiscal stimulus possible and said so quite openly.

When the Minister winds up, will he say what he thinks the consequences for public finances and jobs would be if the fiscal stimulus were not given? I think that that would be extremely risky. It would be playing politics with people's jobs.

Mr. Peter Bone (Wellingborough) (Con): Will the hon. Gentleman give way?

Bob Spink: No. The hon. Gentleman walked into the Chamber just two minutes ago, although the debate has been going on for 90 minutes, so I will not give way to him. I think the public finances will be in better shape because of the Government's fiscal stimulus, and I think the Economic Secretary to the Treasury agrees with me. I am simply shocked to see so many Conservative Members arguing against tax cuts; it is counter-intuitive.

Mr. Binley: Will the hon. Gentleman give way?

Bob Spink: No. The hon. Gentleman has just walked into the Chamber.

Mr. Binley: Will the hon. Gentleman give way?

Bob Spink: No, I will not. *[Interruption.]*

The Second Deputy Chairman of Ways and Means (Sir Michael Lord): Order. It is quite clear that the hon. Member for Castle Point (Bob Spink) has no intention of giving way at the moment.

Bob Spink: I am grateful to you, Sir Michael. Does the Economic Secretary agree that cutting taxes was perhaps the most effective fiscal stimulus, that tax cuts stimulate demand, and that the tax cut is working rather well? Will he therefore put back to 1 June the date of the changeover from 15 to 17.5 per cent.? That would have great benefits, both commercially for businesses,

and economically for the Government. He would certainly have this independent MP's support if he went for that strategy.

Mr. Philip Dunne (Ludlow) (Con): I am grateful to be called to contribute to this debate, Sir Michael. I touched on the VAT cut in my contribution on Second Reading, so it is a pleasure to be able to join in the Committee deliberations from the Back Benches. Much of the debate, and indeed the Liberal Democrat amendment to the clause, is an attempt to estimate the impact of the VAT cut in relation to other stimulus measures that have been introduced. Much has been said this evening about the difficulty of measuring the extent to which the apparent increase in retail transactions is attributable to the VAT cut, as opposed to other things.

I should like to give a bit of colour: now that we are in May, data have been published that tell us what has happened to different categories of retail sales since the VAT cut came into effect. In the first quarter of this year—from January to March—like-for-like sales in the food sector rose by 5.3 per cent., but like-for-like sales in the non-food sector fell by 2.9 per cent. That is according to the Monitor retail sales survey, which is one of the most widely respected retail sales measurements. That pattern was followed again in April, the figures for which came out very recently. In that month, like-for-like sales overall increased by 4.6 per cent. as against last April.

At first sight, that would seem to suggest that the Government's VAT cut had had a positive impact on sales, but I have to inform the Minister that that may well be something of an illusion. The total spent on food during that period has risen by less than food inflation over the same period. That indicates that the volume of food sold over those four months is lower than it was a year ago; it is negative. It is therefore erroneous to suggest that there has been an increase in food sales by volume during the period. As I have already indicated, non-food sales have actually declined during that period, so it would be hard for any statistician to be able to determine that there had been an increase in retail sales as a result of the VAT cut.

Mr. Newmark: Does my hon. Friend think that that could have to do with the Government's anti-obesity campaign? Does he think that that is the reason for the decline in volume of food sales?

Mr. Dunne: As the deputy chairman of the all-party group on diabetes, I take a particular interest in the level of obesity in this country. I suggest to my hon. Friend that although the Government have, in order to keep medical bills down, made some strides to reduce the intake of individuals who consume too much, not enough has yet been done in that regard. A lot more could be done. I do not think that obesity measures are the reason that the volume of food sold has declined.

The figures for April showed an overall increase of nearly 5 per cent., as I have said. That could well be attributed to changing patterns—to changes in the date of Easter, a time when retailers put on special promotions and people like to spend money because they are off work, and, of course, to changes in that favourite in the retail trade, the weather. In 2009, Easter was in April, but in 2008 it was in March so sales were typically lower the month after Easter than they were in Easter month. The weather this April, as hon. Members will remember, was balmily sunny, and many of them will have joined my family—well, they were not actually with my family, but they did the same thing as us—in having Easter lunch outside in the sunshine, which we did not do in 2008. We managed to do it in April 2007, which presaged one of the wettest summers on record, and I hope that that is not a portent for this summer's weather. The weather this April was good, but the weather last April was bad, and those two factors may well account for a large part of the increase in overall sales.

Indeed, Stephen Robertson, the director general of the British Retail Consortium, said as much. He said of the sales figures:

> "A sunny Easter that fell in April this year is the key reason why overall sales are up compared with last year when Easter was in March and miserable."

Mr. Newmark: Given the Government's huge interest recently in the environment, does my hon. Friend believe that in pursuing their policy they were making a huge bet on global warming driving up sales?

Mr. Dunne: My hon. Friend is most inventive in his excuses for the Government trying to account for the cut in VAT by linking it to increases in economic activity. The Government make great claims regarding their green credentials, few of which come to pass and even fewer of which are put into practice in their Budget measures.

I shall try to move beyond mere retail sales to other things that may account for the improvement in economic activity apart from the VAT cut. I shall quote Mr. Robertson again:

> "Following a tough winter, there's some pent up demand, but there's no reason to think that customers suddenly feel flush or eager to spend. With unemployment set to grow through the rest of the year, mounting job worries will hold back spending for some time. The historically weak performance of the last 12 months is behind us, but we shouldn't celebrate yet."

I think he is quite right—it is too early to see the green shoots of economic recovery, and certainly too early to put that down to the VAT cut.

Mr. Binley: Does my hon. Friend agree that for every job loss, two people are equally worried about the possibility of losing their job, which widens the trend that he is discussing? Does he accept that analysis?

Mr. Dunne: My hon. Friend will have seen the unemployment statistics that came out earlier this week, indicating that about 224,000 people joined the unemployment queues over the past three months. That takes the unemployment rate up to 7.9 per cent., which is utterly dire and takes us beyond the unemployment figures that the Government inherited in 1997. There are undoubtedly widespread concerns about unemployment which affect people's spending habits—not just those who have had the misfortune to become unemployed but their relatives, friends and neighbours, who fear for their own position.

Mr. Newmark: My hon. Friend makes an interesting point. I believe that up to 600,000 young people will leave school and college in June, thereby possibly increasing the unemployment figures by another 500,000 to 600,000.

[Mr. Newmark]

As a result of the VAT cut and the potential pick-up in volume, will the retail trade hire more people to deal with the problem, or have the Government seen no evidence of that coming down the path?

Mr. Dunne: My hon. Friend has posed a question for the Financial Secretary, who is now back in his seat; I am sure that his colleagues will brief him so that he can provide a proper answer. My point is that the Government seem set on failing to provide sufficient university places to school leavers this summer. The ranks of the unemployed may well be swollen by young people unable to get into university because the Government have not provided adequate funding.

I move on to consider briefly one or two other factors that may have more significant impact than the VAT cut: I am thinking of the consequences of the reduction in interest rates. In the past 12 months or so, the base rate has declined tenfold from 5 to 0.5 per cent. That will undoubtedly provide a significant increase in disposable income to households that have tracker or variable rate mortgages. The point applies to the disposable income of not only low-income households, as suggested by the Liberal Democrat amendment, but that of all households that benefit from such mortgages. Those who were on fixed-rate mortgages and had the opportunity to reset them in the past 12 months will see some increase—although it will not be as significant, because the banks are clearly making up their margins on mortgages and are not fully passing on the base rate cut. However, I would argue that that cut has had a far more significant impact on disposable incomes and economic activity than the footling VAT cut.

Mr. Newmark: My hon. Friend makes an excellent point about the shift downwards in interest rates. Many of us have store cards; it would be interesting to know whether stores have passed on the decline in interest rates to consumers. Alternatively, have they kept their rates high? Do the margins that they make on that side more than make up for what they may be losing in trade due to VAT cuts and so on?

Mr. Dunne: The retail sector is one of the most innovative in our economy. It would not surprise me at all if customers had the opportunity of significant discounting on the ticket price, particularly of large ticket items, while the back-office finance departments recovered their margins by maintaining significant spreads on store cards and other forms of credit made available to facilitate purchases.

Mr. Bone: I am grateful to my hon. Friend for giving way; he is being exceptionally generous. Before he moves on, I want to put something on the record. A lot of banks are gouging people on interest rates. The interest on the Royal Bank of Scotland Black Card, which has just been introduced, is more than 50 per cent. a year. That bank has certainly not been passing on the cut.

Mr. Dunne: The Committee will be astonished at that information, and I am grateful to my hon. Friend for bringing it to our attention.

I should like to make two other brief points to Ministers about the clause. The first is an issue that I raised when the VAT cut was first announced last autumn: the extraordinary impact on the sectors of our economy that have the benefit of flat-rate VAT arrangements. By introducing the measure with such haste, the Government failed to take properly into account the consequences for the many sectors that benefit from such arrangements. Like, I am sure, almost every other hon. Member, I have had constituents writing to me complaining that, far from seeing a reduction in VAT as a result of the 2.5 per cent. general cut, their customers have seen an increase because the Government have failed accurately to calculate changes to the flat-rate arrangements. Many businesses are having to impose on their customers a higher flat-rate charge during this period of the so-called VAT cut than they did previously. That is quite extraordinary, and the Government have failed to provide a proper justification for it at any point. I hope that they will revisit the subject, even at this late stage.

Finally, I should like to touch on the point made forcefully by my hon. Friend the Member for Braintree (Mr. Newmark) about the date. I also mentioned it in the Second Reading debate. It is quite extraordinary to choose a Thursday to introduce a significant change that will require the re-ticketing of every item, on and off the high street, that is subject to VAT. As my hon. Friend said, the only thing that the proposal has in its favour is that it is the calendar year end. It is not a month end or a week end; in most cases, it is not a financial year end. If the Minister had any familiarity with retailing, he would recognise that most retail financial year ends vary. They will typically fall at the end of January, not the end of December, but they vary according to the calendar. If it is, say, 31 December, it will be the final Saturday of the month closest to that date, not a Thursday.

I ask the Minister to consider something that might be familiar to his Parliamentary Private Secretary and to many of his other colleagues. Has he had any discussions with the retail trade in Scotland about what the impact might be of introducing a significant change requiring a large number of manual amendments to stock price items after close of business on Hogmanay evening? I suspect that that will be extremely inconvenient to retailers in Scotland, who will have to pay substantially more in overtime to their long-suffering staff for coming into work after lights out on Thursday 31 December, when they may well have other things that they would prefer to be doing. I hope that the Financial Secretary will deal with that point directly.

Mr. Timms: Before Christmas, the Government acted promptly with temporary, targeted, timely measures to support the economy and, in the Budget, we set a path for fiscal sustainability over the medium term.

The Liberal Democrat amendment proposes that an evaluation of the impact of the VAT cut be carried out. I can tell the House that on 6 March, with my agreement, HMRC commissioned a study from an independent research organisation, ORC International, whose report will be published, as always with externally commissioned research. The research will look carefully at the compliance costs burden imposed by the change and compare them with the estimates in the public impact assessment. It

will also gather data about the commercial effects and the decisions that businesses took in the light of the VAT reduction, including looking next spring at the effects of the rate going back up again to 17.5 per cent. That is important, because it has always been clear, as has rightly been acknowledged during the debate, that part of the stimulus benefit of what we have done will be to encourage purchases ahead of the rate rise.

Mr. Newmark: Will the Minister give way?

Mr. Timms: I will, but time is pressing.

Mr. Newmark: I appreciate that. I have asked the Minister a lot of questions, as have other Members. How much will the report that he has commissioned to do the homework that perhaps his own assistants and advisers should be doing cost the taxpayer?

Mr. Timms: I do not have the budget in front of me, but given our debate, I think that the House will welcome the fact that a piece of independent research will be published.

The hon. Member for Taunton (Mr. Browne) will accept that definitive answers to the questions raised in the amendment will be elusive, because nobody can absolutely prove what would have happened otherwise. However, the report will certainly provide some useful data to help to draw some conclusions. The assessment that he seeks will be doable when the necessary economic data become available. To assess the impact of the VAT cut, we will need data from the consumer trends survey, breaking down consumption between zero-rated and VAT-able goods. Data for the first quarter of 2010 will be available in July 2010, so the timing will be a little later than his amendment proposes.

In the meantime, of course, ahead of the completion of that research, others have already drawn conclusions about the impact of the VAT cut and will continue to do so, not least in the light of the striking figures on retail sales from the British Retail Consortium to which the hon. Member for Ludlow (Mr. Dunne) referred. Until that point, I was surprised—or perhaps I was not—that nobody had mentioned them. Today, Stephen Robertson, director general of the BRC, described them as the

"best sales growth for three years".

Helen Dickinson, head of retail at KPMG, said:

"consumers are remaining resilient to the prospects presented by a gloomy economic outlook".

Mr. Gauke: Does the Financial Secretary acknowledge that the BRC also stated that the April numbers should be treated with caution because of the weather and Easter?

Mr. Timms: Of course, but they are a data point in a growing and increasingly clear picture about what is happening to retail sales. That is in sharp contrast to what happened to retail sales in the 1990s recession, caused by the policies of the Conservative party, when there was a very different trajectory. In the first quarter of 2009, quarter-on-quarter GDP growth was minus 1.9 per cent., but retail sales growth was plus 0.9 per cent, which is a remarkable phenomenon. How is that remarkable performance to be explained? In part, of course, it is because of the cut in VAT.

Those who argued when the announcement was made that it would have no effect on retail sales were clearly mistaken. The hon. Member for Henley (John Howell), whose contribution I enjoyed, took the view at the start of his speech that the VAT cut would have no effect. I say to him that if that is his view, he should simply examine the clear evidence from retail sales. To be fair to him, at the end of his speech he said that it was not possible to know whether the VAT cut had succeeded, so I suppose that that is at least progress in the right direction.

We can examine retail sales, and we can examine what Goldman Sachs said a couple of months ago about some earlier figures. It stated:

"With clothing and footwear…making the biggest contribution, it appears that the VAT cut was instrumental in driving this strength."

There is also the more recent report, which I am pleased that Conservative Members have now had the chance to have a look at, by the Centre for Economics and Business Research in the name of an adviser to the Conservative party—or a former adviser, I am not quite sure which—with the title, "Credit where credit's due—the VAT cut is working".

When the VAT cut was introduced, it was roundly condemned by the Opposition parties. But speaking of credit where credit is due, I pay tribute to the Liberal Democrats, who in their amendment at least acknowledge that it is right to look at the evidence before drawing a conclusion. I welcome that progress, and I hope that even the Conservative party might in the end not prove impervious to the evidence that is mounting, and will continue to mount, in the coming months. Today's data are another significant piece of evidence.

To be fair to the Conservative party, the shadow Secretary of State for Business, Enterprise and Regulatory Reform always recognised the likely effectiveness of a VAT cut in boosting the economy. The hon. Member for South-West Hertfordshire (Mr. Gauke) declined to dissent from that view, so I take it that he agrees, although he was not able to say so. Certainly the hon. Members for Braintree (Mr. Newmark) and for Poole (Mr. Syms) both endorsed it in their remarks. I hope that in the end, other Opposition Members will come round.

Mr. Gauke: The point is that all of us on these Benches, and certainly the shadow business Secretary, made it very clear that we could not afford the VAT cut.

Mr. Timms: I hope that that shows the hon. Gentleman's implicit acceptance that the VAT reduction has boosted retail sales, as the shadow business Secretary said that it would. If the hon. Gentleman can confirm that, I will be most grateful.

Mr. Gauke: I am explicitly saying that we could not afford it.

Mr. Timms: I am sorry that the hon. Gentleman has declined so pointedly to endorse his right hon. and learned Friend's viewpoint, but other Conservative Members agreed with it. I suspect that, over time, it will gain currency on the Conservative Benches, given the evidence that is becoming clearer and clearer.

9.45 pm

We can say with certainty that retail sales and the condition of the economy would be worse without the temporary reduction and that it is benefiting all businesses—large and small, VAT-registered or not—by supporting the whole economy and increasing demand to higher levels than would otherwise be experienced. Of course, the VAT cut is especially beneficial to those on low incomes because it is worth 1.6 per cent. of gross income to households in the lowest income decile, compared with 0.5 per cent. to those in the highest decile.

To those who suggest that it would be a good idea if the change took place on 1 December, I emphasise that that date is immediately before the busiest retailing weekend of the year. It would be a much worse date on which to make the change—that was clear from our discussions with the British Retail Consortium. There is not much support for that.

I want specifically to tackle one point, which was raised in today's debate and on Second Reading. Indeed, I was surprised that an amendment had not been tabled about the difficulty for the many businesses that will remain open beyond midnight on 31 December in coping with two different VAT rates in a single trading day. Her Majesty's Revenue and Customs will allow a few hours' grace for businesses such as pubs and clubs, which will serve customers over midnight on 31 December, to enable them to charge the same 15 per cent. for a session that goes beyond midnight into the early hours of 1 January. HMRC will work with businesses on the details, but I think that that will address the concern.

I hope that I have reassured the hon. Member for Taunton that we have taken steps to secure the objectives that his amendment would deliver, in so far as they are achievable, and that he will feel able to withdraw the amendment.

Mr. Jeremy Browne: Thank you, Sir Michael, for giving me an opportunity to speak at the conclusion of this helpful debate. Many hon. Members will appreciate the modest but none the less welcome concession that the Financial Secretary made at the end of his remarks about the specific arrangements at the end of December and into 1 January. Never let it be said that we do not achieve anything through our endeavours on the Liberal Democrat Benches to put pressure on the Government.

My party has said all along that the VAT reduction has undoubtedly had an impact. It would be odd to maintain that the Government could spend £12 billion to £13 billion to no effect. The question is whether the impact is as profound as the Government wished for that amount of expenditure. We have had a useful discussion about that, but I hoped that the review that I envisaged, or any other review, could draw the matter out.

The timing, which is effectively the stand part dimension of the debate, is relevant. We should consider whether there needs to be an additional stimulus for consumers to go out and buy items in December, of all months. The VAT cut costs roughly £1 billion a month, but, in December, one would expect the cost to be much greater because expenditure is so much higher.

The amendment provided a useful opportunity to debate the subject in the round and, despite being urged by some hon. Members to press it to a Division, I will not. However, I will seek to vote on clause stand part. Therefore, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Question put, That the clause stand part of the Bill.

The Committee proceeded to a Division.

The Second Deputy Chairman: I ask the Serjeant at Arms to investigate the delay in the Aye Lobby.

The Committee having divided: Ayes 318, Noes 194.

Division No. 119] **[9.49 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Butler, Ms Dawn
Byers, rh Mr. Stephen
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Colley, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick

Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hoey, Kate
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Lawton, Mr. Bob
Lazarowicz, Mark
Leppper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Mackinlay, Andrew
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGrady, Mr. Eddie
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Meale, Mr. Alan
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Oliver, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Pickthall, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stewart, Ian
Straw, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Dr. Richard
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Ian Lucas and Helen Goodman

NOES

Ainsyle, Adam
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Baldry, Tony
Barker, Gregory
Barnett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Binley, Mr. Brian
Bone, Mr. Peter
Bosswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brake, Tom
Brazier, Mr. Julian
Brokenshire, James
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Carmichael, Mr. Alistair
Cash, Mr. William
Chope, Mr. Christopher
Clappison, Mr. James
Clark, Greg
Clifton-Brown, Mr. Geoffrey
Curry, rh Mr. David
Davies, David T.C. *(Monmouth)*
Davies, Philip
Djanogly, Mr. Jonathan
Doddis, Mr. Nigel
Dorrell, rh Mr. Stephen
Dorries, Nadine
Duddridge, James
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Field, Mr. Mark
Foster, Mr. Don
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Hague, rh Mr. William
Hammond, Mr. Philip
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David

Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hollobone, Mr. Philip
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howarth, David
Howarth, Mr. Gerald
Howell, John
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Kawczynski, Daniel
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Lamb, Norman
Lansley, Mr. Andrew
Laws, Mr. David
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mason, John
Mates, rh Mr. Michael
Maude, rh Mr. Francis
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Mundell, David
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Öpik, Lembit
Paice, Mr. James
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Pritchard, Mark
Pugh, Dr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, rh Mr. Peter
Rosindell, Andrew
Rowen, Paul
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Matthew
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Tyrie, Mr. Andrew
Vara, Mr. Shailesh
Wallace, Mr. Ben
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Weir, Mr. Mike
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Wilson, Mr. Rob
Wilson, Sammy
Wishart, Pete
Yeo, Mr. Tim
Younger-Ross, Richard

Tellers for the Noes:
Dan Rogerson and
Jeremy Wright

Question accordingly agreed to.
Clause 9 ordered to stand part of the Bill.

Clause 11

RATES OF ALCOHOLIC LIQUOR DUTY

Mr. Jeremy Browne: I beg to move amendment 10, page 5, line 35, at end insert—

'(6A) No further amendment may be made to section 5 of ALDA 1979 within three years of the commencement of this section, unless the condition set out in subsection (6B) has been satisfied.

(6B) The condition referred to in subsection (6A) is that the Chancellor of the Exchequer shall have compiled and laid before the House of Commons a report containing an assessment of the impact of the increases in alcohol liquor duty on—

(a) the competitiveness of licenses premises, and

(b) the level of employment in alcohol-related industry,

and the House of Commons shall, by resolution, have approved that report.'.

The Second Deputy Chairman: With this it will be convenient to discuss amendment 12, page 5, line 37, at end insert—

'(8) The Treasury will, prior to the 2009 Pre-budget statement—

(a) publish an assessment of the level of revenue yield anticipated from alcohol liquor duty based on it being levied on the rates of duty in this section, and

(b) publish an assessment of the level of alcohol liquor duty required to be levied on each type of drink on an equitable basis based on the alcohol content to generate the same level of revenue yield.'.

Mr. Browne: Amendment 10, which has been tabled by me and by some of my hon. Friends, seeks to prevent increases in alcohol duty for three years unless or until a report on its impact on the pubs and industry sector is undertaken and approved by the House in the meantime.

Mr. Greg Hands (Hammersmith and Fulham) (Con): Will the hon. Gentleman give way?

Mr. Browne: I will, although I have hardly started.

Mr. Hands: I am slightly confused by the amendment. It states

"No further amendment may be made to section 5 of ALDA 1979",

but that section appears to apply only to spirits. The amendment does not mention section 36, which deals with beer, section 62, which deals with cider, or schedule 1, which deals with wine. Is it the hon. Gentleman's intention that only spirit duties be frozen for three years, or it is his intention that all duties be frozen for three years?

Mr. Browne: It is my intention that the Government examine their policy on alcohol taxation, which is of great concern to my constituents and, I believe, to those of many other Members. Some Members will be particularly concerned with the issue of whisky, which I know is a preoccupation of many who represent Scottish constituents, but others are concerned about other aspects of alcohol duty.

Mr. Hands: Will the hon. Gentleman make the position entirely clear? Is he suggesting that there should be no freezing of cider duty, for instance? That is what his amendment implies.

Mr. Browne: Conservative Members always labour under the misapprehension that no one in Taunton drinks anything other than cider. They have me bang to rights, because my constituents will be unable to enjoy any sort of social life if measures affecting cider are passed. Sadly, that used to be truer than it is now. Cider is not as widely drunk in my constituency as it once was—

Mr. David Heath (Somerton and Frome) (LD) *rose—*

Mr. Browne: It is widely drunk in Somerton and Frome, though. I give way to my hon. Friend.

Mr. Heath: I merely wish to make it clear that the social life in my constituency would be considerably impaired if cider were not available.

Mr. Browne: I am not saying that it would not be impaired in my constituency. I am merely saying that it would not be completely compromised.

The effect of the amendment is on the amendment paper for all to see, but I think it would be useful to expand my arguments so that all Members can understand the context not just of the amendment, but of Government policy as I understand it, and the impact that it will have in Taunton, in Somerton and Frome, and indeed in every constituency in the country.

I am pleased to see that the current debate is relatively well attended compared with our earlier deliberations, because what we are discussing has a profound impact. The Government's current policy is to increase the duty on alcohol over and above the rate of inflation. Conservative Members may remember when the right hon. and learned Member for Rushcliffe (Mr. Clarke) introduced the fuel duty escalator. This is the equivalent of that, except that it affects alcohol rather than fuel.

Several hon. Members *rose—*

Mr. Browne: I shall give way to the hon. Member for Banbury (Tony Baldry).

Tony Baldry (Banbury) (Con): The hon. Gentleman says that the purpose of the amendment is there for all to see. In fairness, however, he has not yet answered the point put by my hon. Friend the Member for Hammersmith and Fulham (Mr. Hands). With respect, I am not really interested in cider. What I, in north Oxfordshire, am interested in is Hook Norton beer, and I want to know whether the amendment will apply to beer. Why has the hon. Gentleman selected only whisky? Has he done so in order to placate the Scottish nationalists and others on the Benches behind him, and why is the Liberal party not concerned about the future of the English pub and English beer?

Mr. Browne: Whisky is, indeed, important, and I would not wish to diminish its importance—I know that the Conservative party has almost no representation in Scotland, which may have some bearing on its thinking on this matter. My concern is across the board: I am extremely concerned about the impact on people who drink beer, cider and every other alcoholic drink on which Members may wish to offer representations or make some special pleading.

Several hon. Members *rose—*

Mr. Browne: I will give way in a moment. This is a wider debate; the overall concern is the impact on pubs, brewers and people who work in this industry. I regret that no amendments were tabled either by Labour Back Benchers or by any Conservative Member.

Several hon. Members *rose—*

Mr. Browne: As what I have just said is the case, I think it is best that I make a little headway for the moment, and try to explain why I think the Government's alcohol escalator acts to the detriment of a good number of our constituents.

Ministers frequently make the point that there have been changes in lifestyle patterns in the United Kingdom, and that the rates of taxation charged on alcohol of all types is not the sole determining factor of demand for those products. I accept that: people behave differently and society is different from how it was 20 or 30 years ago, and people have modified their behaviour quite outside how that is influenced by duty levels on alcohol. Also, although the popular perception is that alcohol consumption is soaring, the reverse is the case: the total UK sales of most types of alcohol are declining. Within that overall big picture, there are changes in the way that people consume alcohol, such as the extent to which they consume it at home as opposed to in licensed premises. That is one consideration, and I do not say that the Government are responsible for those changing lifestyle patterns. Indeed, in some regards they may even have advantages, although in other regards they may have disadvantages.

There are additional factors. The smoking ban, for example, has undoubtedly had an impact on some establishments. Establishments that specialise in serving food alongside the sale of alcohol may even have benefited from the smoking ban, but it has undoubtedly had an adverse effect on the business of institutions that do not have food so high up their pitch to their customers. I think all Members would accept that. There will be Members present who voted in different ways. I voted against the smoking ban, but I was in a small minority. Most Members voted for its introduction in England, but the ban has undoubtedly had an adverse impact on a number of bars, pubs and restaurants in England.

Mr. Dunne: Not only do the Liberal Democrats no longer represent Shropshire in this House, but I can reasonably confidently predict that they will barely represent Shropshire at the local authority level on 5 June.

I, too, voted against the smoking ban, and one of my reasons for doing so was to allow pubs in my constituency to continue to attract customers, many of whom have smoked. Many pubs also have breweries attached to them. I am told by the Society of Independent Brewers, whose best bitter I judged in Ludlow castle on Sunday, that my constituency has more independent brewers than any other, and they are extremely concerned about the increases through the beer duty escalator proposed in this Budget.

10.15 pm

Mr. Browne: Sir Michael, that intervention may have been of a better length if the hon. Gentleman had cut out all the predictions about the local elections, which do not seem to have a direct bearing on clause 11. Let us not go through every county and make predictions about the local elections, not least because whenever the Conservatives in my area make such predictions they always look stupid afterwards. Who knows what the future holds? Everybody has their turn in the spotlight.

[Mr. Jeremy Browne]

I regret that some Members of other parties seem to place less importance on the matter before us than I do. We are dealing with the impact that Government policy on alcohol taxation is having on pubs, brewers—the hon. Gentleman rightly pointed that out—and people who work in the entertainment industry. It is well known that pubs are closing at an alarming rate in this country. It is not our duty in this House to try to ensure that pubs that are unable to attract customers remain in business regardless of their ability to sell their product at an attractive price to the people who choose—or do not choose—to go to them. Nevertheless, there is a discernable pattern and it is undoubtedly influenced by a number of factors. I mentioned lifestyle changes, and the smoking ban is also a factor, but price—specifically the price differential between sales in licensed premises and in off licences—is certainly a factor. Most people would accept that that is having an impact, on pubs in particular.

I am told by the British Beer and Pub Association that 70 per cent. of people oppose this increase in duty. That does not necessarily surprise me, but it is strange that it has become almost the received wisdom in political circles that putting higher duty on alcohol is popular. When I leave Westminster I find far fewer people who are enthusiastic about increasing alcohol duty than I do when I talk to think-tanks and others here, who tell me what a very good idea it is.

Mr. Redwood: Does the hon. Gentleman agree with the publicans, who have lobbied most of us in this House, that this latest duty increase could be the straw that breaks the camel's back, given the recessionary influences also bearing on the pub trade?

Mr. Browne: Not only do I agree, but the evidence is there for all to see. Six or so pubs are closing on a daily basis, so the camel's back has been broken for them. The margins are fine on so-called liquid sales; the profit made by the publican, be it on spirits, beer, cider or any example that one chooses to highlight, is very modest. That is why so many pubs have, understandably, diversified into food and accommodation, but the situation is difficult for publicans if they are not able to make some sort of meaningful profit from their core business of selling alcohol.

Bill Wiggin (Leominster) (Con): Will the hon. Gentleman say something about the tremendous amount of work that all sorts of bodies, in particular the National Association of Cider Makers, have done on responsible drinking? The Government's idea that increasing duty will be beneficial is counter-intuitive and does a great deal of damage to those bodies, which are working so hard. While I am on the matter of health, has he seen the Government deputy Chief Whip, who normally appears at these later hours—he certainly appeared at all times during consideration of the Apprenticeships, Skills, Children and Learning Bill—and does the hon. Gentleman know whether he is all right?

Mr. Browne: If I think about it, perhaps I will be able to work out what the second half of that intervention meant. Perhaps I should just address myself to the first half. Sheppy's Cider is based in my constituency—sadly the only cider manufacturer left in Taunton Deane—and produces an excellent product. It is noticeable that, when people drink cider or other alcoholic drinks on the premises in traditional pubs, they are drinking in a controlled environment so it is much less likely to be detrimental to their health than if they were drinking in other circumstances. That is partly why community pubs have a civilising influence in many cases that would not be so obviously witnessed with other forms of retailer. Many people think that alcohol consumed in those circumstances is better than alcohol consumed in others.

I said that the majority of British people—I accept that this is unsurprising—oppose an increase in duty and an increase over and above inflation year on year, but I am told by the British Beer and Pub Association that 49 per cent. of Labour MPs oppose the increase. That is a very precise figure, and not quite half of Labour MPs. I am pleased to see much better representation on the Labour Benches than has been the case for other aspects of the Bill. It is still a modest turnout, but I hope that those Labour Members who have attended have come to champion the interests of their constituents, licensed premises, brewers and people who work in the entertainment sector in their constituencies.

VisitEngland, the organisation that is given money to promote tourism, has awarded the English pub industry its Enjoy England award for outstanding contribution to tourism. Previous winners include Sir Paul McCartney, the Queen and the Harry Potter films, so that is a measure of how much we value the traditional pubs in our society. They are enjoyed not only by all our constituents but by people who visit this country and regard visiting a pub and drinking the sort of drinks that are only available in this country as essential to the intrinsic appeal of being a tourist here.

Dan Rogerson (North Cornwall) (LD): I know that my hon. Friend is a great supporter of the fight to keep open pubs in his constituency. Has he had the benefit of work by the Pub is the Hub campaign, which underlines the contribution that pubs make to the local community—it is much wider than their direct business contribution? For example, in my constituency the Tree inn in Stratton now has a post office. It has reopened in the pub and is providing a fantastic service for the people of Stratton. Is that not a fine example of the contribution that pubs make?

Mr. Browne: It is a perfect example. In many villages, the pub just selling alcohol to the residents of that village is no longer a viable economic business model, for the all the reasons I have touched on. Pubs are having to diversify and if they have done so well, they have often been very successful. Some provide more food for Sunday lunches or evening meals, and some provide accommodation—

Mr. Heath: Skittles!

Mr. Browne: I shall come to skittles later in my contribution. Pubs also offer other services that are not necessarily part of the core offering of the pub. Postal services have been mentioned, but if a village no longer has a shop or any other outlet where the public can gather, the pub can be where people learn about social

activities, or where the Rotary club meets. It would be a mistake to see pubs solely as an outlet for alcohol, but I fear that Ministers, when they proposed these above-inflation increases, failed fully to understand the wider social impact of their policies.

Mr. John Hayes (South Holland and The Deepings) (Con): It is indeed important that we defend these great British institutions. Skittles has been mentioned, but may I make a plea for darts? The game of darts is characteristically British and intimately associated with public houses, which is usually where people first learn and practise the game. What could be closer to the aesthetic of Britishness than the game of darts played in a pub with a warm pint of bitter?

Mr. Browne *rose—*

The Second Deputy Chairman: Order. May I ask the hon. Gentleman to concentrate on the amendment, before we start to talk about dominoes?

Mr. Browne: Sir Michael, your guidance is invaluable. The only thing that I would say is that I visited Andy Fordham's pub when he won the world darts championship a few years ago. It was fantastic to see the world darts trophy behind the bar, next to the crisps and peanuts on sale there. Darts, right up to the highest level, is intrinsic to people's enjoyment of pubs.

That takes me neatly—and conveniently in terms of not incurring your wrath, Sir Michael—back to the representations that I have had from my constituents on this matter. I have received an enormous volume of correspondence from people in my constituency and from institutions. They are extremely upset that the Government's policies are likely to make it far harder for pubs and other entertainment retailers to stay in business. Indeed, in the past few weeks alone I have received representations from "The Westgate Inn" in Taunton; the "Allerford Inn" in Norton Fitzwarren; "The Blagdon Inn" in Blagdon Hill, just outside Taunton; "The Bear Inn" in Wiveliscombe, which was Somerset Campaign for Real Ale pub of the year last year and has, I think, a very good skittles alley; "The Crown Hotel" in Exford; "The Holywell Inn" in Taunton Deane; and many others, including "The Swan", "The Bell Inn", "The Cottage Inn", "The Bridge Inn" and "The Waggon Inn". I list those institutions only because those who are less familiar with Taunton Deane than I am—a large number of Conservative MPs visit my constituency, however, so perhaps I will take the opportunity to show them some of these institutions—will not know that that list contains a wide range of different pubs. Some are in Taunton, which is a reasonably sizeable town, and others are in quite isolated villages, but they all share the concern held by me and many other hon. Members that the Government's proposals will impact adversely on their businesses.

Mr. Roger Williams (Brecon and Radnorshire) (LD): My hon. Friend is making a very powerful case. Does he agree that when pubs shut it is very difficult for the planning authority to resist an application for change of use? When such applications are resisted, the pub in question can often be resurrected and can be profitable and secure in the future. "The Old Barn Inn" in Three Cocks and "The Shoemakers" in Pentrebach are now doing very well indeed.

Mr. Browne: I am delighted to hear that. Perhaps you might seek to encourage Members to talk about pubs they enjoy visiting in their constituencies, Sir Michael. The general point is an extremely good one. When pubs close, they rarely reopen and are lost to the community. The planning laws make it hard for pubs to reopen in many cases, but when they do it can be an extremely successful venture. It is also worth noting, in passing, that when new housing estates are built—the Government still aspire to have 3 million new houses, although progress has been slower than they might have hoped in that regard—they are rarely built with community amenities such as village halls, churches or pubs. People who live in many new developments keenly feel that their community would be greatly enhanced by a gathering point, such as a pub, where people can go for a sociable drink and also get to know other people, attend Rotary club meetings and so on. That only serves to highlight the importance of the sector, and why it is so clearly unwise of the Government to try to penalise people in it.

10.30 pm

Mr. Bone: I am following the hon. Gentleman's powerful speech with great interest, but will he tell the Committee how many pubs in his constituency have closed already? At least three in my constituency have and the one in Little Irchester, where the Hell's Angels always used to gather, has been flattened. That is a great loss to the town, and things will only get worse. What has been the impact in Taunton?

Mr. Browne: I carry out extensive research into the well-being of the pub sector in my constituency, as you might be able to tell, Sir Michael. I cannot give the hon. Gentleman a precise figure, but a number of pubs have closed. What is alarming and notable is that they have closed everywhere—in Taunton itself, which is a reasonably sized town with a population of 63,000, and in villages too. It is extremely unusual for villages to have two pubs, as was common even 10 years ago. The sector is contracting the whole time.

As I said earlier, it is not in our gift to ensure that all businesses are successful. Some pubs that are failing to meet their customers' expectations may not be viable businesses, but the amendment asks whether the Government, as an act of policy, should be making it even harder for businesses to be profitable and successful. I maintain that they should not.

Kelvin Hopkins (Luton, North) (Lab): I am absolutely in favour of the pub culture in our way of life, but does the hon. Gentleman agree that there are two reasons why pubs are suffering? First, the drink-drive laws mean that people drink at home and, secondly, people can buy cheap alcohol in supermarkets. Would it not be more sensible to raise the price of alcohol in supermarkets to help the pubs?

Mr. Browne: There are a number of reasons why pubs are suffering. I touched on changing lifestyles, and I suppose that one could incorporate the drink-drive laws in that. Certainly, there have been big changes in what is regarded as socially acceptable, although the relevant laws have not changed for a while. The hon. Gentleman did not mention the smoking ban, the effect of which I acknowledge has been chequered: although it may have had a positive effect in some establishments, in most it was probably a negative one.

[Mr. Jeremy Browne]

However, the hon. Member for Luton, North (Kelvin Hopkins) makes a very fair point about alcohol off-sales. Anyone who goes shopping will know just how cheap alcohol is in supermarkets compared with pubs. I observe that customers seem keen to buy alcohol sold cheaply in supermarkets. The public do not greet it with great hostility, but the differential involved makes it that much harder for pubs and other licensed establishments to be successful.

The differential also makes it harder for traditional brewers to be successful, because they are rarely able to offer to the supermarkets the heavily discounted alcohol that the large international brewers can offer. Therefore, they are at a price disadvantage even within the supermarket, because the economies of scale are not sufficiently big for them to be able to manufacture to the level that means that supermarkets will offer their products at a great discount.

Philip Davies (Shipley) (Con): Surely the hon. Gentleman does not want the many thousands of people who visit Asda in Taunton to pay more for their shopping than they need to. Does he want to penalise all those people who drink perfectly responsibly but who want to do so at home, or the many hundreds of people who work at Asda in Taunton? Surely not.

Mr. Browne: Asda in Taunton is the company's south-west regional training centre. It is an extremely important and significant local employer, as are Sainsbury, Tesco and Morrison. All of them do very well in Taunton.

I said that lifestyles are changing and that people want to buy alcohol from supermarkets to drink at home while they are watching a DVD or the football. I am not saying that the Government have it within their gift to change that—lifestyles are changing. My point is that for someone who is trying to run a pub in Taunton or anywhere else, the above-inflation duty increases are making business harder, which is creating problems at precisely the point when those other factors are militating against publicans.

Several hon. Members *rose—*

Mr. Browne: Perhaps no one else will need to make a speech—I shall just use the opportunity of mine to give everyone a chance to speak. I give way to the hon. Member for Angus (Mr. Weir).

Mr. Mike Weir (Angus) (SNP): I agree with much of what the hon. Gentleman says. Obviously, rising duty is one factor, but is not another the way in which the pub trade is now run, in many cases by large pubcos? They are putting huge costs on those who are trying to run pubs, and adding the duty on top of that is often the last straw.

Mr. Browne: I agree with the hon. Gentleman. I think we all agree that there are a large numbers of relevant factors, but whatever they are, the increase in duty is the last straw. On that point, he is united with the right hon. Member for Wokingham (Mr. Redwood), who also thinks it is the last straw.

Mr. Mark Todd (South Derbyshire) (Lab): I was fortunate enough to miss the start of the hon. Gentleman's speech. He may have covered this point in his oration, which has lasted half an hour or so, but I am puzzled about how his proposal relates to the competitive position of a pub against another provider of alcohol. If one simply reduced the duty or altered how the Government increase the duty, it would affect all sellers of alcohol equally. The competitive position of pubs would not be altered one iota.

Mr. Browne: I regret giving way to a Member who, first, was not interested enough in the subject to turn up at the beginning of the debate—it is not as though we are early in the working day—and, secondly, was so discourteous. However, I shall answer the hon. Gentleman's point. I think that drinking in pubs is quite price sensitive—more so than other environments in which people consume alcohol. Pubs are more price sensitive than bars that sell in large volume. I am not convinced that the Government's policy will have a profound impact on binge drinking: people who go and drink 12 pints of very strong lager are unlikely to modify their behaviour, and if they do, it will take the form of drinking 11 and a half pints of very strong lager, the effect of which will be little different. On the other hand, people of more modest means who drink in a pub, in a village or an urban area, can be more price sensitive: they may choose not to visit the pub, or to have only one pint, rather than one and a half. There is a price factor.

As I said, a pub has a range of social dimensions, and the impact on them of sales taking a different form may not be so keenly felt. However, my hon. Friend the Member for Somerton and Frome (Mr. Heath), who defers to no one in his knowledge of Somerset as a whole, mentioned skittles. Readers of *Somerset County Gazette* will see among all the reports of how well Somerset's cricketers are doing the publication of the skittles leagues. Those leagues, like the darts leagues, are based around pubs: most pubs have skittles alleys which are about the length of this Chamber and as wide as the area between the red lines, and many people visit pubs to play skittles as part of teams against another pub team. When they are there—

The Second Deputy Chairman: Order. I would find it helpful if the hon. Gentleman explained how his remarks relate to his amendment—directly, I mean.

Mr. Browne: I shall do so briefly and directly, Sir Michael.

Mr. Hayes: The amendment refers to a report on competitiveness. I appreciate that this may take some time, but could the hon. Gentleman outline the substance and nature of that report? Could he add an element of quantification in his analysis, and could he tell us how the report will be drawn up with reference to whom will it be drawn up, who will be consulted, and what form will it take?

Mr. Browne: I am grateful for that intervention. I hope that a wide range of people will be consulted, including skittles teams, publicans, brewers and others. Subsection (6B) of my amendment refers to

"(a) the competitiveness of licenses premises, and

(b) the level of employment in alcohol-related industry".

Sir Robert Smith: An important message that the Government have to take on board when it comes to the competitiveness of the alcohol industry is that we should have regard to the export industry that we have built up, in particular on the back of the expertise in the whisky industry. My point relates not just to whisky, but all the spirits industries that have grown up in Scotland on the back of the whisky industry. The export industry depends on access to other markets, and if our own Government are penalising the product at home, it is much more difficult to argue about opening up markets abroad.

Mr. Browne: My hon. Friend is a champion of the industry and makes the point perfectly.

Mr. Bone: Before the hon. Gentleman concludes his opening remarks, could he explain subsections (6A) and (6B) in his amendment? I am trying to make up my mind whether to vote for it. Would subsection (6A) restrict Parliament's ability to reduce duty? It seems to say that we could not reduce it in the next three years. I would like his views on that.

Mr. Browne: That is an interesting point. I hope that the review would consider it and make recommendations. I am sure that the Exchequer Secretary to the Treasury could, if she was so minded, say that the reason why the Government wish to oppose the amendment was that they had had a complete change of mind and were upset that the amendment would restrict their ability to cut duty in future years. That would give me a good reason to withdraw it.

Mr. Newmark *rose—*

Mr. Browne: I was keen to get on to the impact on brewers, but I give way to the hon. Gentleman.

Mr. Newmark: I have just one supplementary question to those asked by my hon. Friend the Member for South Holland and The Deepings (Mr. Hayes). He asked a number of important questions about proposed new subsection (6B), but another important question is how much the report that the hon. Member for Taunton (Mr. Browne) proposes to compile will cost the taxpayer.

Mr. Browne: I think that the cost will be considerably less than the cost to the taxpayer of the industry continuing to suffer as it does, due to the number of pub closures and the number of other licensed establishments affected. Of course, the precise cost would depend on how many people were consulted. I think that the consultation should be broad, because there are so many groups affected by the issue, including those responsible for postal services and Rotary clubs that meet in pubs in my constituency. In the grand scheme of things, the cost is tiny compared to the huge social impact that is felt when the sector is under threat.

Philip Davies: The hon. Gentleman glossed over the question asked by the hon. Member for South Derbyshire (Mr. Todd), who made the point that if duty went up equally on the alcohol in supermarkets and the alcohol in pubs, pubs would be at no competitive disadvantage. Does the hon. Member for Taunton (Mr. Browne) agree that whereas pubs sell only alcohol, and therefore have to increase the burden on the customer when duty goes up, supermarkets sell many products, and so can occasionally absorb the cost of increased duty to keep prices low and attract people in? It therefore affects pubs disproportionately when duty goes up on beer.

Mr. Browne: The hon. Gentleman makes a fair point. I do not want to stray too far, but there is also a difference between pricing a product competitively and deliberately selling it at less than the cost price to drive competitors out of business. That is a legitimate point. I tried to give a comprehensive answer to the question asked by the hon. Member for South Derbyshire (Mr. Todd), who was insufficiently interested to turn up at the beginning of the debate. What I said was that the impact was experienced differently in different sectors. I thought that that was the case 10 minutes ago, and I still think that it is the case.

Before I conclude, I want to deal with the effect on brewers, because Members who are not as familiar with Taunton Deane as I am may not know that there are four distinguished beer brewers in my constituency.

10.45 pm

Mr. Bone: Name them.

Mr. Browne: Cotleigh Brewery, which is based in Wiveliscombe—its leading beer is tawny beer, which I strongly recommend to anyone who visits the area; Exmoor Ales, which is also based in Wiveliscombe, and is the producer of the award-winning Exmoor gold; Taunton Brewing Company which, confusingly, is not in Taunton, but has a brewery in the village of West Wagborough in my constituency; and Quantock Ales which, confusingly, is not in the Quantocks but is on the edge of Wellington in an area called Chelston. All four brewers are much appreciated and valued by people in my constituency. The first two—Cotleigh Brewery and Exmoor Ales—have about 10 employees each, so they are not insubstantial operations. The second two are much smaller businesses—they employ only one or two people. As I said, Cotleigh Brewery and Exmoor Ales employ about 10 people each and produce well over 1 million pints of beer a year, which are widely sold in pubs throughout Somerset and the south-west, Dorset and Devon.

Not only are those breweries significant local employers but they are part of the heritage and fabric of the community that I represent. The first two breweries are based in Wiveliscombe, which has a population of just over 2,000, and has a brewing tradition that goes back hundreds of years and is intrinsic to the town's character. Not only do those breweries produce excellent beers that people in my area enjoy drinking either in bottled form from shops and supermarkets and pubs but they contribute just as much as the pubs to the character of the area that I represent. Moreover, as the comments from Visit England show, they contribute to the overall character of the country. I am sure that many Members enjoy, as I do, different drinks depending on where they are in the country. If I visited Yorkshire, there are excellent beers and other drinks in Yorkshire that I would—

The Second Deputy Chairman: Order. Will the hon. Gentleman direct his remarks to his amendment? These are serious matters for people involved in these industries, and he ought to concentrate on his amendment.

Mr. Browne: Thank you, Sir Michael. I was seeking to be serious, and I shall conclude.

Philip Davies: Will the hon. Gentleman give way?

Mr. Browne: Yes, but I shall first explain just how many different areas of public life in this country are taken up with alcohol-related sales and production, and quite how profound the impact of Government increases in duty over and above the rate of inflation will be on all those individuals and sectors of society. It is important that a report of the type envisaged in amendment 10 is conducted before further increases are introduced. It is quite wrong for the Government to proceed blindly in increasing duty on alcohol, which has had a profoundly adverse impact on many people in the past, without their being fully aware of the consequences for all those different people.

Several hon. Members *rose—*

Mr. Browne: I wonder whether it would be better for Members to make speeches.

The Second Deputy Chairman: Order. If the hon. Gentleman is encouraging other Members to make speeches, given the time available, perhaps he would like to conclude his own.

Mr. Browne: I promised to give way before I concluded, Sir Michael.

The Second Deputy Chairman: Perhaps after giving way, the hon. Gentleman will conclude his speech.

Philip Davies: I very much support the hon. Gentleman's comments about the importance of breweries. The recently established Saltaire Brewery in my constituency is thriving. It supplies local pubs, virtually exclusively. If the duty on beer and alcohol puts some of those pubs out of business, the hon. Gentleman will have been absolutely right to stress that that will be devastating not only for those pubs, their customers and the local communities, but for the small breweries that rely on those pubs to supply their wares.

Mr. Browne: The hon. Gentleman has summed up my case perfectly and eloquently. I fear that the Government are on the wrong side of this debate and I hope very much that hon. Members, including Labour Members who have their constituents' interests at heart, will unite in support of amendment 10.

Mr. Redwood: The amendment invites us to change clause 11. The substance of the argument, as we heard in that interesting opening, is that the increases in duty proposed by the Government are too high and could damage jobs and the industry. An alternative mechanism is proposed for further review so that there would be no further increases in the duty rates unless and until we had taken proper advice about their impact on jobs. That has a lot to recommend it, and I look forward to hearing what my party's Front Benchers think about it.

When the Minister responds, it would be helpful if she explained a little more about the workings of the increases and the escalator in clause 11 so that we can judge what account, if any, the Government have taken of the impact of these high and rising duty rates on the business and why she might think that another proposal is not necessary.

In the explanatory notes to the Bill, we are told that clause 11 increases the duty by a nominal 2 per cent. However, if we look at what the clause actually says, we see that, for example, the standard rate of duty on beer is to rise from £14.96 to £16.47—a rise of a little over 10 per cent.

David Taylor: The right hon. Gentleman is well known for his erudition and knowledge about a whole range of issues. To back up the comments that he is making, will he tell the House how much a pint of beer is at his local pub? When did he last buy one?

Mr. Redwood: Sir Michael, I would be wandering far wide of the amendment if I were to go into all my drinking habits. I do not see this as an opportunity to take the hon. Gentleman on a conducted tour of all the pubs in Wokingham, although he can rest assured that I fully support my local pubs—just as he supports his, I am sure.

My argument relates to the impact on the national picture of these duty rates. I take the hon. Gentleman back to where we were. I was pointing out that the standard rate of duty on beer shows an increase of more than 10 per cent.; I appreciate that there are VAT changes as well. There is also an increase in duty per hectolitre on sparkling cider from £188.10 to £207.20, also an increase of more than 10 per cent. The duty per hectolitre on non-sparkling cider whose strength exceeds 7.5 per cent. also increases, from £43.37 to £47.77—again, a rise of more than 10 per cent. The rate of duty per hectolitre in any other case increases from £28.90 to £31.83, which is yet another increase of more than 10 per cent. It would be useful if the Minister took us through her figure work to give us some idea of what, over the period covered by the amendment, the Government have in mind under the alcohol duty escalator that they are designing.

The structure of clause 11 also reminds us that there are large steps up in duty on categories of wine, depending on whether it is sparkling and on its alcoholic strength. There is a duty increase of about 40 per cent. between wines of 3.9 per cent. strength and wines of 4.1 per cent. strength. There is more than a doubling of the duty if the strength goes up from 5.4 to 5.6 per cent. For some reason, sparkling wine in the 5.5 to 8.5 per cent. bracket is slightly cheaper than the equivalent non-sparkling wine, but for sparkling wine with a strength of more than 8.5 per cent. there is an increase of some 30 per cent. in duty over the standard amount. That does not seem to be particularly tidy or fair, and it will mean different impacts on different elements in the industry. Some people feel that duty is becoming penal at the higher levels, and there is no necessary correlation between drinking too much and the strength of the drink. On some occasions, people are much more careful with stronger drinks, for obvious reasons, and one has to be a little careful about the gradations.

We need some background on how these duties are tabled. Without a better explanation of why they are fair and just and related to wider social aims, it seems attractive on the surface that there should be a pause in the escalator and a proper review of its impact.

Bob Spink: Does the right hon. Gentleman think that one problem with the Liberal amendment is that it would prevent any decrease in, or indeed the removal of, the escalator over the next three years?

Mr. Redwood: I think that latecomers should refrain from making comments that have already been made by hon. Members who have decided to take this rather more seriously. As you rightly reminded us, Sir Michael, it is an extremely serious issue for a very large number of businesses and constituents throughout the country. We have all been impressed by the energy of those who are desperately trying to save their industry and their local pubs. They have been to see us here in the Palace of Westminster, they have been to see Ministers, they have sent a great number of e-mails and personal correspondence, and they have often been to Members' constituency advice surgeries. It well behoves anybody in the House not to try to turn this into some kind of knockabout but to see that it involves big issues about jobs, prices, communities and ways of life that matter a great deal to our constituents.

As we have heard—I do not wish to bore the House by repeating it—a point can be reached where an increase in taxation can suddenly tip over into doing far more serious damage. My worry is that we are reaching that point against the background of recession. It may well be that in more normal years there was agreement across the House that there needed to be a certain level of duty, or even an increase in duty, for health or revenue-raising reasons. However, against the background of great pressure on the economy, a squeeze on many people's incomes, a squeeze on company cash flow, and businesses experiencing difficulty in raising from the banks working capital or money for their wider purposes, the Government should pause to reflect on whether this is the appropriate moment to introduce such a tax increase and whether they have done a proper study of what impact it may have on jobs and individual businesses. We have already heard examples of small brewers who could be knocked sideways if demand fell too sharply, and we all know of pubs at risk in our own constituencies and in the wider country.

I am also concerned about the impact on prices. It is dangerous to be as cavalier as the Government appear to be about the inflation risk. One of the attractions of the Liberal Democrat amendment is that it is trying to create a pause in the rate of increase of this particular set of prices in our economy. I find it extremely worrying that at a time when output is falling precipitately, and when redundancies and unemployment are soaring, as we are tragically seeing again today, with about a quarter of a million extra unemployed so far this year—an alarming development—we still have price inflation, on the Government's preferred measure, of about 3 per cent. Although there is clearly a lot of deflation in the system, there is still quite a lot of inflation as well, part of which is on imports. That is certainly true in the drinks industry, because wines and so forth are imported from much stronger currency areas and the devaluation, along with the increased duty, is increasing price tensions.

However, the price tension is not due to that alone; it is also due to the impact of Government action. The Government have to be very careful about the impact on price inflation of duty hikes and other tax rises, at a time when incomes are not going up at all in many cases, and when some people's incomes are falling because bonus payments have been removed, or because people are doing only three or four days' work a week, or missing one week in four or whatever.

11 pm

Kelvin Hopkins: Does the right hon. Gentleman not accept that the depreciation of the pound or the appreciation of the euro, however one likes to look at it, is actually of benefit to the economy? We are starting to see a turnaround in our chronic balance of trade deficit, and demand is being directed towards domestic producers of other things. That is helping employment and the economy. Is the depreciation of the pound not a very good thing indeed?

Mr. Redwood: We must be careful not to make this a wider economic debate, and we have dealt with that matter in such debates. I have always said that devaluation should help domestic manufacture relative to overseas manufacture and should start to make some correction to the balance of payments. However, what we are concerned about this evening is the sectoral impact of a particular tax increase on the jobs and prosperity generated by the alcohol and entertainment industry. I am adding that point that inflation is also harmful, and there is a double whammy of inflation in the alcohol sector. That is coming partly through the sterling effect, to the extent that drinks are imported, but more importantly there is a direct inflationary impact from the measure that we are discussing this evening. We are also discussing the attempt to prevent future increases, at least for a period pending further review, as suggested in the amendment.

Mr. Newmark: The hon. Member for Luton, North (Kelvin Hopkins) made an important point about the currency shift when we have a declining currency. The Prime Minister made an interesting observation in 1992 when he was shadow Chancellor, saying:

> "A weak currency arises from a weak economy which in turn is the result of a weak Government".

The hon. Gentleman says that a declining currency is good, but the Prime Minister also made an interesting observation about a weak currency.

Mr. Redwood: That is quite right, although it takes us into a wider, general economic matter that is not strictly the point at issue in the amendment. The issue that we must consider is the adverse impact of duty escalators on both jobs and prices. The two are related, of course. This is a time when people may be losing a week or two of work a month because a factory is partially closed. They may have lost overtime or one or two days' work a week, or they may even be off work for three or six months because of the temporary closure of big factories, for example in parts of the motor industry. This extra price increase on something that they like to do for relaxation is not good news, and the Government might be underestimating the impact it could have on hard-pressed budgets.

If alcohol costs too much, fewer people will go to the pub. If fewer people go to the pub, it is more likely that the pub will close. The Government will then be fuelling a vicious cycle of driving more people out of work and causing a further reduction in effective demand, which I am sure they do not intend to do. They tell us that they

[Mr. Redwood]

will do whatever it takes to turn this recession around, but this is another case of their taking actions that cannot be helpful, and that in parts of the entertainment and alcohol industry will be extremely damaging. It is wrong for us to ignore or underestimate the power and passion of the lobbying that we have seen in recent weeks.

Rob Marris: I share some of the right hon. Gentleman's concerns, especially about the price of beer. Marston's, the third biggest pub chain, has its headquarters in my constituency. However, will he also take into account the fact that a major input cost, particularly for breweries, is energy, and their energy prices have decreased considerably compared with 12 months ago?

Mr. Redwood: Some breweries may experience some benefit on energy, but there may not be benefits on other input prices. For example, I doubt whether their water bills have decreased. Perhaps the news is therefore not as good as the hon. Gentleman thinks, but anything that offers some relief is clearly welcome.

The amendment states:

"No further amendment may be made to"

the relevant section of the legislation to which it applies

"within three years of the commencement, unless"

a further condition is fulfilled. My hon. Friend the Member for Hammersmith and Fulham (Mr. Hands) teased out the important point that the amendment unfortunately does not appear to apply to all the types of alcohol we would like it to cover. That may be a slip in the drafting, but it puts hon. Members in a slightly difficult position because we would like to support the whole alcohol industry, not only the spirits sector. I would like the amendment to cover beer, cider and domestically produced wine—that would mean covering all wine—as well as spirits.

Under the amendment, the condition that must be fulfilled before a further increase is allowed is

"that the Chancellor of the Exchequer shall have compiled and laid before the House of Commons a report containing an assessment of the impact of the increases in alcohol liquor duty on... the competitiveness of licensed premises, and... the level of employment in alcohol-related industry, and the House of Commons"

would have a chance to consider and vote on the report.

One colleague asked a perfectly good question about the cost of the report. It is right to show concern about runaway public spending, even when it comes down to such relatively small details. However, given the wide range of civil servants, and the substantial recruitment of civil servants that the Government have undertaken in recent years, I hope that existing teams could absorb the task. I am sure that the industry would make any evidence and information available to those compiling the report. I therefore hope that that worry will be allayed if the Government promise to act in a value-for-money spirit and ascertain whether the report could be covered in the normal course of their operations.

Mr. Bone: Assuming that there is a new Conservative Government in the next year and that they want to cut duty immediately so that the people of the United Kingdom can celebrate with gusto, we could not do that if we accepted the provision.

Mr. Redwood: My hon. Friend is right to say that we could not do it under the provision that we are considering, but if we are in the fortunate position of having a majority, we could use it to change the law in any way we liked. I am sure that a Government who got better value for money generally and could set lower tax rates would be welcome to the House. That would do more to speed us out of recession than some of the measures that we have considered in other debates.

Mr. Robert Goodwill (Scarborough and Whitby) (Con): Notwithstanding the point that the hon. Member for Wolverhampton, South-West (Rob Marris) made about energy prices, which have an impact on beer prices, is my right hon. Friend aware that the price of malting barley has been rising in the past three weeks? It is now 25 per cent. higher than it was in the futures market in October, so that will wipe out any advantage from energy prices.

Mr. Redwood: I am grateful to my hon. Friend for his expertise in that agricultural sector. I knew that agriculture prices were generally soaring again—because, I suspect, of quantitative easing in Britain and America, which fuels speculative, early moves into commodities, as one might expect from such inflationary actions. My hon. Friend is right to say that it will more than wipe out the possible benefits from energy prices. I was cautious about the extent of those benefits, because they depend on individual brewers' contractual positions—several have long-term contracts, which mean that they do not get the automatic pain or pleasure when market prices move.

As I was saying, the cost of the report is a reasonable cost and one that can be contained by a sensible Government. It would be a good idea to conduct a wider study and get some information about what the impact might be on jobs and prices. Indeed, that would be necessary in order to make an assessment of the impact on employment.

When I tried to tease out the view of the mover of the amendment, the hon. Member for Taunton (Mr. Browne), on the balance of forces that are causing so many pub closures, he said he felt that at the moment price increases could be an important factor. I certainly agree with him that social change is also an important factor. There are people who like to drink drinks other than beer who perhaps associate beer rather more with the pub. There are also people who want to drink their drinks at home or in some other social setting, rather than in the local pub. There are all sorts of social changes under way, which has meant a trend against the pub. However, the hon. Gentleman is right—and many hon. Members agree with him—to say that at this juncture prices could be particularly damaging and that, for a pub or a small brewer, they could be the straw that breaks the camel's back. We know that the rate of pub closures is unacceptably high.

The requirement laid out in amendment 10 is that the report should look into

"the competitiveness of licenses premises,"

although that should perhaps be "licensed premises". I take that to mean that the report would have to consider carefully the relationship between pricing and demand and the impact of the duty on that pricing. If the Government's idea is a permanent escalator, we will need to think through the compound arithmetic and see

what impact it might have. The Government also need to do those calculations to see what impact the change could have on the level of duty collected, because there will come a point at which it is self-defeating.

The amendment also invites the Government to comment on the kernel of the argument being put forward this evening, which is the level of employment in the alcohol-related industry. The industry has different components: it has the producers of alcoholic products and all the people involved in marketing, sales and distribution, but it also has those involved in hospitality and leisure who use alcoholic products as part of a wider offering to the public. That is the feature that has led so many hon. Members to be so passionate about the defence of their local pub trade and their local pubs, as important establishments in suburbs, communities and villages.

When she responds to this debate, I hope that the Exchequer Secretary will understand that the House is responding not just to the amendment before us, but to what lies behind it, which is a very big lobby indeed. That lobby is warning the Government that the industry is particularly exposed and that the Government's revenue-raising actions are increasing the agony that businesses are experiencing generally from the impact of the wonky monetary policy, the credit crunch, and the over-extension and then the sharp withdrawal of credit, all of which have characterised the unfortunate performance of the economy in the past three years.

I hope that the Minister will remember to explain to the House a little more how her clause 11 operates, because that will stand part of the Bill if the amendment is not passed. I hope that she agrees that the increases in the Bill are very large for an economy that, we are told, should be operating at zero inflation. There are also some big steps up in the duty on wine, which do not make a lot of sense to quite a lot of people trying to wrestle with what the Government are seeking to do.

11.15 pm

Stewart Hosie: Amendment 12, which stands in my name, is about alcohol duty generally, not the whisky industry in particular, although that is an important sector and I may make a number of references to it.

Let me start with the comments of the Scotch Whisky Association about last year's Bill. It said that the 2008 Budget had been greeted with

"extreme dismay…following the Chancellor's decision to raise the duty on Scotch Whisky by a punitive nine per cent.

Distillers said that the Chancellor had effectively abandoned government moves towards a fairer alcohol tax policy, worsening the duty discrimination against Scotch Whisky."

Those sentiments are broadly shared again this year. The association has described the proposed rise, following last year's cumulative 13.5 per cent. hike—the largest rise since the 1970s—as

"a blow to the industry that comes at the worst possible time".

This year's rise has been described by the SWA as a real-terms 5 per cent. rise, and the association suggests that the Treasury is actually likely to see

"lower receipts as the duty rise aggravates already tough market conditions in the UK, the industry's third largest market".

It goes on to say:

"The duty rise sets an unwelcome precedent for other governments around the world who are also seeking to raise revenues."

That matter has been alluded to before.

In general terms, the industry considers this year's rises bad news. They are particularly bad news for an industry that employs 10,000 people directly and 40,000 directly and indirectly in Scotland, and a total of 65,000 directly and indirectly in the UK. It is not only the whisky industry that will be affected but the drinks sector generally, which has already asked the Government to abandon the 2 per cent. above inflation tax escalator on alcohol.

That request has been based in part on the work done by Oxford Economics, which has looked at the effect of last year's 17 per cent. average leap in excise duty and at the implications of the four-year tax escalator. Its five-year study estimates that there will be about 75,000 job losses in the drinks industry. In the teeth of a recession, having a policy that is likely to lead to job losses is foolish. The study predicts that alcohol sales will drop by over 11 per cent. and that tax revenue from alcohol will be £1.6 billion lower than the Treasury originally estimated.

For all those reasons, we need to find a better, fairer, evidence-based way of taxing alcohol. We simply cannot go on with the unfairness in the system that results in a half-pint of beer costing 23.06p in duty and a 125 ml glass 26.75p, while a 35 ml glass of whisky costs 31.7p in duty, especially when all those measures contain precisely the same amount of alcohol. That clearly demonstrates the unfairness in the way in which duty is levied on different forms of alcoholic drinks.

I have not called for the duty rises to be cancelled, although that would be very welcome. However, my amendment 12 calls for the evidence that would allow evidence-based policy making and for the Treasury to tell us by the time of this year's pre-Budget report how much duty is raised from each of the different kinds of alcoholic drink. The amendment also calls for the publication of an assessment of

"the level of alcohol liquor duty required to be levied on each type of drink on an equitable basis based on the alcohol content to generate the same revenue yield."

We need that information in order properly to determine, on the basis of real evidence, how to tax alcohol fairly, across the board, and how to protect the vitally important Scotch whisky industry. Other hon. Members will have their own industries, such as cider houses and breweries. We also need the evidence to ensure that, whatever we do, there are no unintended consequences. I am conscious of the pressures on the brewing industry and the pub trade, but also conscious of the unfairness when it comes to the duty levied on whisky.

For all those reasons—and ignoring the arguments that the Minister made last year about how difficult this might be and how Europe would not let us do it—I think that it is reasonable to ask for an assessment of the duty taken on the different kinds of drinks, and of the level of duty that would be necessary to create equitable taxation in future. With that, I will sit down. I have heard a number of very long speeches today that went all round the houses and missed the point. I hope, Sir Michael, that people will be grateful for a short, concise speech.

The Chairman of Ways and Means (Sir Alan Haselhurst): Order. I am sure that Sir Michael would have been delighted, but he is not in the Chair at the moment.

Mr. Hands: Thank you, Sir Alan. It is a pleasure to follow the hon. Member for Dundee, East (Stewart Hosie). I shall return to his amendment in due course, but I was greatly entertained and interested by his passionate defence of the Scotch whisky industry—so much so that I thought that amendment 10 had actually been tabled by the Scottish National party. We are, of course, speaking to the Liberal Democrat amendment, which is designed to freeze spirit duty only, while allowing beer and cider duty to continue to rise.

It is also a pleasure to follow my right hon. Friend the Member for Wokingham (Mr. Redwood), who spoke, as always, with a great deal of sense. I look forward to the Minister's explanation of the duty figures and to her response to his question about the tipping point, the revenue-maximisation point and other issues facing the industry.

In speaking to his amendment, the hon. Member for Taunton (Mr. Browne) recovered well after a difficult start, but it is worth repeating that the amendment says that he will freeze only spirit duties for three years, while he seems quite happy for the above-inflation increases to continue for wine, beer and cider.

Mr. Jeremy Browne: I caution the hon. Gentleman about failing to see the wood for the trees. I made it extremely clear in my speech—I do not think many would accuse me of not speaking for long enough—that I am very keen to help those producing beer, cider, wine and other alcoholic drinks. If he feels that the amendment is not drafted satisfactorily, I regret that he has not tabled a better-drafted one, as I would not wish to let the Government off the hook by his splitting hairs on this issue, when it is very clear that I wish to represent alcohol producers as a whole.

Mr. Hands: The hon. Gentleman raises an interesting point. Although I am relatively new to the Finance Bill, I did not believe that it was possible to table an amendment to an amendment, so I am not sure how I could have tabled an amendment to his amendment. It is important to be clear about what we are discussing and amendment 10 deals only with the spirits industry, but I appreciate the spirit in which the hon. Gentleman says that he actually means the whole industry. I will try to move on from that.

The only other thing I would say about the amendment is that it is also clear that no reduction in duty would be possible until such time as the report is presented—a point made very ably by my hon. Friend the Member for Wellingborough (Mr. Bone) and, albeit some hours afterwards, by the hon. Member for Castle Point (Bob Spink), who in his customary fashion has been in and out rather quickly. Having said all that and having listened to the speech of the hon. Member for Taunton, I agree with the great majority of what he had to say about the issues facing the industry.

Mr. Hayes: I know that my hon. Friend is anxious to move on, but it would be remiss of him not to say something about the relationship between this amendment and the Intoxicating Liquor (Licensing) Bill of 1872, for much of the same argument was used then as was heard in the Chamber this evening. The issues that the hon. Member for Taunton (Mr. Browne) articulated with such style and eloquence about the relationship between licensing and the ability of grocers to sell alcohol more cheaply than licensed premises are directly pertinent to the amendment.

Mr. Hands: As ever, my hon. Friend makes a telling point, dwelling on the history of many of these issues. I look forward to hearing the Minister's response about that Bill and its impact.

The amendment is wide ranging and talks about reaching

"an assessment of the impact of the increases in alcohol liquor duty on... the competitiveness of licenses premises, and... the level of employment in alcohol-related industry".

I intend to speak around most of those issues this evening.

One of the main reasons for my speaking tonight is that I am going to outline why we voted against this year's rises in alcohol duties. We see them as blanket rises that hit all consumers, without making any attempt to curb problem drinkers. There are also significant holes in other aspects of Government policy. For example, while Labour's alcohol duty escalator appears still to exist, it does not seem to apply when the retail prices index is negative. We were told that the escalator was there to provide stability, but that stability went within a few months with the new duty rises in the pre-Budget report, and stability and certainty have been eroded further in the Budget.

We must ask whether the RPI measure looks forward or backward. We must also ask what will happen to alcohol duty when VAT goes up next new year's eve as "Auld Lang Syne" rings out. Earlier, I think that we heard a concession from the Financial Secretary, who suggested that the change might be made in the early hours of new year's day rather than on new year's eve. A further question is whether the Government's huge duty rises are a result of health concerns or of a desperate effort to plug the gaping hole in the public finances, or perhaps a little bit of both. However, I thought that first we should conduct an examination of exactly what has happened over the last 14 months in relation to alcohol duties.

When the Government introduced their duty escalator at the last Budget, they raised duty by some 6 per cent. across the board. It rose again by 8 per cent. when VAT was reduced in the PBR, and we have a further increase of 2 per cent. across the board in this year's Budget. Over two Budgets and the intervening PBR, duty on a typical pint of beer has risen by 8p in a year. A bottle of wine now carries duty of £1.61, compared with £1.34 previously. That is an increase of 27p.

Spirits are up. A bottle of gin carries 82p more duty, and a bottle of whisky carries an additional 86p—although without the Government's embarrassing U-turn in the PBR, the amount would have been even greater. Cider and perry are also up, as is champagne—which does have some impact on the Treasury, judging by last year's photographs of large-volume deliveries to it and to other Government premises on and just off Whitehall.

Let me first outline some of the current health concerns about alcohol and their relevance to duty and then to the problems facing the sector, before examining the Government's recent record and setting out some of the Conservative solutions. Health issues have been and will be a key part of the debate. There are 37 million

responsible drinkers in the United Kingdom, but there are also about 3 million adults who have some form of alcohol dependency and another 8 million who have some kind of alcohol-use disorder. That is the picture among adults, but under-age drinking is a problem that is often highlighted as well. A tenth of final-year primary school children at least say that they drink regularly, and the number rises to 45 per cent. of 14 to 15-year-olds. I understand that, in this context, "regularly" is taken to mean at least weekly. A fifth of 10 to 15-year-olds say that they get drunk regularly. In 2005-06, more than 1,400 children under 14 were admitted to hospital in the United Kingdom as a result of conditions caused by alcohol abuse.

We all know that alcohol is a major contributor to crime and antisocial behaviour. Half of all violent crime is drink-related. It probably happens in every one of our constituencies, and it is probably happening now, at this late hour. One of the interesting aspects of being an inner-London Member of Parliament without a second home to return to in the evening is leaving this place after a 10 pm vote and arriving at Fulham Broadway tube station between 10.30 and 11 pm. The scene is not yet in full swing, but the thumping music makes the whole street vibrate. Drunken youths are already marauding, and on some occasions fighting has started. That is one of the many reasons why Hammersmith and Fulham council is clamping down on late licences, as far as it can under Labour's disastrous Licensing Act 2003. It was the first council in Britain to pay for 24-hour beat policing teams in both Fulham Broadway and Shepherd's Bush town centres.

Mr. Hayes: I am delighted that my hon. Friend is making such a strong case for the link between alcohol and lawlessness. If the Minister had studied the 1872 Act and the debate on it in more detail, she would know that the same argument was used in the debate on then.

"The testimony on all hands was as strong as testimony could be that every advancing hour of the night brought with it an increasing ratio of drunkenness...something like from 43 to 45 per cent. of the drunkenness occurred after 11 o'clock".—[*Official Report*, 11 July 1872; Vol. 212, c. 965.]

That was what was said then, linking it directly to crime and disorder—a link that my hon. Friend is making now.

Mr. Hands: My hon. Friend makes an important point. It is worth mentioning that the problems I have just outlined, and of which we are all aware, are not new problems, but problems that have been with us for some time. That does not abrogate the Government's responsibility to do something about them, however, and I shall outline how we might be able to use the duty regime to do something.

There are, of course, other effects of alcohol abuse. Since the 2003 Act came into force, there has been a 25 per cent. increase in violent crime reported between 3 am and 6 am. I do not have up-to-date figures on the impact of alcohol on domestic violence, but we are all aware from our constituencies that there is a strong correlation. These are serious problems. It in no way downplays their severity to note that they involve a small minority of drinkers. It would also be wrong to put them entirely at the door of the industry, which is taking action of its own, although it could, and should, be doing even more.

First, let us take a look at the condition of Britain's fragile drinks sector.

11.30 pm

Mr. Todd: Does the hon. Gentleman agree that disorder is rather less likely to emanate from the supervised environment of a public house than from off-licence sales of alcohol, freely distributed to those who may drink it in the street, and distribute the packaging all over the road?

Mr. Hands: I thank the hon. Gentleman for that intervention. He makes the telling point that a well-supervised, well-staffed, professionally run licensed establishment will be able to look after such problems quite well. The real problems, of course, start to arise outside the establishment or later on, which is, again, something the industry has to consider.

Contrary to popular perception, alcohol consumption is falling, and actually peaked a few years ago. The total amount of alcohol sold in the UK fell by 6 per cent. between 2004 and 2008. Consumption per head of pure alcohol per annum is down from a peak of about 9.5 litres in 2004 to about 8.7 litres today, although that is still above the figure of 7.5 litres for 1993. This is not to deny that there are problems in the UK with alcohol consumption, but it goes to show that the sands are shifting. This is not the occasion to digress into a full debate on the healthiness or otherwise of alcohol consumption, as we are, after all, looking at the effect on licensed premises, but we need to strike a careful balance between the interests of the great majority who drink in sensible moderation as against addressing the people who abuse alcohol and are responsible for mayhem and disorder in our town centres, not to mention issues such as domestic violence and the expense caused, to low-income households in particular, by dependency and addiction.

Beer consumption peaked in 1979, and since I left university in 1989 beer consumption in pubs has halved. I am not for a moment suggesting a link between those two facts, but that does put into perspective how quickly this sector has changed. This is not a plea to reject the zeitgeist and return to a golden age of cricket and warm beer in our local pub, but we need to recognise that the competitive environment facing pubs is, in many places, difficult.

Mr. David Drew (Stroud) (Lab/Co-op): As someone who admits to being a teetotaller, may I say that pubs could be much fairer by recognising that there are people who do not drink alcohol and by not charging the outrageous mark-up that they put on non-alcoholic drinks for those of us who like to go into pubs but do not want to drink alcohol? Does the hon. Gentleman agree that if we were to address such issues, we could change the whole debate?

Mr. Hands: I am not sure that I quite agree with that. There is a limit to how much soft drink prices can be regulated, and I would be slightly nervous about suggesting there should be such regulation. I share the hon. Gentleman's frustration, however; when I am out with my wife, who rarely drinks alcohol, she constantly talks about how expensive an orange juice is relative to the price of beer, in this country at least. That is a fair point.

Beer duty was increased by a staggering 17.8 per cent. last year, with two big increases in the space of just nine months. UK pub beer volumes have fallen by 9.3 per cent. in the past 12 months. The proportion of beer sold

[Mr. Hands]

through the off-trade has risen from about 10 per cent. in 1979 to just under 50 per cent. today, and the trend is accelerating. The rate of decline in beer consumption overall, across both on and off-trades, which is clear over 30 years, is accelerating. According to the British Beer and Pub Association, between March 2006 and March 2007, consumption fell by some 600,000 barrels, between 2007 and 2008 it fell by 1.1 million barrels—that is about twice the rate—and between 2008 and 2009 it fell by some 2.2 million barrels. It seems that almost every year the rate of the deceleration of beer consumption doubles. We are down to a level where just 28.6 million barrels are consumed, across both the on and off-trades and covering all types of beer.

Meanwhile, wine consumption fell for the first time this year since records began. According to the World Health Organisation, in 2003 the UK's overall alcohol consumption level was only just above the EU average and was about the same as that of Switzerland and Portugal. The UK will have fallen further down that league table in the five or six years since. Again, that is not to say that this country does not have a problem with alcohol consumption, because it does, but it is worth remembering that consumption has decreased and the type of consumption is changing. These figures show that our problem is less related to overall volumes of consumption and more related to the types, patterns and, especially, the effects of alcohol consumption. In 2003, the UK's consumption per head was already lower than that of either France or Spain—countries that many of us would view as having a more responsible attitude and approach to drinking in general. All that implies that the overall volume of consumption in this country is not necessarily the problem.

A recent study that Oxford Economics published in 2008 forecast that, with Labour's alcohol duty escalator in place at retail prices index plus 2 per cent., the sales volume will fall by between 11.5 and 12.4 per cent. over the five financial years following the 2008 Budget. Oxford Economics expects that these rises will

"cost between 75,000 and 80,000 people their jobs."

The decline in alcohol consumption may be welcomed by many in this House, but none of the evidence points to a decline in consumption among problem drinkers. The duty rises are just a blanket increase in expense for the great majority who drink responsibly, and I shall return to that point in due course.

Stewart Hosie: Is the hon. Gentleman saying that although price may be a factor in, and its use a tool to control, problem drinking, he does not see duty being part of that? Does he think that instead another mechanism unrelated to duty such as minimum pricing in supermarkets could be used?

Mr. Hands: The hon. Gentleman makes a telling intervention. Obviously, price is an important determinant of consumption patterns, but the one way in which the Government can increase price directly is through duty, and I shall suggest how we might be able to do that in due course.

I wish to discuss the number of pubs and bars in England and the commercial pressures that are being put on them, which have been mentioned by a couple of hon. Members. There are some 57,000 pubs and bars in England and Wales, which, according to the Association of Licensed Multiple Retailers, have a combined annual turnover of approximately £25 billion, which is equivalent to about 2 per cent. of our GDP. More than 500,000 people are directly employed in the industry—about a third as bar staff—which is more than are employed in construction, agriculture and mining put together. According to ALMR, a third of pub revenue goes to the Exchequer in alcohol and gaming duties. Additional revenues are generated through VAT, PAYE and other local and national taxes, so the typical pub contributes about £155,000 per annum to the Treasury.

However, the number of pubs is falling. More than 4,000 have closed since 2004, pre-dating the start of Labour's recession. The trend is now accelerating, with more than 3,000 of those closures taking place in the past two calendar years. What was a closure rate of five a week between 2004 and 2007 has become 40 a week in 2008. What was the weekly closure rate just a couple of years ago has become the daily closure rate.

It would be unfair to blame alcohol duties exclusively for that trend. Labour's Licensing Act 2003 must also bear part of the blame, as must the increased competition from supermarkets and the smoking ban.

John Howell: Does my hon. Friend agree that today's debates will also affect those businesses? We have debated corporation tax for large and small businesses, and the VAT decrease and increase. The alcohol duty increase is just the last in the chain. By design or accident, there is a direct causal link with everything that we have debated today, and it is all coming together to affect this industry.

Mr. Hands: My hon. Friend makes a powerful point. He has spoken well in all four of the debates, and he ties together the overall impact of Labour's mismanagement of the economy with reference to the beer and pub industry.

The pub and bar trade is under pressure elsewhere too. A couple of weeks ago I was delighted to be hosted by my right hon. and learned Friend the Member for Devizes (Mr. Ancram) and my hon. Friend the Member for Westbury (Dr. Murrison) to see at first hand how town and village pubs were coping. I say that as someone who represents an inner-London constituency. Perhaps I should get out a little more. One of the most striking aspects was being shown the entirety of the documentation that a pub operator or landlord needs to complete when opening, and again each year, even before a single pint is sold. According to the industry, publicans spend an average of eight hours a week dealing with paperwork, and one in five gives red tape as a reason for becoming uncompetitive. According to ALMR, which represents large parts of the pub and bar industry, the average running costs of a pub are some 51 per cent. of turnover, even before rent and the cost of sale are taken into account. Employment costs have increased—

Rob Marris: The hon. Gentleman makes a powerful case for voting down amendment 10, which calls for research into the competitiveness of licensed premises and the level of employment in alcohol-related industries. Judging by the hon. Gentleman's speech, he appears to have done all that research already. Will he confirm that he will vote against the amendment?

Mr. Hands: I thank the hon. Gentleman for that intervention. It is fair to say that we will not vote for amendment 10, for many of the reasons that I have already outlined. It does not really make any sense and has many flaws. As for pre-judging any report, I have certain views about the overall trade, which are shared by many hon. Members on both sides of the House.

On my visit to Wiltshire, I looked at the problems facing licensed premises and the levels of employment in alcohol-related industries—

Mr. Newmark: I invite my hon. Friend to come to Braintree, which is a bit closer to London. My constituency is semi-rural and contains more than 40 villages. The pub is the heart and soul of many of those villages, but Labour's policies are destroying them, one by one. That not only costs jobs, but affects the whole nature of the village. Many of the villages in my constituency no longer have pubs, when they did have them five years ago.

11.45 pm

Mr. Hands: My hon. Friend makes a powerful point. I would be delighted to accept an invitation to go to Braintree. I feel from looking at the statistics that I mentioned earlier that it is likely that the picture that he paints is being repeated all over the country.

According to the industry, publicans spend an average of eight hours a week dealing with paperwork. One in five blamed it for their becoming uncompetitive—it represents 51 per cent. of turnover. Employment costs have increased by almost 59 per cent. over the past decade and ALMR is calling for the 0.5 per cent. rise in national insurance contributions next year to be scrapped—

The Chairman: Order. I must remind the hon. Gentleman of the terms of the amendment. It excludes that particular point. It is about the impact of the increases in alcohol liquor duty, rather than the other matters that he is now describing.

Mr. Hands: Thank you, Sir Alan, for that guidance.

Mr. Ellwood: On a point of order, Sir Alan. In the previous clause that we debated, it was considered that clause stand part would be discussed as well as the detail of the amendments. Will you advise us on whether the same rule applies to this clause?

The Chairman: The ruling that I have made is in connection with the terms of the amendment that we are discussing, which is about the impact of the increases in alcohol liquor duty on various matters. Those are the terms of the amendment and those are the guidelines that we must follow for debate on this amendment. If other matters arise later on, I can deal with them then. As far as this amendment is concerned, I hope that the hon. Member for Hammersmith and Fulham (Mr. Hands) will observe what I am saying.

Mr. Hands: I shall certainly try my best, Sir Alan—*[Interruption.]* I shall do more than my best.

Mr. Redwood: Although I can understand my hon. Friend's reluctance to vote for the amendment, because it will not address the issues that we want to address—the beer problem and the pub problem—will he issue a strong warning to the Government, as many of us would like him to do, that their policies are doing untold damage to the pub and licensed trades and that they really ought to think again?

Mr. Hands: We are; that is what my speech is all about—the fragile state of the industry and the damage that is being wrought on it by the Government.

Mr. Hayes: You have guided us to the exact issue of the amendment, Sir Alan, and it makes specific reference to the relationship between duty and competitiveness and the survival of the industry, as my hon. Friend has made clear. If we are not going to vote for the amendment—I will be guided by my Front Benchers, of course—should not the Government at least conduct some sort of thorough research such as that which my hon. Friend is articulating and that which is argued for in the amendment?

Mr. Hands: My hon. Friend is absolutely right. More research needs to be done and the Government should be aware of all these issues and their impact on the industry.

Mr. Bone: I gather that my hon. Friend is referring to subsection (6B) of the amendment, which concerns the competitiveness of the industry. I have obviously not decided how I will vote on the amendment, but is not the crux of his argument that we do not need this report about the competitiveness of the industry because we already know the situation?

Mr. Hands: Yes. I think that we are aware of most of the problems facing the industry. I would not be opposed to a further study but we need action now rather than awaiting such a study.

The drinks trade and pub businesses are vital employers. According to the Oxford Economics study, some 31,000 people are employed in the UK in drinks manufacture. I shall try to relate this point to duty. Just over half are employed in producing beer, some 35 per cent. in producing spirits, 6 per cent. in producing cider and wine and the 6 per cent. remainder in producing other drinks. Much of that employment is in rural communities, where other jobs on offer are limited. It helps to sustain them, as my hon. Friend the Member for Braintree (Mr. Newmark) and others have noted. People involved in beer production in England and Wales are 50 per cent. more likely to live in a rural community than the national average for those in employment overall.

The breweries are doing no better. I am in constant correspondence about duty levels with Fuller, Smith and Turner, which is located just outside my constituency and makes the excellent London Pride beer. I mentioned that I was in Wiltshire with some colleagues a few weeks ago, and we went to the Wadworth brewery in Devizes to see at first hand how one of Britain's medium-sized firms was faring under the big increases in duty. It is surviving, partly thanks to the quality of products such as 6X and some of the lighter brews.

Mr. Ellwood: My hon. Friend is making a powerful argument about the level of duty. The duty hits the breweries. They were told that it would be only temporary

[Mr. Ellwood]

and that it would act as an offset to the VAT cut—which was also supposed to be temporary. However, the Government have not said that because VAT is about to head back up, alcohol duty will head down again.

Mr. Hands: My hon. Friend makes a powerful point, which highlights how much duty has risen in the past 14 months and the appalling effect that that is having on our breweries and pubs across the country.

Since 1997, under Labour, the following big breweries have closed down part of their operations in certain towns—Brakspear, Ruddles, Morrells, Whitbread and Young's. Other names have disappeared entirely from the scene.

How will the industry survive the recession? I do not have statistics for previous recessions, but I recall reading or hearing that the pub trade suffered a great deal but was still more recession-proof than some sectors. That might well no longer be the case: an interesting survey by YouGov showed the entertainment that households expected to cut down on as the recession bit into their budgets. The least affected things were TV subscriptions, gym memberships and the hiring of DVDs, but two of the three biggest losers were going to pubs and eating out.

The Oxford Economics study published in December 2008 examined the direct impact of the Budget and pre-Budget report measures on the pub sector in 2008-09. It also estimated the measures' impact over the next five years, with the escalator in place. The study said that the cumulative loss thanks to the duty escalator in sales and economic activity would amount to 16.7 million barrels of beer, or 4.8 billion pints. It also said that more than 59,000 jobs would be lost in the beer supply chain, and that overall tax revenue, including duty, VAT and employment taxes, would fall by some £79 million.

Beer is part of Britain, and it is most popular among lower and middle income groups. Interestingly, people with manual or routine jobs drink less overall, but they drink 50 per cent. more beer than the managerial classes, and the figure is even higher for cider. The impact of the big duty rises has been felt in urban constituencies, but not as much as in the rural or suburban communities where pubs are more integral. That struck me most clearly a fortnight ago in the village of All Cannings outside Devizes. The King's Arms is the village's main amenity and it is in good health, but many other pubs are not. We need to be aware of that.

John Howell: My hon. Friend mentioned the Brakspear brewery, but he may not be aware that the company has decided to freeze prices to keep tenants in business through the year—something that not many companies can do. The pub in the village of Sydenham in my constituency was going to close, but three public spirited inhabitants of the village have used their own money to buy it. Does he agree that pubs like that are the ones most at risk, because they are very vulnerable to any changes that come along?

Mr. Hands: I thank my hon. Friend for that intervention, and I add my congratulations to his constituents in Sydenham on being so public spirited and on realising the important role that village pubs can play in our society. I also commend some of the breweries for keeping a close eye on their pubs and making sure that livelihoods are protected.

Mr. Hayes: Like my hon. Friend, I make a strong case for rural public houses—indeed, just a week ago, I was in "The Bell Inn" in Weston Hills in my constituency attending a "save our pubs" campaign meeting, which illustrated to me the communal effect of pubs. Have the Government conducted a study—there are certainly no background notes—of the wider effect of the trade and its impact on employment and social value in our rural areas? If not, why not?

The Chairman: Order. I hope that the hon. Member for Hammersmith and Fulham (Mr. Hands) will content himself with the satisfaction of knowing his hon. Friend's experience of visiting the pub. The debate on this amendment is not the appropriate place to have a wider debate on the licensed trade, yet that seems to be what we are moving towards. I think that we should move back from it.

Mr. Hands: I thank you for that guidance, Sir Alan.

It is worth remembering that the VAT cut—the Government's much vaunted scheme to inject a bit of life into the economy—which was linked to the big rises in duty in the pre-Budget report, provided almost no benefit to pubs and breweries, because the VAT cut was netted against all the duty increases. It also caused big problems elsewhere, costing businesses a huge amount when making the necessary changes to prices. Industry sources estimate that the changes in autumn—both the VAT cut and the duty changes in the PBR—cost every pub or bar an average of £570, which does not take into account any management or staff time involved. The industry believes that the cost will be the same, or similar, when VAT goes back up again, but this time, it appears that it will not be offset by a reduction in beer, wine and spirits duties.

The wine trade has also been suffering, with sales falling for the first time in many decades. There was a very small fall during the last recession, but the figures are nothing like the present ones. Although it is not alone, it is Britain's beer and pub sector that is under pressure, and many outlets will not survive the downturn.

Mr. Goodwill: My hon. Friend describes the impact of the duty changes on pubs, but does he agree that they will also have a big impact on the traditional working men's clubs in Yorkshire and the north of England? If the Government are not prepared to fight for the rights of those who use those clubs, the Conservative party certainly will.

Mr. Hands: I certainly agree with my hon. Friend, but I fear that if I comment on that, I shall stray away from the purpose of the amendment. Alcohol duties are only one part of the picture, but they are an important part.

On the Government's approach and specific points arising from the Budget and the duty changes, so poorly thought through has been the Government's response to the industry's difficulties that, for the first time, the five UK alcoholic drinks trade associations made a joint submission on this year's Budget on duty levels. Their letter talked about

"spiralling redundancies and short-time working across the alcohol sector and the unprecedented number of pub closures."

Their letter combined two main requests: first, to freeze alcohol duties and, secondly, to withdraw the proposal for the alcohol duty escalator.

I would like the Exchequer Secretary, when she responds, to reflect on whether alcohol duties are close to reaching, or even outstripping, the revenue maximisation point. Given the decline in alcohol consumption in this country since 2004, there is some evidence, albeit perhaps not conclusive, that that point has been reached. The hon. Lady may well say that she is not in a position to give answers to theoretical questions, but I remind her that in the debate on last year's Finance Bill she stated a quite definitive view that tobacco duties had reached the tax maximisation point, saying:

"duty rates are close to revenue maximisation, which is why there has been no greater increase than revalorisation in the Budget." [*Official Report, Finance Public Bill Committee*, 15 May 2008; c. 221.]

Will she tonight offer a view on whether alcohol duties have reached that point?

I am told that the Treasury model appears to show that the tax maximisation point has been reached or is close to being reached, but I am also informed that many in the industry, at least, doubt the robustness of the Treasury modelling.

As their joint submission showed, producers have felt for some time that the Government are refusing to listen to their concerns and failing to recognise the issues they face. That was most apparent in the pre-Budget report. Now, of course, Ministers claim that the increases in duty were offset by the cut in VAT. I will examine that claim in a moment, although hon. Members who remember the backtracking on whisky will already be sceptical.

12 midnight

The Government's claim overlooks a key distinction: producers pay duty, whereas the retailers pay VAT. I have met wine producers and importers who, safe—or so they thought—in the knowledge that the Government had introduced a duty escalator to enable long-term decision making, had entered into contracts to supply wine to supermarkets and others at a set price. Producers' and importers' margins are so tight that every bottle they produced after the PBR was produced at a loss until the contracts expired months later, as they had not factored in the additional rise in duty in the PBR. As they were the ones who paid duty, they suffered. Meanwhile, they watched the retailers whom they were supplying charge less VAT, but not always a lower price.

The Minister will understand that the claim that the duty increase for producers was offset is held in utter contempt in the industry. We have seen time and again that the Government's failure to consult, and their rush to implement duty changes, produced problems they did not foresee. To promise the industry a three-year horizon of stability, and then provide less than a week's notice of a major change only six months later, perhaps marks a new low in the Government's miserable record.

The VAT cut offset was hardly that, anyway. The PBR suggested that the changes would leave the total VAT and duty on products "broadly unchanged". I suppose that that depends on how broadly one defines the word "broadly", but the whisky increases proved too broad for even Labour's tradition of semantic hair-splitting to spin away. The proposed rise of 8 per cent. in duty on spirits in the PBR had to be cut to 4 per cent. when the Government were forced to admit that they had got their sums wrong. The Scotch Whisky Association, in particular, showed that the rise would have added 47p to a £20 bottle of whisky. The muddle on wine duties that occurred at the same time was never resolved. The increase in duty was supposed to offset the decline in VAT. For wine, that was true only of bottles priced at £6.07 or more, and 92 per cent. of bottles sold in the retail trade are priced at less than £6. That meant that under the PBR four out of five shoppers ended up paying more for their wine as a result of the duty changes and VAT changes combined. The position was not at all neutral for wine buyers.

The Government claimed that when they introduced the alcohol duty escalator, it would bring certainty about future duty rises. After the PBR blunder, this year's Budget has actually added to that uncertainty. Traditionally, the indexation element of any duty rise was linked to the retail prices index that prevailed in the September before the Budget. This year's increase applies the RPI forecast for the September following the Budget. Clearly, that dampens the rise in duty in this instance, but it would be helpful to know whether the Government see that as a permanent change in their methodology; if it is not, the promised certainty on those duties has been eroded yet further.

The uncertainty reached in the industry in the past year beggars belief; there have been hefty duty increases in two Budgets and in the intervening PBR, as well as the introduction of an escalator and a change in the RPI date used for its calculation. That totally throws out the whole certainty argument, which was introduced a year ago along with the escalator. The uncertainty wreaks havoc with pricing, contracts and overhead costs, not to mention the administrative costs of implementing the price changes such as those due on new year's eve. If duty is not put back down when VAT returns to 17.5 per cent., the industry will take another hit. If the escalator is 2 per cent. per annum, why is the industry in practice facing a total rise of 4.5 per cent. in this financial year? That is a critical question that Ministers must answer tonight. At the moment, Labour's escalator appears to contain no certainty whatsoever.

We need to look at what the purpose of alcohol tax is in the first place. After the pre-Budget report, the Exchequer Secretary said in a debate in Committee in January, when these duties were last raised, that taxation was a very blunt instrument with which to deal with a minority of drinkers and that in her view tax did not have a major role to play. She meant to attack Conservative policy, but we believe that the blanket duty increases have far less impact on health than targeted measures directed at problem drinks and problem drinkers. Her comments on duty were also rather at odds with those of her colleagues in the Department of Health. The Minister of State, Department of Health, the right hon. Member for Bristol, South (Dawn Primarolo) told the public health conference held by the British Medical Association last year that

"our estimates suggest that higher taxes, if they do feed through to price, will mainly affect the 7 per cent. of the population who drink one third of all alcohol consumed in Great Britain. In England alone, the total number of lives saved up to end of March 2013 will be 3,250 by the Department's own calculations."

My hon. Friend the Member for Henley (John Howell) wanted to know whether there were any Government studies. There was a recent study—the community pub

inquiry, by the all-party parliamentary beer group—and the Government's response to it was quite fascinating:

"It is important that any Government interventions reduce harm without impacting unduly on the majority of responsible drinkers".

However, that is exactly what they have done. Their duty rises have clobbered the majority of responsible drinkers. Across-the-board rises hit responsible drinkers, but fail specifically to target problem drinkers or drinking with antisocial consequences.

What other solutions have been proposed? A major controversy is the ability of the supermarkets and the off-trade more generally to absorb the rises in duty compared with the on-trade. France has looked at a scheme to reduce VAT on served food, versus that paid in supermarkets, and has suggested doing the same for the duty paid on served drinks. I would be grateful for a word from the Exchequer Secretary as to whether the UK has been looking at such schemes.

Mr. Todd: Would not a differential between cask beer and beer served in bottles and cans have a similar effect?

Mr. Hands: The hon. Gentleman makes an important point. My understanding—I think we will discuss EU regulation in due course—is that that would not be possible under the EU directives. However, I am not entirely sure, and I would be grateful for a word from the Exchequer Secretary, who may be able to give us a more definitive account.

The Exchequer Secretary to the Treasury (Angela Eagle): I may as well deal with that point now. Our advice is that the cask differential is unlawful as the EU directives are currently written, but there is an attempt to see whether we can change that. The hon. Gentleman will know, however, that that can sometimes take longer than we would all hope.

Mr. Hands: That clarification is helpful, but in my experience—as a long-standing member of the European Scrutiny Committee, I do not know how many EU directives we receive every week—it is easy to look at those directives, and pick and choose a little bit from them, but we have to study them and go through them in totality to try to find ways around them to do what we want to do. That is what other European countries have been doing. I would appreciate the Exchequer Secretary's explanation as to whether the UK has been looking at schemes to reduce, for example, the cost of served drinks, which is what the French have done and is a possible way forward.

Rob Marris: Does the hon. Gentleman favour some kind of minimum pricing scheme for alcohol? A great deal of alcohol abuse comes from drinks such as extremely cheap cider—cider that has never seen an apple—that is sold at off-licences and drunk by people who go on to behave antisocially. Does he favour a minimum price for alcohol as a way of addressing those issues?

Mr. Hands: I thank the hon. Gentleman for that intervention. In due course, I shall discuss in detail the Scottish National party amendment on minimum pricing and consider problem drinks such as the type of cider that he mentioned.

I have set out at some length the situation that we face. There are difficult problems, but there are also ways forward.

Mr. Goodwill: Although having differential rates of duty for cask beer and for beer in bottles and cans may be against European Union legislation under articles relating to the single market, surely articles relating to the environment could be used to encourage the use of returnable containers such as casks, rather than bottles and cans, which are generally disposed of in another way.

The Chairman: Order. I suggest that the hon. Member for Hammersmith and Fulham (Mr. Hands) does not develop that point.

Mr. Hands: I thank you for your guidance, Sir Alan. However, it is always good to see colleagues using previous experience. My hon. Friend the Member for Scarborough and Whitby (Mr. Goodwill) was a Member of the European Parliament for some time; the Government could learn a little more from those who know more about EU directives, to try to find a way through the maze.

We believe that the structure of taxation needs to be changed. That will not solve every problem, but taxing problem drinks and giving a price advantage to low-strength alternatives will stop the penalising of responsible drinkers. It will also provide a nudge in the right direction. *[Interruption.]* I am not sure whether the deputy Chief Whip wants to intervene; he is certainly talking from a sedentary position. Would he like to intervene?

Mr. Jeremy Browne rose—

Mr. Hands: I shall take an intervention from the hon. Member for Taunton (Mr. Browne).

Mr. Browne: If I remember correctly, during debates on last year's Finance Bill, the Conservative party tabled an amendment relating to the taxation structure. Why was the decision taken not to table such an amendment this year?

Mr. Hands: The hon. Gentleman is right to raise that interesting question. We still have the policy that we had last year. However, the calculation this year would be different. A revenue-neutral position looking at different percentages of beer would not be the same this year because of the background changes in the overall beer pricing regime. Our policy is very much the same, but we simply have not done the exact calculations this year that were done last year.

The Government's duty increases last year had the opposite effect from what we are considering. Under those increases, problem and non-problem drinks alike went up in price. Since the last Budget, tax on beer has gone up by 8p a pint and tax on wine by 28p a bottle. It is worth pointing out that almost all wine consumed in this country is imported, so Labour's devaluation has added a 30 to 35 per cent. premium on top of that. Meanwhile, duty on a bottle of spirits has risen by about 47p on average.

We want the Government to consider and evaluate a smart alcohol taxation regime, focusing on the drinks most closely linked to problem drinking, such as alcopops and high-strength beers and ciders, and using the proceeds

to reduce duties on lower-strength alternatives elsewhere. We should look at what has happened in Australia and Germany, where such approaches have been used to good effect. The Government should seriously consider introducing such reforms here, instead of using health concerns as a cover for a blanket tax rise for responsible drinkers.

There has been some controversy in this country about the German experiment on higher duty rates on alcopops, introduced on 1 July 2004. Like this country, Germany had a real problem with alcopops among teens. Those relatively high-strength drinks were particularly prone to getting youths drunk quickly; the sweet flavours camouflaged the high and bitter alcohol content. Many have said that the tax increases that the Germans introduced did not work, as youths simply switched to other forms of alcohol.

The issue cropped up at some length in debates on last year's Finance Bill. In an attempt to separate fact from fiction, I decided to see for myself by talking to a number of those involved in the changes in Germany; the Government's Treasury team will recall that I maintain a regular dialogue with a number of German politicians. I also studied the reports of the Bundeszentrale für gesundheitliche Aufklärung, the federal institute of health information, and the federal Government's own report about the effects of the alcopop tax law on the consumption of alcohol by youths aged 18 and about the market development of alcopops and similar drinks. I recommend that the Minister look at that report, because she would learn a great deal from it.

12.15 am

The German tax increase on alcopops—we must bear it in mind that alcopop consumption is generally falling, but that alcopops nevertheless remain a problem drink—was quite severe: a whole euro was put on top of the price of a 275 ml bottle. Labour Members' criticisms of the change during the debates on last year's Finance Bill were partly correct. There was a switch from alcopops to mixed drinks based on beer and wine, but let us look at the figures in terms of pure alcohol drunk. In the year following the alcopop tax rise, wine and beer-based drinks consumption by those aged 12 to 17 rose from 3.9 g per person per week to 5.3 g as a result. By contrast, there was a staggering fall in consumption of spirits-based drinks from 8.5 g per person per week to only 2.2 g. In other words, spirits-based consumption quartered, while wine and beer-based consumption went up by only 35 per cent. In terms of pure alcohol consumed, there was a net change from 12.4 g per week to just 7.5 g. Under the German tax change overall, alcohol consumption by those aged 12 to 17—a very important part of the population whom we do not want to have drinking in general—fell by some 40 per cent., which is a huge success.

Rob Marris: The hon. Gentleman has clearly done a huge amount of research that underlines the point I made earlier—we do not need the amendments. I am not much of a scientist, so can he explain why earlier in his speech he was citing comparative figures about alcohol in pure litres, whereas he is now talking about alcohol in grams? I thought that grams were to do with weight, not volume.

Mr. Hands: The hon. Gentleman makes a probing point. I am merely going on the figures used in the German Government's report. If he likes, I can print him off a copy and we can discuss it, but I have not yet converted the figures into units that he might find acceptable.

The German experiment has been a great success, as has the Australian experiment on beer strength, and we should be looking at these options. Various observers have endorsed our approach to tackling problem drinks by increasing the tax rate and giving relief on drinks of a lower alcoholic strength.

I want to mention a couple of problems with the SNP amendment. The SNP is in favour of minimum pricing. A noteworthy feature of its scheme is that spirits would be practically the only drinks not to face steep hikes in duty. In fact, its Justice Minister, Kenny MacAskill, confirmed that last week while touring a whisky distillery—exclusively for fact-finding purposes, I am sure. He said:

"We are very clear that our plans for minimum pricing will not affect this important industry."

If whisky prices do not fall, that can only mean that beer, wine and cider prices will have to rise to compensate.

Mr. Alan Reid (Argyll and Bute) (LD): In the present circumstances, whisky and other spirits are treated unfairly compared with beers and wines because the duty per unit of alcohol is much higher. If duty is being imposed for health reasons, it should be based on units of alcohol, so duty on spirits should come down and duty on beers and wines should go up. Is the hon. Gentleman suggesting that spirits should be taxed more highly than beers and wines?

Mr. Hands: The hon. Gentleman raises an interesting point. In general, as I have said, we are in favour of lower duty on lower-alcohol drinks. I do not want to get into more specifics about spirits.

Stewart Hosie: The hon. Gentleman is conflating two different issues. The first is duty, and amendment 12 calls for the Government to assess what duty level would be required to have fair pricing based on alcohol content only. The second is minimum pricing, which is a retail issue designed to tackle binge drinking and antisocial behaviour. The two things are completely separate. We are talking about alcohol duty, which is what the amendment is about. Minimum pricing is completely unrelated.

Mr. Hands: I understand what the hon. Gentleman says, but it is still my understanding that if price and duty on whisky are kept frozen, they have to be raised on other drinks. I appreciate that he has a different view.

The official Opposition are not opposed to the kind of study outlined in the Liberal Democrat or SNP amendments, but we are wary of a three-year duty freeze while we await the study. We will therefore abstain if amendment 10 is put to the vote. Secondly, we believe that the pub and drinks industry is in some degree of trouble, thanks in part to various measures introduced by this Labour Government, duty being one of them. Thirdly, we believe that alcohol price, and therefore duty, can have an influence on drinking behaviour. It is clearly not the only influence, but duty and price can play a role in combating some of the negative effects of

[Mr. Hands]

our drinks culture without penalising the vast majority of responsible drinkers. We need a new approach to these matters, and we on the Conservative Benches look forward to providing it as soon as the Prime Minister is ready to face the voters.

Angela Eagle: We have had a debate that has been a bit like shadow-boxing, on amendments 10 and 12, which were tabled by the Liberal Democrats and the Scottish National party respectively. At least they had the courage to get their amendments on the Order Paper. We then had an extremely long peroration from the hon. Member for Hammersmith and Fulham (Mr. Hands), who dealt with all the amendments at great length. He thereby proved that amendment 10, which is about doing research, is erroneous, because as my hon. Friend the Member for Wolverhampton, South-West (Rob Marris) pointed out, as a lot of the research already exists. The hon. Gentleman then said, after all that, that he would be abstaining.

Rob Marris: May I gently suggest to my hon. Friend that it is often better to abstain when it comes to alcohol?

Angela Eagle: My own father took the pledge when he was 15—*[Interruption.]* No, 15, not 50. I have not quite managed to live up to the high standards of his Methodist upbringing. Perhaps we all aspire, at least, to moderation.

Amendment 10 would require the Government to produce a report on the impact of increases in alcohol duty on licensed premises and on employment in the alcohol sector. The Government do not support the amendment. One reason, which has been demonstrated at great length tonight, is that there is plenty of such information already available. As with all tax decisions, the Government will monitor the impact of alcohol duty changes, including on the industry.

Many hon. Members have acknowledged that competitiveness and employment levels in any industry depend on a range of factors. It would therefore be very difficult to identify the specific impact of alcohol duty rises alone, against other factors such as a change in the culture of pubs and their customers and increased competition for leisure time.

The Government value the contribution that pubs make to employment and local communities, although EU tax legislation means that it is not possible to provide tax reliefs targeted specifically at pubs, such as taxing beer sold in supermarkets differently from that sold in pubs.

Mr. Hayes: Does the Exchequer Secretary believe that it is impossible to produce the sort of report that the amendment recommends because of the scope of the research? Leaving aside the argument about whether it is possible to distil the research and make it intelligible to Members, there must be Treasury modelling about the impact of changes in duty, specifically on employment and the other matters that the amendment covers. Will she make that modelling available to hon. Members by placing it in the Library?

Angela Eagle: There is always Treasury modelling, some of it based on tax returns, which are confidential and cannot be shared—I am sure that the hon. Gentleman knows that.

The Oxford Economics model assumes that alcohol consumers are significantly more price sensitive than the Treasury model suggests. It fails to account for the fact that increases in the price of one type of alcohol often lead to switching to another. It therefore suggests that if beer sales decrease no other type of alcohol is drunk, which is clearly not true.

Mr. Redwood: Will the Exchequer Secretary give way?

Angela Eagle: I was about to answer the right hon. Gentleman's questions, but if he must intervene, I shall give way.

Mr. Redwood: Why does the Exchequer Secretary think that pub closures have increased so much in recent months?

Angela Eagle: There are many reasons why particular pubs might close. Some businesses were possibly never viable and we are also in the middle of difficult trading conditions, as the right hon. Gentleman pointed out. We cannot assume that alcohol excise duties have a direct relationship to the pub closures, as some have argued.

Mr. Lindsay Hoyle (Chorley) (Lab): Is it not fair to say that many pubs are in trouble because of pub companies charging high rents and because they are tied to buying the beer through those companies? The 2p can make a difference, but the real reason is the prices that the pub companies charge.

Angela Eagle: My hon. Friend is a distinguished member of the Select Committee on Business and Enterprise, and a report on the subject is due soon. I look forward to reading it. Clearly, the tie is important and it has been brought to our attention in much of the evidence that we have taken.

The measures that we have introduced to support all businesses also support the British pub. They include enabling pubs to spread payment of this year's inflation uprating to business rates over three years. The business payment support service has already allowed 116,000 businesses to defer more than £2 billion of tax, and that has benefited many pubs. There is improved access to finance for small businesses through the enterprise finance guarantee, which is now available for the first time to tied pubs. There is also support through low cost loans and advice on energy efficiency for small businesses, including many pubs, in order to make savings on their energy bills.

There was much talk of the balance between the on and the off trade in the debate. Many hon. Members know that we cannot charge a different rate of excise duty for the same product if it is sold in a different context. We cannot discriminate by setting a lower duty for pubs than for supermarkets. When alcohol excise rates increase, pubs often put up their prices by 5p. The duty increases are 1p extra on beer this time round, yet the prices in many places are going up by 5p. That exacerbates the difference between the on and the off price of beer and causes difficulty.

I want to spend a short time dealing with the questions that the right hon. Member for Wokingham (Mr. Redwood) asked. He did not seem to know that the national average cost of a pint is £2.51. One can get a pint for £3.20 at the "Westminster Arms" over the road, but the right hon. Gentleman could have bought a pint for 99p at "Gig House" in his constituency from January because Wetherspoon had a special price for beer.

The right hon. Gentleman asked why some of the changes in excise duty were higher than the 2 per cent. announced in the Budget. That is because the Finance Bill, as I suspect he knows only too well, includes the legislation that will put into effect the increases that were introduced in the pre-Budget report, as well those in the Budget.

12.30 am

We have had a good debate. I want now to deal with the points raised by the hon. Member for Dundee, East (Stewart Hosie) in respect of his amendment 12. Amendment 12 seeks to require the Government, before the 2009 pre-Budget report, to publish anticipated yields from alcohol duty and the estimated levels of duty, based on alcohol content, that would need to be levied to maintain that yield. Estimates from the pre-Budget report are available. In 2008-09, spirit duty is estimated to raise £2.4 billion, wine £2.7 billion and beer and cider combined £3.4 billion. Many spirit products produced in the UK are exported and are therefore not subject to UK excise duty. For example, more than 90 per cent. of Scotch whisky is exported, and the level of Scotch whisky exports grew by 8 per cent. in 2008.

Mr. Alan Reid *rose—*

Angela Eagle: I have been here for two and a half hours, and the hon. Gentleman has not been here for the debate. [HON. MEMBERS: "Give way!"] If the hon. Gentleman is desperate, I shall be only too happy to give way.

Mr. Reid: I am grateful to the Exchequer Secretary. She mentioned exports, but the unfairness of the British duty system, whereby spirits are taxed at a higher rate per unit of alcohol than wines, means that when we complain about other countries unfairly discriminating against whisky in favour of their local brew, they can point to our unfair system. Why, therefore, can we not continue with the system that was in place when the Prime Minister was Chancellor, under which spirits duty was frozen?

Angela Eagle: We thought that, for fairness, it was right to have 2 per cent. across the board this time round, although I note that 90 per cent. of Scotch whisky is exported and that the level of Scotch whisky exports grew by 8 per cent. last year.

European rules apply duty in direct proportion to alcohol content for beer and spirits, but the rules do not allow the same application to wine and cider, which accounts for some of the disparities that the right hon. Member for Wokingham talked about. Given those explanations, I ask hon. Members not to press either amendment.

Mr. Reid: I want to support amendments 10 and 12.

The Parliamentary Secretary to the Treasury (Mr. Nicholas Brown) *claimed to move the closure (Standing Order No. 36).*

Mr. Reid: On a point of order, Sir Michael.

The Second Deputy Chairman (Sir Michael Lord): Order. I now have to decide whether to accept a closure motion. The Minister is only 10 minutes into her response, so perhaps it would not be reasonable to accept a closure motion at this juncture.

Angela Eagle: I had actually finished my remarks on the amendment, Sir Michael.

Question put forthwith, That the Question be now put.

The Committee divided: Ayes 275, Noes 56.

Division No. 120] **[12.33 am**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Cairns, David
Campbell, Mr. Alan
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Devine, Mr. Jim
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce

Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Lynne
Jowell, rh Tessa
Joyce, Mr. Eric
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McFadden, rh Mr. Pat
McFall, rh John
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McNulty, rh Mr. Tony
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Oiner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Seabeck, Alison
Sharma, Mr. Virendra
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Geraldine
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watts, Mr. Dave
Whitehead, Dr. Alan
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wyatt, Derek

Tellers for the Ayes:
Helen Jones and Ms Dawn Butler

NOES

Afriyie, Adam
Amess, Mr. David
Barrett, John
Binley, Mr. Brian
Bone, Mr. Peter
Brady, Mr. Graham
Browne, Mr. Jeremy
Bruce, rh Malcolm
Burt, Lorely
Carmichael, Mr. Alistair
Clifton-Brown, Mr. Geoffrey
Davies, Philip
Dodds, Mr. Nigel
Duddridge, James
Evans, Mr. Nigel
Foster, Mr. Don
George, Andrew
Goldsworthy, Julia
Goodwill, Mr. Robert
Hancock, Mr. Mike
Hands, Mr. Greg
Harris, Dr. Evan
Hayes, Mr. John
Hemming, John
Hoban, Mr. Mark
Horwood, Martin
Hosie, Stewart
Howarth, Mr. Gerald
Howell, John
Hunter, Mark
Kawczynski, Daniel
Lamb, Norman
Lilley, rh Mr. Peter
MacNeil, Mr. Angus
Mason, John
Moore, Mr. Michael
Mulholland, Greg
Newmark, Mr. Brooks
Öpik, Lembit
Redwood, rh Mr. John
Robathan, Mr. Andrew
Robertson, Angus
Sanders, Mr. Adrian
Simpson, David
Smith, Sir Robert
Spink, Bob
Stanley, rh Sir John
Stunell, Andrew
Swinson, Jo
Weir, Mr. Mike
Widdecombe, rh Miss Ann
Williams, Hywel
Williams, Mr. Roger
Williams, Stephen
Wishart, Pete
Younger-Ross, Richard

Tellers for the Noes:
Mr. Alan Reid and Dan Rogerson

Question accordingly agreed to.

Question put accordingly, That the amendment be made.

Amendment 10 negatived.

Amendment proposed: 12, in clause 11, page 5, line 37, at end insert—

'(8) The Treasury will, prior to the 2009 Pre-budget statement—

(a) publish an assessment of the level of revenue yield anticipated from alcohol liquor duty based on it being levied on the rates of duty in this section, and

(b) publish an assessment of the level of alcohol liquor duty required to be levied on each type of drink on an equitable basis based on the alcohol content to generate the same level of revenue yield.'.—*(Stewart Hosie.)*

The Committee divided: Ayes 41, Noes 272.

Division No. 121] **[12.46 am**

AYES

Barrett, John
Binley, Mr. Brian
Brady, Mr. Graham
Browne, Mr. Jeremy
Bruce, rh Malcolm
Burt, Lorely
Carmichael, Mr. Alistair
Davies, Mr. Dai
Davies, Philip
Evans, Mr. Nigel
Foster, Mr. Don
George, Andrew
Goldsworthy, Julia
Hancock, Mr. Mike
Harris, Dr. Evan
Hemming, John
Horwood, Martin
Hosie, Stewart
Hughes, Simon
Hunter, Mark
Jones, Lynne
Lamb, Norman
MacNeil, Mr. Angus
Moore, Mr. Michael
Mulholland, Greg
Öpik, Lembit
Reid, Mr. Alan
Robertson, Angus
Rogerson, Dan
Russell, Bob
Sanders, Mr. Adrian
Smith, Sir Robert
Spink, Bob
Stunell, Andrew
Swinson, Jo
Weir, Mr. Mike
Widdecombe, rh Miss Ann
Williams, Mr. Roger
Williams, Stephen
Wishart, Pete
Younger-Ross, Richard

Tellers for the Ayes:
John Mason and
Hywel Williams

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Cairns, David
Campbell, Mr. Alan
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Devine, Mr. Jim
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Dodds, Mr. Nigel
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harris, Mr. Tom
Healey, rh John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Lynne
Joyce, Mr. Eric
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McFadden, rh Mr. Pat
McFall, rh John
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McNulty, rh Mr. Tony
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Seabeck, Alison
Sharma, Mr. Virendra
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Simpson, David
Singh, Mr. Marsha
Skinner, Mr. Dennis

Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Geraldine
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watts, Mr. Dave
Whitehead, Dr. Alan
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wyatt, Derek

Tellers for the Noes:
Helen Jones and
Ms Dawn Butler

Question accordingly negatived.

Question proposed, That the clause stand part of the Bill.

Mr. Hands: As we had started the debate on the interesting but fundamentally flawed Liberal Democrat amendment—the Conservatives also felt unable to support the interesting amendment tabled by the Scottish National party—it was unfortunate that the closure motion prevented five or six other Back Benchers from participating in it.

The Second Deputy Chairman of Ways and Means: Order. First, the last thing that we must do in a clause stand part debate is rerun amendments that have already been debated. Secondly, whether or not a closure motion is accepted is entirely a matter for the Chair, and I suggest that the hon. Gentleman does not stray into that region.

Mr. Hands: You are, of course, quite right, Sir Michael. I shall thus discuss the clause itself, on which I do not propose to speak for as long as I did on the amendments. After all, it is well past closing time—or at least the old-style 11 pm closing time. However, we must at least briefly examine the devastating impact of the Government's approach to pubs, breweries and other industries across the UK. I know that that is felt keenly by Members from across this House in terms of the pubs, clubs and jobs in their constituencies.

As I said, duty levels are not the only answer. We propose changes to the duty regime as part of a package of wider measures aimed at tackling binge and under-age drinking, which we need to look at. The Committee needs to register its opposition to the Government's approach of penalising all drinkers, and we therefore call on the Committee to oppose clause 11.

1 am

Mr. Alan Reid: I, too, wish to oppose clause 11. In my constituency, whisky distilling makes an important contribution to the local economy. It brings jobs to remote communities where alternative employment can often be difficult to find. The increase in alcohol duties in the Budget puts those jobs at risk, and the Government should not increase alcohol duty yet again, after two increases over the rate of inflation in the last 12 months. It is high time that these inflation-plus duty increases were stopped.

Colin Challen (Morley and Rothwell) (Lab): I agree with the hon. Gentleman's general intent, but the increase in duty on beer imposed in the Budget is 1p. In my local, which I attend regularly—I do not know whether the hon. Gentleman attends his—the price of a pint has gone up by 10p. Who does the hon. Gentleman blame for the severe problems that drinkers face in their locals? They always increase prices at the time of the Budget, but they do not explain to customers why the price has gone up far more than the Chancellor's imposition.

Mr. Reid: The hon. Gentleman asks about beer, but I was concentrating on whisky. He has made his point so I will continue my speech. Putting the duty up without a proper assessment of the impact on demand is risky. It could cost the Treasury money. Constant increases are unacceptable without any assessment of the impact on demand or on—*[Interruption.]*

The Second Deputy Chairman: Order. There is a loud buzz of conversation in the Chamber that is making it difficult for me to hear what is being said. Perhaps those Members who do not want to take part in the proceedings might leave or, at the very least, keep quiet, so that those who do want to take part can hear what is going on.

Mr. Reid: Thank you, Sir Michael.

Malcolm Bruce (Gordon) (LD): My hon. Friend is making an important point. In my area and other parts of north-east Scotland, new distilleries are proposed, but they may be prevented from going ahead by this increase. The issue is not only losses to the Exchequer, but a threat to jobs at a time when unemployment is reaching record levels. This is a serious issue and if the Government really cared about jobs and employment, they would not be destroying jobs in one of our most important industries.

Mr. Reid: I wholeheartedly agree with my right hon. Friend, who makes an important point. The constant increases in duty—the Government have promised another above-inflation increase in next year's Budget—will discourage people from investing in the industry and in new distilleries.

In my constituency, old distilleries have been reopened in recent years—when the present Prime Minister was Chancellor of the Exchequer and froze spirits duty. Under the policy of the present Chancellor, I do not expect to see any more new distilleries opening.

Mr. Jim Devine (Livingston) (Lab): Can the hon. Gentleman name one individual who has lost his job in the whisky industry?

Mr. Reid: It is quite obvious that these constant increases in duty will deter investment in the industry, and that will clearly have an effect on employment. One illogical aspect of the present system is that spirits are

taxed far more heavily per unit of alcohol that beers or wines. If alcohol were taxed on health grounds, surely the only logical way to tax it would be based on the units. The present Prime Minister, when he was Chancellor, had the policy of freezing the duty on spirits and allowing that on beers and wines to catch up. I am disappointed that that policy has not continued.

Various studies over the years have shown that the sale of spirits is very sensitive to price—far more so than is the case with wine. A policy of reducing the tax on spirits and increasing that on wine to a comparable level would probably bring in more money for the Treasury.

Scotch whisky is the world's leading spirit drink. It can be produced only in Scotland, but it relies heavily on products produced throughout the whole of the UK. It is therefore bizarre that a product that is so important to the UK economy is taxed much more heavily than wines, most of which are imported. I doubt that any other country in the world discriminates against one of its own products in favour of imports in such a way. An unfortunate side effect of that is that it encourages other countries to impose unfair duties on Scotch whisky.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): On a day when manufacturing trade has reduced by 0.1 per cent., the largest reduction since records began in 1948, is it not folly to be increasing the duty on whisky to such an extent when it is one of our key export industries? We rely on it and other key exports to get us out of recession and to create jobs.

Mr. Reid: I agree entirely with the hon. Gentleman. He makes an important point. Whisky is an important export and, as I was saying, increasing the duty in this country encourages other countries also to discriminate against Scotch whisky. That means that when British trade negotiators protest about others countries' harsh treatment of the Scotch whisky industry, those countries have an easy riposte—they just say, "But your own country also discriminates against whisky."

The Scotch whisky industry is very important to the entire economy. It employs more than 10,000 people directly and supports an estimated 50,000 further jobs through its spending on input products. It also provides a significant boost to our balance of trade. It is also an important local employer in remote areas where alternative employment is hard to find. For example, the many excellent malts produced in my constituency on the islands of Islay, Jura and Mull provide local employment. It would be very hard to find alternative jobs on those islands.

As a result of the Government's punitive actions, the product produced on those islands brings in large sums for the Treasury but only a small fraction of that money is returned to the islands to be spent on public services. If any hon. Members want to spend their holiday on Mull, they will certainly see the disgraceful state of the roads, although they will also see beautiful scenery. Those islands produced great revenue for the Treasury, but they do not see the return in public services.

Colin Challen: How does the price of whisky, with which I must admit I have a certain affinity, compare with the RPI? Sometimes, the question of duty is not accurately portrayed in terms of the general increase in prices. Sometimes, the prices of certain things do not keep pace with the RPI, even after the duty increases. Is whisky—

The Second Deputy Chairman: Order. I am loth to interrupt the hon. Gentleman, but we covered much of that ground earlier in the debate, when I do not think he was in the Chamber. He has probably given the hon. Member for Argyll and Bute (Mr. Reid) enough to work on for the time being.

Mr. Reid: The price of whisky is going up, mainly because the Government keep on putting the duty up higher than the rate of inflation. We saw it in last year's Budget and back in December, and we are now seeing it again. A successful industry such as the Scotch whisky industry should be encouraged, not penalised by constant rises in duty.

The Government put forward two arguments for the duty increases—health and the tax yield. However, if health were the reason, the tax per unit of alcohol would be the same for all beverages, with the result that the tax on whisky would come down and that on beers and wines would go up. As for the tax yield argument, there is a severe danger that increasing the duty will lead to a lower yield because of consumer resistance to buying at the higher price.

The constant rises are likely to have a devastating effect on employment in the industry, so I urge the Committee to reject them tonight.

Mr. Redwood: In the preceding debate, it was very disappointing that the Minister was unable to explain how clause 11 would work in terms of the duty rates, or what consequences she thought the changes would have for jobs and enterprise in the important businesses and sectors involved. She was also unable to give a forecast of how much more damage would be done. She was not even able to say what she thought was the cause of the big escalation in the number of pub closures in recent months, and she does not seem to have much idea of the impact that the measure will have on business in general.

I am delighted that my Front-Bench team are inviting Conservative Members to vote against the duty measures tonight. If the Government had not spent so much on the banks, or if they were able to control their public spending better, they might not need to raise so much revenue in this rather clumsy way. This change is not the way to get businesses through or out of a recession, but it is deeply damaging to enterprise and prospects.

Some Labour Members have failed to speak up for their constituents at all, while others have treated it as a subject of some frivolity because it involves drinking. All of them should understand that many people in the business are hurting very badly, and that they are looking to the Government for help and a lead. However, we are seeing again tonight that absolutely no help is forthcoming.

Mr. Browne: I shall be brief, and my contribution will be along the lines of that made by the right hon. Member for Wokingham. Like all hon. Members, I have received a great many representations on this matter from individuals, pub landlords and brewers in my constituency. They have all made it very clear that they consider that increase in duty over and above the rate of inflation proposed in this clause will be detrimental to their businesses.

[Mr. Jeremy Browne]

That is not a hypothetical assertion, as one need only look at the number of pubs closing every day to see that the change is having a very immediate effect. What is more, it is having a considerable social impact on communities in towns, cities and villages right across the country.

The Second Deputy Chairman: Order. Again, I am not anxious to curtail debate, but I must explain that we are not now going over the amendments that we have had before. With great respect to the hon. Gentleman, he is in danger of doing that.

Mr. Browne: Thank you, Sir Michael. The new clause is widely drawn and there is scope for overlap, but I was seeking to bring my remarks to a close. The essential point is that the clause will raise revenue on producers, manufacturers and brewers of alcohol. That will damage both them and communities in all our constituencies. I hope that hon. Members of all parties will represent the interests of their constituents by voting against the Government on this matter.

Mr. Clifton-Brown: I declare an interest as chairman of the all-party wine group. Our group carried out a study of the effect of the Government's proposed duty increases and the escalator. Our conclusion was that jobs and investment would be lost and that revenues would reduce over time, not meet the Government's revenue targets.

Whether we are talking about the increase in duty on wine, whisky or beer, we have to recognise that we live in an increasingly international world. Hong Kong, by reducing its duty to zero, is taking from London the market in wine—selling and cellaring—that has been here for centuries. The Government are doing themselves huge damage with the duty increases. They are reducing investment in the industries affected, reducing the number of jobs and reducing the tax take they receive because they are reducing consumption of wine and whisky. On every count, the measures are counter-productive.

1.15 am

Mr. Redwood: Does my hon. Friend think that Labour Members are ashamed of what they are doing? None of them has risen to speak in defence of the clause, and the Government curtailed debate on the amendments.

Mr. Clifton-Brown: My right hon. Friend makes a good point. What the Government are doing makes no sense. If it increases unemployment, reduces investment, reduces consumption and therefore the tax take, what on earth is the point of increasing duties well above the rate of inflation? I shall oppose the clause.

Question put, That the clause stand part of the Bill.

The Committee divided: Ayes 260, Noes 47.

Division No. 122] **[1.16 am**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Anderson, Mr. David
Anderson, Janet
Austin, Mr. Ian
Austin, John
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Cairns, David
Campbell, Mr. Alan
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Devine, Mr. Jim
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gilroy, Linda
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harris, Mr. Tom
Healey, rh John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Lynne
Joyce, Mr. Eric
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Khan, Mr. Sadiq
Kidney, Mr. David
Killoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Malik, Mr. Shahid
Mallaber, Judy

Mann, John
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McFadden, rh Mr. Pat
McFall, rh John
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McNulty, rh Mr. Tony
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffat, Anne
Moffatt, Laura
Mole, Chris
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Oliver, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Seabeck, Alison
Sharma, Mr. Virendra
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Speller, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watts, Mr. Dave
Whitehead, Dr. Alan
Williams, Mrs. Betty
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wyatt, Derek

Tellers for the Ayes:
Helen Jones and
Ms Dawn Butler

NOES

Afriyie, Adam
Barrett, John
Binley, Mr. Brian
Bone, Mr. Peter
Brady, Mr. Graham
Browne, Mr. Jeremy
Bruce, rh Malcolm
Carmichael, Mr. Alistair
Clifton-Brown, Mr. Geoffrey
Davies, Mr. Dai
Davies, Philip
Duddridge, James
Evans, Mr. Nigel
Foster, Mr. Don
George, Andrew
Goodwill, Mr. Robert
Hands, Mr. Greg
Harris, Dr. Evan
Hayes, Mr. John
Hemming, John
Hoban, Mr. Mark
Horwood, Martin
Hosie, Stewart
Howarth, Mr. Gerald
Hughes, Simon
MacNeil, Mr. Angus
Mason, John
Moore, Mr. Michael
Mulholland, Greg
Öpik, Lembit
Redwood, rh Mr. John
Robathan, Mr. Andrew
Robertson, Angus
Rogerson, Dan
Russell, Bob
Sanders, Mr. Adrian
Smith, Sir Robert
Spink, Bob
Stanley, rh Sir John
Swinson, Jo
Weir, Mr. Mike
Widdecombe, rh Miss Ann
Williams, Hywel
Williams, Mr. Roger
Williams, Stephen
Wishart, Pete
Younger-Ross, Richard

Tellers for the Noes:
John Howell and
Mr. Alan Reid

Question accordingly agreed to.

Clause 11 accordingly ordered to stand part of the Bill.

To report progress and ask leave to sit again.—*(Mr. Watts.)*

The Deputy Speaker resumed the Chair.

Progress reported; Committee to sit again tomorrow.

Business without Debate

DELEGATED LEGISLATION

Mr. Deputy Speaker (Sir Michael Lord): With the leave of the House, we shall take motions 3, 4 and 5 together.

Motion made, and Question put forthwith (Standing Order No. 118(6)).

INDUSTRIAL DEVELOPMENT

That the draft Financial Assistance for Industry (Increase of Limit) (No. 2) Order 2009, which was laid before this House on 1 April, be approved.

That the draft Financial Assistance for Industry (Increase of Limit) (No. 3) Order 2009, which was laid before this House on 1 April, be approved.

CONSTITUTIONAL LAW

That the draft Scotland Act 1998 (Modification of Schedule 4) Order 2009, which was laid before this House on 1 April, be approved.—*(Mr. Watts.)*

Question agreed to.

REGULATORY REFORM

LICENCES AND LICENSING

Motion made, and Question put forthwith (Standing Order No. 18(1)).

That the draft Legislative Reform (Minor Variations to Premises Licences and ClubPremises Certificates) Order 2009, which was laid before this House on 26 March, be approved.—*(Mr. Watts.)*

Question agreed to.

EUROPEAN UNION DOCUMENTS

Motion made, and Question put forthwith (Standing Order No. 119(11)).

MARITIME TRANSPORT

That this House takes note of European Union Documents Nos. 5779/09, Commission Communication on Strategic goals

and recommendations for the EU's maritime transport policy until 2018, and 5775/09, Commission Communication on Communication and action plan with a view to establishing a European maritime transport space without barriers; and endorses the Government's support for appropriate action at the European level where this would be effective in promoting European shipping, and providing economic, social, environmental, and regulatory benefits.—*(Mr. Watts.)*

Question agreed to.

FINANCIAL ASSISTANCE TO INDUSTRY

Motion made, and Question put forthwith (Order, 30 April, and Standing Order No. 118(6)).

FINANCIAL ASSISTANCE TO INDUSTRY

That this House authorises the Secretary of State to undertake to pay, by way of financial assistance under section 8 of the Industrial Development Act 1982, in respect of the Scrappage Scheme, sums exceeding £10 million and up to a cumulative total of £300 million to vehicle manufacturers for the assistance of the automotive industry.—*(Mr. Watts.)*

Question agreed to.

Sleep Apnoea (Road Deaths)

Motion made, and Question proposed, That this House do now adjourn.—*(Mr. Watts.)*

1.28 am

Meg Munn (Sheffield, Hoeley) (Lab/Co-op): On 8 August 2006, 25-year-old Toby Tweddell set off to work along the M62 near Liverpool. On the way, a lorry ploughed into his car, and as a result of the accident Toby died. The lives of his family and friends were devastated: his fiancée Jenny, parents Monica and Nic, his uncle, my constituent Seb Schmoller, and many others. It was a dreadful day, too, for Colin Wrighton, the lorry driver who killed Toby. He had fallen asleep at the wheel of his vehicle, which crashed into a line of cars. Colin Wrighton had seen his doctor just five months earlier complaining of tiredness. Tests to find out whether he was diabetic returned negative, and he was told he was probably suffering from stress. The medical profession's failure to diagnose sleep apnoea and refer Colin Wrighton to a consultant in sleep medicine meant that he has had to come to terms with the awful result of the accident that he caused.

Toby Tweddell's family were left asking questions, such as whether it was a freak accident or something more common. They asked questions about why drivers fall asleep at the wheel, about sleep apnoea and about why this relatively common condition is so poorly diagnosed, leaving road users at risk of injury and death. The family discovered that in the four months from October 2007, at least four cases came before UK courts of drivers of large goods vehicles accused of causing death by dangerous driving. The incidents killed nine people. All four LGV drivers were suffering from sleep apnoea, but that was diagnosed only after these terrible accidents. The family's research has led them to conclude that there is a systemic failure to take sleep apnoea and its consequences seriously.

Sleep apnoea is a sleep disorder in which the upper airway repeatedly closes, causing people to wake up briefly in order to breathe. People with sleep apnoea wake many times an hour; their pattern of sleep is disrupted, leading to tiredness and sleepiness during the day. Research has shown that someone deprived of sleep has the same impairment of reaction time and judgment as someone who is over the drink-drive limit. One study calculated that people with severe sleep apnoea are between six and 15 times more likely to be involved in a road traffic accident.

Sleep apnoea is also highly correlated with being overweight. The lifestyle of lorry drivers means that many are significantly overweight—they lead a sedentary lifestyle, keep unsocial hours and have unhealthy diets. A study of lorry drivers showed that only 11 per cent. had a body mass index of less than 25, that just over 38 per cent. had body mass indexes of between 25 and 30, which is considered to be overweight, and that 50 per cent. had body mass indexes of more than 30, which is considered to be obese.

Britain's leading sleep experts believe that nearly one in six lorry drivers may have sleep apnoea—that is nearly 80,000 of the nearly 500,000 LGV drivers. Sufferers from sleep apnoea tend to under-report difficulties when driving, perhaps for fear of losing their licence and livelihood. Identification of sleep apnoea is now relatively

easy. Sufferers are provided with a continuous positive airway pressure machine, or CPAP. A mask that blows air into the airways is placed over the nose during sleep. Sufferers breathe normally, but the slightly higher pressure of air in the nose helps keep the upper airway open. Almost all drivers suffering from the condition can be back at work very soon after obtaining effective treatment. Successful treatment improves their quality of life as well as that of their families.

Following the inquest into the death of Toby Tweddell, Coroner Sumner took the unusual step of issuing a rule 43 report to the Lord Chancellor's Department. It called for a toughening of the licensing regime for commercial drivers. Coroner Sumner stated that sleep apnoea is no respecter of age, and criticised the absence of any provision

"for a lorry driver to have to undergo any form of routine medical examination from the time of their qualification to drive until their 45th birthday".

He went on to note that

"lorry driving involves little physical effort and there is evidence of obesity within the industry".

and that

"apart from other medical complications arising from obesity, there is evidence to suggest that overweight people are more likely to suffer from sleep apnoea".

The coroner's rule 43 report called for the following: regular medical screening for all lorry drivers; amendment of the DVLA medical examination report form to improve identification of undiagnosed sufferers from sleep apnoea; fast-track medical assessment of commercial drivers involved in road traffic collisions; better education of all drivers on the dangers of tiredness when driving, in the same manner as drink-driving campaigns; and better education of commercial drivers to make them aware that a diagnosis of sleep apnoea is almost certainly not the end of their livelihood as a driver.

The Department for Transport responded to the coroner's request in November 2008, arguing that current arrangements for the control of sleep apnoea are adequate. In his letter to Toby's father, the coroner said:

"If I were honest, I would say it is a 'fudge'. It is merely a recitation of the position today. If that were so perfect then you would not have lost your son."

The response from the Department stated that no change is needed to the DVLA medical examination report form, which doctors complete with applicants for vocational driving licences, or to the frequency with which large goods vehicle drivers should undergo routine medical examination.

In the "information and useful notes" that the DVLA publishes for use with the medical examination report forms, there is no mention of obesity as being positively correlated with the incidence of sleep apnoea. The information currently online states, bizarrely, that

"at least three in every thousand men"

have sleep apnoea, yet among applicants or those renewing vocational licences the incidence is probably nearer to one in 15. All applicants and reapplicants for large goods vehicle and public service vehicle licences must complete a medical examination report with their general practitioner. That form contains the questions

"Does the applicant have sleep apnoea syndrome?"

and

"Is there any other medical condition causing excessive daytime sleepiness?"

Those questions do not adequately identify sleep apnoea sufferers. The DVLA should look again at how these forms can identify that there may be a possible diagnosis of sleep apnoea. One option would be a requirement that the driver's body mass index be calculated and for the doctor's attention be directed to the higher incidence of sleep apnoea among obese people.

While some major businesses in road and passenger transport take sleep apnoea seriously, I am not aware of any example of a company routinely testing its drivers. I have been working with my constituent, Seb Schmoller, and sleep disorder experts to set up a trial with a responsible employer to screen and test their employees. Discussions are at an advanced stage with the Co-operative Group. I am convinced that this process will demonstrate the value of screening.

The Department for Transport needs to tighten the requirements for identifying potential sufferers of sleep apnoea through requiring regular screening of public service vehicle and large goods vehicle drivers as part of the licensing process. Furthermore, it should be a requirement on road haulage and passenger transport operators for them to have screening processes in place. The Department for Work and Pensions, in dialogue with the Health and Safety Commission, has to ensure that the Health and Safety Executive plays a much more prominent role in relation to work-related fatal road traffic accidents and their prevention. It has responsibilities for minimising work-related death and injury, and powers to insist on action by employers to prevent risks to non-employees—that is, road users at risk from drivers suffering from sleep apnoea. In particular, the HSE should consider whether there is a need to introduce legislation, if necessary on a European basis, on compulsory testing of professional drivers for sleep apnoea.

Employers have duties to those other than their employees, as stated in the Health and Safety at Work, etc. Act 1974. Section 3(1) says:

"It shall be the duty of every employer to conduct his undertaking in such a way as to ensure, so far as is reasonably practicable, that persons not in his employment who may be affected thereby are not thereby exposed to risks to their health or safety."

The Department of Health also needs to ensure that those involved in the diagnosis of sleep apnoea are well briefed about the problem, its symptoms, and its serious implications. Consideration should therefore be given to making it a responsibility of doctors to report their diagnosis to the DVLA, rather than that being solely the responsibility of the driver.

I know the Minister believes that the incidence of road traffic accidents caused by sleep apnoea is low. The Metropolitan police has told me that it believes that more accidents have been caused by sleep problems than have currently been identified. The introduction of post-accident assessment—a system of fast-tracking drivers involved in serious road traffic accidents to assessment of the possibility of their having sleep apnoea—would assist in getting more accurate data.

Before I finish, I pay tribute to all the people who are working hard to address this worrying situation: Toby's fiancée Jenny, and his family, Nic, Monica and Seb; Professor Jim Horne and Louise Reyner from the sleep research centre at Loughborough University; Dr. John Shneerson, from Papworth hospital; Dr. Dev Banerjee from Birmingham Heartlands hospital; Dr. Stephen

[Meg Munn]

Bianchi from the Royal Hallamshire hospital in Sheffield; and Commander Shabir Hussain and Detective Superintendent Glyn Jones from the Metropolitan police.

I am sure that my hon. Friend the Minister recognises the importance of continuing to improve the UK's good record on road safety. Unfortunately, the response to the coroner reads like a list of reasons why things cannot change, rather than showing willingness to consider necessary change. However, my hon. Friend did say that the Government keep under constant consideration the various practical ways in which they can ensure that road safety is not compromised by people who are not fit to drive.

Today, there are people driving large vehicles who are suffering from undiagnosed sleep apnoea. Will my hon. Friend commit to addressing the issues that I have raised? In particular, will he agree to meet me and key people to discuss the matter? Will he commit his Department to work with the DVLA on improving screening for sleep apnoea of all applicants for large goods vehicle and public service vehicle licences? Will he contact the Health and Safety Executive to improve the understanding of the responsibility of road haulage employers in relation to sleep apnoea? Finally, will he work with the Department of Health to achieve improved briefing of medical practitioners involved in the diagnosis of sleep apnoea?

This is an important discussion tonight, when we are all feeling somewhat sleep-deprived. I hope that my hon. Friend the Minister will be able to respond positively to my suggestions.

1.42 am

The Parliamentary Under-Secretary of State for Transport (Jim Fitzpatrick): I congratulate my hon. Friend the Member for Sheffield, Heeley (Meg Munn), who is a good friend, on securing the debate. I begin on an immediate constructive note by saying that I am happy to meet her and others as she has requested.

This issue is of particular concern to my hon. Friend's constituents, following the tragic death of Toby Tweddell, which she described, in a crash on the M62 in July 2007 involving a lorry driver who was subsequently found to be suffering from obstructive sleep apnoea. Many hon. Members on both sides of the House have written to me about the matter, and I sympathise very much with the family and their friends for their sad loss.

We at the Department for Transport are very concerned about the contribution of driver tiredness to casualties on our roads. Our research suggests that up to one fifth of crashes on motorways and other main roads may be caused by drivers falling asleep at the wheel. Driver sleepiness could be caused by modern lifestyles preventing people from getting enough rest, and aggravated by shift working, especially when combined with monotonous types of driving. Besides a lack of adequate rest, some medical conditions may cause drowsiness and increase any normal tendency to sleepiness.

The usual medical cause for excessive sleepiness, however, is obstructive sleep apnoea syndrome, which occurs most commonly, but not exclusively, in overweight individuals. It can be associated with diabetes and other medical disorders. Sufferers rarely wake from overnight sleep feeling fully refreshed, and they tend to fall asleep easily when relaxing. They might not understand how chronically sleepy they are.

Drivers with undiagnosed or untreated OSA are a significant risk to themselves and others on the roads. All drivers must, by law, inform the DVLA if they develop a medical condition, including a sleep disorder, which may affect their ability to drive safely. Medical inquiries are then undertaken to establish whether those drivers should retain their licences. If the condition is diagnosed, effective treatment is available, as described by my hon. Friend.

Drivers should be reassured that they will normally be allowed to continue driving, once satisfactory control of the condition is achieved. I emphasise that, generally, satisfactory control can be achieved very quickly. In only a week or two of treatment, most people comment on how much better and more refreshed they feel.

In response to my hon. Friend's specific question, I assure her that the DVLA is looking at making its guidance notes for doctors more explicit to highlight the importance of sleep apnoea. However, the DVLA must have reasonable grounds for believing that somebody is suffering from a relevant disability. It cannot initiate medical investigations of fitness to drive unless there are reasonable grounds for believing that there is a relevant disability. The DVLA cannot screen for undiagnosed conditions.

Investigation of symptoms, diagnosis and treatment are matters for a doctor. As in the case that we are considering, there are, unfortunately, individuals whose symptoms have not been recognised, and have therefore not been treated. Some drivers also press on when they feel tired and unwell. We aim to manage the problem by improving the range of information to drivers, and especially to the medical profession.

There are circumstances in which doctors can inform the DVLA of any concerns, and they have a professional obligation to report a driver who is still driving against medical advice. The DVLA publication, "At a Glance Guide to the Current Medical Standards of Fitness to Drive", includes a section on sleep disorders, specifically mentioning sleep apnoea. The Department's publication, "Fitness to Drive: a guide for health professionals", also includes a chapter on sleep disorders.

Articles and reminders about the condition have been placed on medical information e-mails for medical professionals. In response to my hon. Friend's question, the Department also attends the Health and Safety Executive's road distribution action group's sub-group on fatigue. We are working with the HSE, unions and employers on the extent of fatigue generally among commercial vehicle drivers, and on how to address it with employers and drivers. That includes writing articles for industry journals.

In addition, the Department is preparing to consult the haulage industry on the UK domestic drivers hours rules. That consultation will include discussion of driver fatigue and possible means to manage it. A leaflet—"Think! Tiredness can kill"—has been distributed to clinics treating sleep disorders. Copies are included in the Smart Tachograph packs issued by the DVLA to lorry drivers, and in operator packs issued by the Vehicle and Operator Services Agency. Banner adverts about the condition have been placed on the DirectGov motoring

page and an animated message runs at DVLA local offices that are used by the public.

Our "Think!" campaign has produced a range of materials on driver tiredness, including radio adverts broadcast last year to reach a working driver audience. By September 2014, all group 2 drivers will have to complete 35 hours of training every five years for their certificate of professional competence. Part of the syllabus addresses physical fitness and healthy lifestyle, and includes the effects of fatigue.

To answer my hon. Friend's final specific question, the DVLA already engages with the medical profession in several ways to heighten awareness of OSA. It has provided an e-mail transmission message that was issued directly to GPs on the subject. It provides an "At a Glance Guide", which is aimed at medical professionals but is also available to the general public. The DVLA's animated message in its local offices specifically suggests that individuals mention OSA when seeking medical advice. The DVLA's senior medical adviser is in close contact with the British Sleep Society about OSA and other sleep disorders and driving.

There is already a system whereby the police can notify the DVLA when they suspect that a medical condition of any kind is relevant to a driving-related incident. Some 3,500 such reports are made annually, covering a range of medical conditions. Those reports are treated as a high priority and are always investigated. Most relate to ordinary and not commercial licence holders. The Department is trying to improve the police notification system further.

In conclusion, I appreciate the Tweddell family's concern that their son was tragically lost in spite of all the measures that we have in place and the fact that they would want to improve them. I can assure the House that we keep under constant consideration the various practical ways in which we can ensure that road safety is not compromised by people who are not fit to drive. The House knows that reducing the casualty toll on our roads is a priority. Our current strategy has improved road safety significantly, reducing the numbers of deaths and serious injuries by 36 per cent. over the past decade.

But eight deaths a day is still appalling. It is too many and we need to make our roads safer still. "A Safer Way", the consultation document that was launched last month, proposes a new approach to road safety, ambitious new casualty reduction targets and a number of new measures to assist in achieving those targets. It also proposes a long-term vision to make Britain's roads the safest in the world once again. I encourage all those who are interested in road safety to read the document and to join in the debate. I also look forward to meeting my hon. Friend and her colleagues in due course.

Question put and agreed to.

1.51 am

House adjourned.

House of Commons

Wednesday 13 May 2009

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

INTERNATIONAL DEVELOPMENT

The Secretary of State was asked—

Afghanistan

1. **Mr. Mark Harper** (Forest of Dean) (Con): What assessment he has made of the effectiveness of his Department's spending through the UN Development Programme in Afghanistan. [274658]

The Secretary of State for International Development (Mr. Douglas Alexander): Given that the question relates to Afghanistan, may I begin by expressing—on behalf, I am sure, of the whole House—my condolences to the family of the brave officer of the Welsh Guards who passed away today as a result of injuries sustained in Helmand? He is the fifth UK serviceman to have given their life in Afghanistan this month, and they are all in our thoughts and prayers.

The UNDP is an important partner for the Department for International Development in Afghanistan, providing expertise in areas such as voter registration and support for the democratic elections. The Department's funding has helped to ensure the success of the voter registration process. It also helped to launch the Afghanistan national development strategy, which unites the Governments of Afghanistan and the UK, and other partner Governments, behind a common vision to help to build a new Afghanistan.

Mr. Harper: I am very grateful to the Secretary of State for that answer, and I am sure that all Opposition Members join him in passing on our condolences to the family of that brave soldier. My local regiment, 1st Battalion the Rifles, lost seven men in Afghanistan on their recent tour of duty. When I visited the battalion, I saw for myself their dedication and commitment to rebuilding that country. Is the Secretary of State satisfied that our international development efforts and those of our NATO partners match the dedication and commitment shown to Afghanistan by members of our armed forces?

Mr. Alexander: I am unyielding in my admiration for our armed forces, having had, like the hon. Gentleman, the great privilege of seeing for myself the extraordinary sacrifices that they make, and the professionalism and dedication that they bring to their task. Frankly, the international community could have done a better job over recent years, and we are working tirelessly with partners in the international coalition to ensure that we strengthen the degree of co-ordination that is necessary if the aid operation is to be as effective as it should be. For example, we spend a significant proportion of our money with the Government of Afghanistan, recognising the challenges that that poses, but also the potential benefits. We also spend a significant proportion of our funding in country. Regrettably, that is not the case for all our principal partners.

Dr. Roberta Blackman-Woods (City of Durham) (Lab): I welcome the Department's publication of the new country plan for Afghanistan, and the Government's ongoing commitment to providing aid to the Afghan people, but will my right hon. Friend say what his Department is doing to ensure greater co-ordination of the international aid effort in Afghanistan?

Mr. Alexander: I have met Kai Eide of the United Nations, and have discussed the matter with our American counterparts. We account for a significant contribution to the international effort, and we use whatever forums are available to us to argue that where best practice is established by any country, it should be replicated by other countries. We are, of course, working closely with the Government of Afghanistan, who also have a heavy responsibility. I assure my hon. Friend that the matter is also a subject of conversation between our Prime Minister and the President of the United States.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): The Secretary of State rightly paid tribute to the efforts of the British forces in Afghanistan, but stability is crucial to successful development there. What discussions has he had with the American authorities on how their new military stance will be used to reduce civilian casualties, and so ensure a more stable environment in which to deliver development?

Mr. Alexander: As the hon. Gentleman will be aware, Robert Gates, the US Defence Secretary, has announced a change of command in recent days. I was not privy to the discussions in the Pentagon and the Department of Defence, but I am confident that my right hon. Friends the Foreign Secretary and the Prime Minister discuss those issues at every appropriate opportunity. They discuss both the significance of the regional response—there is recognition now of the significance of Pakistan, as well as Afghanistan, to security in Afghanistan—and the need to take forward a genuinely comprehensive approach that involves political reconciliation with those who are willing to be part of the democratic process, genuine development work, and the necessary element of force in security.

Derek Twigg (Halton) (Lab): I congratulate my right hon. Friend on the energy and hard work that he puts into ensuring that development cash gets to where it is needed, but how confident is he on the issue of corruption among officials in Afghanistan, and about the commitment by President Karzai's Government to do something about it, to ensure that money gets to where it is needed most?

Mr. Alexander: Let me return the compliment by paying tribute to the work of my hon. Friend during his service in the Ministry of Defence. I know that he had a tireless commitment to the interests and welfare of our troops, and I pay tribute to that. Only in recent weeks, I had the opportunity to meet the new Minister of Finance in Afghanistan, and the subject—including the terms of the assurances that he could offer and the work that he

was determined to take forward—was at the top of the agenda. I was heartened by the response that he offered me, but clearly we will need to keep working on the issue, although principal responsibility rests with the Government of Afghanistan.

Mr. Andrew Mitchell (Sutton Coldfield) (Con): I join the Secretary of State in sending our condolences to the friends and family of the Welsh Guards officer who died in Selly Oak this morning.

The Secretary of State will know that the National Audit Office has criticised his Department for handing over £20 million of taxpayers' money to the Afghan Counter-narcotics trust fund, which the UNDP was too inexperienced to manage effectively. Was DFID aware of the serious concerns about the competence of the UNDP when it handed over that money?

Mr. Alexander: It is for exactly those reasons that we withdrew support to the underperforming counter-narcotics trust fund as soon as we became aware of the scale of the challenge that was faced in the delivery of a very difficult programme in a very difficult environment. It is right to recognise that that is a challenging environment and to be subject to the scrutiny of the National Audit Office, and where evidence was brought to our attention, action was taken.

Mr. Mitchell: So can the Secretary of State tell the House what steps he is taking to ensure that the extra £14 million that he had just signed off for the UNDP in Afghanistan is subject to proper, independent, effective impact evaluation so that British taxpayers know they are getting value for money, and British troops know their bravery is reinforced by an effective and successful aid effort?

Mr. Alexander: On the evaluation of the UNDP, an internal evaluation unit has recently been established which reviewed the work of the UNDP. It concluded that many of the UNDP's programmes are effective and delivering, particularly in the areas of public administration and support for democratic institutions, but the hon. Gentleman is correct in recognising that there needs to be substantive progress from the UNDP in certain areas. The next opportunity for us to raise those concerns, which we will raise, will be at the UNDP board later this month. That is an undertaking that I give to the House.

Mr. Michael Moore (Berwickshire, Roxburgh and Selkirk) (LD): I, too, send the condolences of my right hon. and hon. Friends to the family of the solider who died this morning, and remember those who have given their lives in Afghanistan. I join the Secretary of State in paying tribute to the bravery, professionalism and dedication of all our armed forces in Afghanistan, and also to the members of his Department who work in incredibly difficult circumstances on our collective behalf.

Two weeks ago the Prime Minister set out a welcome new joint security strategy that linked Afghanistan and Pakistan. Separately, the Afghanistan stabilisation fund has been pooled with the conflict prevention fund for south Asia, which has a broader remit, including crisis areas such as Sri Lanka. Can the Secretary of State share with the House how the new Afghanistan-Pakistan joint focus will be helped by these new broader arrangements?

Mr. Alexander: Let me thank the hon. Gentleman both for his remarks about the officials of the Department, who do outstanding work, and for the tribute that he paid on behalf of the whole House to the service and heroism of our service personnel. On the joint approach to Afghanistan and Pakistan, he is right to say that there is a fundamental recognition that Pakistan needs to be the beginning, not the end, of the conversation in relation to Afghanistan. That is why we have worked so closely with the American Administration in recent weeks to ensure that there is a genuinely common approach to the issue, why I will take the opportunity this week to meet President Zardari of Pakistan, and why it is not coincidental that we published our Afghan country plan simultaneously with the Prime Minister making a statement to the House on the regional response. Whether it be through our programme in Pakistan, our programme in Afghanistan or the close joint working that is now established with both the Ministry of Defence and the Foreign and Commonwealth Office, I can assure the hon. Gentleman that there is a genuinely co-ordinated approach.

Burma

2. **John Bercow** (Buckingham) (Con): What steps he has taken to increase the delivery of humanitarian aid throughout Burma. [274659]

The Minister of State, Department for International Development (Mr. Gareth Thomas): In March the Government decided to provide an additional £20 million to Burma over two years. We will continue to address cyclone recovery needs in the Irrawaddy delta, as well as expanding our programme across the rest of the country, and we will also increase our aid to Burmese refugees in Thailand.

John Bercow: I am grateful to the hon. Gentleman for that illuminating reply. As he will know, the International Development Committee's 2007 report on assistance to internally displaced people and refugees on the Thai-Burma border recommended that DFID support cross-border aid into eastern Burma, in particular for the Karen people. Will the Minister now pledge to act on that recommendation?

Mr. Thomas: As the hon. Gentleman knows, my right hon. Friend the Secretary of State has visited some of the camps to which he refers. He may also be aware that we have increased our funding to the Thailand Burma Border Consortium by some 10 per cent. this year, on top of an additional 30 per cent. last year. We have also increased our funding to other organisations that work with Burmese refugees—some £1.8 million over the next three years—so we have continued to follow through on the spirit of the recommendations of that Select Committee inquiry.

John Battle (Leeds, West) (Lab): I thank my hon. Friend for his commitment on aid to Burma and pay tribute to the hon. Member for Buckingham (John Bercow), who has tirelessly campaigned on behalf of the Burmese people. I support the hon. Gentleman's question, because, although I welcome the money that is going to Burma, given the difficulty of the situation there must be a resolution in respect of the thousands

of people who have been marooned for months and years on the border. That situation cannot be left to the Thai Government. Could we take more action internationally, in terms of humanitarian support and from without to resolve the situation in the longer term?

Mr. Thomas: My right hon. Friend alludes to a much wider problem with Burma: the basic lack of civil and human rights in that country and the need for major reform by the Burmese authorities. We want to see, first off, the release of all political prisoners in Burma, starting with Aung San Suu Kyi. The Prime Minister, the Foreign Secretary and the International Development Secretary continue to raise that issue—the need for reform, starting with the release of Aung San Suu Kyi—at every opportunity. Most recently, we used the G20 summit to continue to press that point with a number of key partners.

Tony Baldry (Banbury) (Con): In Burma, Sudan, Darfur, Zimbabwe and Sri Lanka, we are seeing the continued shrinking of humanitarian space. DFID and other agencies are having to work around de jure Governments, not in partnership with them. Is it not time that the United Nations Security Council did more to make a reality of the theoretical concept of the responsibility to protect?

Mr. Thomas: The hon. Gentleman raises a significant issue—that of humanitarian space and ensuring that humanitarian organisations such as the Red Cross, and many other non-governmental organisations, have the opportunity to continue to provide humanitarian support to people in desperate situations as a result of conflicts and other disasters. One thing that the Department continues to do is to work extremely closely with the Office for the Co-ordination of Humanitarian Assistance, the key UN body that leads on these issues. We are working with OCHA and other partners on how we can get a better international humanitarian system precisely to help on the delivery of aid, and to try to achieve the humanitarian space that the hon. Gentleman quite rightly says we must continue to champion.

Zimbabwe

3. **Mr. Jim McGovern** (Dundee, West) (Lab): What his latest assessment is of the humanitarian situation in Zimbabwe; and if he will make a statement. [274660]

The Parliamentary Under-Secretary of State for International Development (Mr. Ivan Lewis): There has been a modest improvement in the humanitarian situation. The cholera epidemic is under control and there are signs of an improved harvest this year. However, basic health and other welfare services have broken down after years of neglect. Consequently, Zimbabwe faces ongoing humanitarian challenges.

Mr. McGovern: I thank the Minister for that answer. Obviously, all Members will be aware of the lack of political and judicial reform in Zimbabwe, but will the Minister confirm that he has received a communication from the Elders, urging the UK to offer Humanitarian Plus funds to Zimbabwe? Humanitarian Plus differs from long-term financial assistance, which will be linked to reform, and would allow immediate rehabilitation of the water and sanitation infrastructure in Zimbabwe.

Mr. Lewis: My hon. Friend is absolutely right to draw attention to the important contribution that the Elders are making to securing progress in Zimbabwe. We recently announced £15 million to strengthen health system support, improve sanitation and further strengthen food security, but we make it very clear that, on the pace of reform, there are certain non-negotiables. We make that clear in our conversations with the new Prime Minister and the Finance Minister, whom my right hon. Friends the International Development Secretary and the Foreign Secretary met recently. The United Kingdom provides humanitarian and Humanitarian Plus support, but we still await further improvement in terms of the necessary reforms.

Sir Nicholas Winterton (Macclesfield) (Con): Unfortunately, Zimbabwe has been put on the back burner again, because other issues are dominating Parliament and international affairs. Does the Minister not agree that one of the most helpful actions that the Government could take would be for the Secretary of State for International Development to visit Zimbabwe and meet the Prime Minister, Morgan Tsvangirai, to give that very courageous man the credibility and support that he deserves? He seeks to lead his country out of poverty and deprivation.

Mr. Lewis: Of course, it is not for me to arrange my right hon. Friend's travel itinerary. However, my serious response is that he recently met the Finance Minister, in whom we have a lot of confidence, and he has also met the Prime Minister in the past. My noble Friend Lord Malloch-Brown, the Minister for Africa, was at the inauguration of the new President of South Africa and recently met Morgan Tsvangirai and the new Foreign Minister of Zimbabwe. There is constant engagement and dialogue with the Government of Zimbabwe. We are clear about the support that we stand ready to provide and we have announced the resources that I mentioned in my earlier response. However, there can be no slacking in the message about the importance of political and economic as well as human rights reform. We remain concerned that, for example, political prisoners have recently been returned to prison. In those circumstances, we need to send strong messages about the pace of reform.

Mr. Andrew Smith (Oxford, East) (Lab): Will my hon. Friend join me in congratulating my constituent, Richard Pantlin, who recently cycled round Zimbabwe, raising funds for an orphanage there? Does he share my constituent's conclusion that we need to find ways of increasing humanitarian aid and support for the people of Zimbabwe, without strengthening ZANU-PF?

Mr. Lewis: My right hon. Friend is right to draw attention to the contribution of individuals, which demonstrates that no way is Zimbabwe on the back burner in respect of how the British people feel about our relationship with that country or in Department for International Development staff's excellent work on the front line. My right hon. Friend is right to say that, as a result of our support, 7 million people were fed in March who would not otherwise have been fed; the cholera outbreak has been brought under control; and we are moving towards more support for Humanitarian Plus. Equally, we expect the Zimbabwean Government to fulfil the obligations they have entered into with the international community on a clear and transparent reform agenda.

Mr. Nicholas Soames (Mid-Sussex) (Con): Given the non-negotiables—quite right, too—may I endorse the words of my hon. Friend the Member for Macclesfield (Sir Nicholas Winterton) and ask the Under-Secretary to continue to help in the humanitarian way the Government are rightly doing? What grounds for optimism does he have in the light of Morgan Tsvangirai's extraordinary courage and achievements?

Mr. Lewis: The optimism results from the changes that the Prime Minister, the Finance Minister and other reformers in the Zimbabwean Government make. Their optimism gives us hope. However, we also know that forces still exist in the Government who do not embrace the reform agenda, and we need them to do that. That is why it is important to send a message of solidarity and support, and make resources available to back the Prime Minister and the reform programme, while also making it clear that there will be no normalisation of relationships with that country until the entire Government are focused on meeting the needs of the ordinary people of Zimbabwe and rebuilding the economy and the health and education systems.

Hilary Armstrong (North-West Durham) (Lab): In the midst of the turmoil in Zimbabwe, what assurance can my hon. Friend give the House about opportunities for children to get education? That will be the way in which the country can rebuild and give people real hope for the future.

Mr. Lewis: My right hon. Friend raises an important issue. We know that many schools in Zimbabwe have not opened this year. Teachers are rightly demanding salaries in hard currency and poor Zimbabweans cannot go to schools that charge in US dollars. That emphasises the importance of the Government's rebuilding the education system, starting with paying teachers properly so that they turn up to teach the children of Zimbabwe. The good news is that, through UNICEF, we have ensured, with United Kingdom support, that more than 100,000 orphans and vulnerable children remain in school. That would not have happened without UK investment.

Mark Durkan (Foyle) (SDLP): I welcome the Minister's indication that the cholera outbreak is under control, but what is his assessment of the situation in Zimbabwe in respect of HIV/AIDS, a problem that was callously and deliberately neglected by the Mugabe Administration?

Mr. Lewis: Part of the extra support made available by us, both in the past and most recently, to strengthen health systems is about ensuring that the Zimbabwean health system has the capacity to tackle HIV/AIDS properly. We also want the new President in South Africa to remain committed to the new approach to HIV/AIDS there, which does not just affect attitudes in that country, but affects attitudes to how HIV/AIDS is tackled across the African continent. Our support for strengthening the health system means that we hope for a rapid improvement in the fight against HIV/AIDS.

Sri Lanka

4. **Mr. David Jones** (Clwyd, West) (Con): What recent assessment he has made of the humanitarian situation in Sri Lanka; and if he will make a statement. [274661]

5. **Peter Luff** (Mid-Worcestershire) (Con): What recent assessment he has made of the humanitarian situation in northern Sri Lanka; and if he will make a statement. [274662]

The Parliamentary Under-Secretary of State for International Development (Mr. Michael Foster): The humanitarian situation remains severe in the conflict area. The UN estimates that there are around 50,000 civilians trapped in an area of just 3 sq km. The International Committee of the Red Cross is the only humanitarian agency allowed access, and every humanitarian need in the area is unmet. For the 190,000 internally displaced persons in camps away from the conflict area, such as those that I visited two weeks ago, the conditions are best described as basic.

Mr. Jones: Yesterday's Human Rights Watch report would appear to confirm beyond reasonable doubt that, contrary to their denials, Sri Lankan forces continue to bombard the Mullaittivu area, an action that has resulted in more than 100 deaths in the past few days, according to reports on the ground. Can the Minister say what representations the Government are making to the Sri Lankan authorities with a view to persuading them to cease the bombardment and allow humanitarian workers into that area, which is, after all, meant to be a no-fire zone?

Mr. Foster: The hon. Gentleman raises an important point, and one that certainly featured in the conversations that I had with the Foreign Minister in Sri Lanka when I was there two weeks ago. Indeed, the hon. Gentleman's exact request was also a feature of the conversation that I had with the Sri Lankan high commissioner just this morning.

Peter Luff: The Minister will understand the sensitivity around the screening process for those seeking to enter refugee camps in Sri Lanka. I am sure he is aware of the concerns expressed by the UN Under-Secretary-General John Holmes about that process and, in particular, about allegations of possible pre-screening by the Sri Lankan army. Can the Minister assure me that Her Majesty's Government are doing all in their power to ensure that the screening process is conducted both fairly and properly?

Mr. Foster: It is always good to agree with the hon. Gentleman, a near neighbour of mine. We raised the issue of the screening process in conversations that I had with John Holmes when we were in Sri Lanka together. We have called for an international presence to be there during the screening process to give it credibility and give the assurance that the Tamil population is looking for.

Keith Vaz (Leicester, East) (Lab): I thank the Minister for what he has done so far, including taking my call at 5 am on the current humanitarian crisis in Sri Lanka when he was in Indonesia. The key is ensuring that the

boat that is just off the coast of Sri Lanka can deliver the tonnes of aid that the Red Cross has already collected. What further steps can we take to ensure the safe passage of that food from the boat into the Tamil areas?

Mr. Foster: I pay tribute to my right hon. Friend's commitment on the issue, which his early morning phone call clearly demonstrated. The Red Cross was able to unload 25 tonnes of food into the conflict area by boat on Saturday. It was hoping to repeat the process yesterday, but was unable to do so because of fierce fighting in the area. We urge both the Government of Sri Lanka and the Liberation Tigers of Tamil Eelam to stop the fighting so that the Red Cross can continue its most valuable work.

Mike Gapes (Ilford, South) (Lab/Co-op): Is it not now clear that there has been firing into a zone that is supposed to be for humanitarian protection? Is that not a war crime? What action will the Government be taking, with the rest of the international community, to put pressure on the Government of Sri Lanka to stop firing into hospitals, schools and civilian areas?

Mr. Foster: Not only have we called on the Government of Sri Lanka and the LTTE for a ceasefire in the area, but we have made it clear in a debate in this House that we are calling for an early investigation to see whether crimes have been committed against civilians, and that we consider it vital that alleged war crimes are properly investigated. We will be pursuing a mechanism for a transparent inquiry into that process.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): I am sure that the whole House will have been shocked by the shelling of the Mullivaikal hospital and the consequent loss of life. What more can the Minister's Department do to impress on the Sri Lankan Government that they should allow into the country all the aid—not just the food aid—that his Department allocates, and that they must ensure that it reaches those for whom it is intended?

Mr. Foster: I met the Sri Lankan high commissioner this morning to request not only greater international humanitarian access to the camps but United Nations access to the conflict zone, so that we can make a proper assessment of the needs in that area. I should like to pay tribute to the Red Cross worker who was killed yesterday in the conflict zone. He was a water technician who was working to try to save lives, not to prolong the conflict, and he has paid the ultimate price for doing that.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [274643] **Dr. Howard Stoate** (Dartford) (Lab): If he will list his official engagements for Wednesday 13 May.

The Prime Minister (Mr. Gordon Brown): Before listing my engagements, I am sure that the whole House will join in expressing our condolences to the family and friends of those who were killed on operations in Afghanistan in the last week. They were: Sergeant Benjamin Ross of the 3rd Regiment the Royal Military Police; Corporal Sean Binnie of the 3rd Battalion the Royal Regiment of Scotland, the Black Watch; Rifleman Adrian Sheldon of the 2nd Battalion the Rifles; Corporal Kumar Pun of the 1st Battalion the Royal Gurkha Rifles; and a soldier from the 1st Battalion the Welsh Guards, who died yesterday of wounds sustained in Afghanistan at the weekend.

I have been fortunate enough to witness at first hand the bravery, professionalism and dedication of our soldiers from every battalion fighting for us in Afghanistan. We are determined to ensure that we can be a force for good in helping the people of Afghanistan and protecting the security of people in Britain and the wider world. These men, and all those who have lost their lives in conflict, deserve our profound gratitude. Their service will never be forgotten.

This morning I had meetings with ministerial colleagues and others. In addition to my duties in the House, I shall have further such meetings later today.

Dr. Stoate: I associate myself—as, I am sure, does the whole House—with the condolences paid by my right hon. Friend to the families of the brave soldiers who have lost their lives in Afghanistan.

The whole country is deeply concerned about MPs' expenses, and public anger is surely heightened because of people's own financial and economic circumstances. Laing O'Rourke, a major construction firm in my constituency, has just announced that it is taking on several hundred extra apprentices this year, but unemployment nationally remains extremely worrying. What can my right hon. Friend do to invest in skills and jobs to ensure that we are well placed when we come out of the recession? I am sure that he would agree that unemployment is never a price worth paying.

The Prime Minister: In answer to my hon. Friend's first point, our responsibility is to create a system of MPs' allowances that is transparent and will be seen by the country as wholly fair. We must prove ourselves worthy of the public's trust. We must apologise for the mistakes that have been made. We must rectify all the errors that have happened, and we must reconstruct the system in a way that the public will see as building confidence in the political process. I believe that the steps that were taken last night by the Members' Allowances Committee were the first important steps in dealing with this matter for the whole of the House together.

My hon. Friend is absolutely right: any unemployment is a tragedy in any area of the country, and it is our duty to do everything we can to help those people who are unemployed. Where people are being taken on, there is help available. Where people are on short time, we are providing help through the working tax credit and through training allowances. For where people have become unemployed, we have announced today the details of a scheme under which, for all 18 to 24-year-olds who are unemployed and out of work, there will be an offer after a year of training or of work. I am grateful that social entrepreneurs, as well as charitable organisations, are already involved in the offer of work. We aim to provide 150,000 jobs as a result of the initiative that is being taken today.

Mr. David Cameron (Witney) (Con): I join the Prime Minister in paying tribute to the officer from the Welsh Guards who died of his wounds at Selly Oak hospital, and to the four service men who were killed last Thursday: Corporal Kumar Pun of the Royal Gurkha Rifles, Corporal Sean Binnie of the Black Watch, Rifleman Adrian Sheldon of 2nd Battalion the Rifles, and Sergeant Ben Ross of the Royal Military Police. Such a tragic loss of life in a single day should remind us of all the bravery that all our service men and women show every day. They have all made sacrifices on behalf of our country, and we must never forget them.

Let me ask about the issue of MPs' expenses. The first words that the Prime Minister said about them today concerned the need for transparency. Does he agree that one thing we could do pretty much right now is publish our expenses online the moment we put in a claim? Should that not happen online in real time? Does the Prime Minister agree that MPs from all parties should do that now?

The Prime Minister: Yes, Mr. Speaker, I understand that the Committee on Members' Allowances is looking at the issue. I think it important for there to be a transparent system so that when a claim is reported to the Fees Office, the Fees Office can itself put it on the internet. That should be a responsibility of the system of the House, and I hope that it will be introduced as soon as possible.

I hope that every Member of the House, in considering this issue, will agree that if trust in politics dissipates or disappears, the whole political system cannot work properly. I think that we all have a duty now to ensure that the agreements that we reach and the independent reviews that are carried out are such that they can restore confidence in the system.

As for last night's proposal from the Committee on Members' Allowances, I think it important, as the Committee has suggested, for the receipts and payments of Members over the last four years to be scrutinised by a body that includes people who are completely independent of the political system. By doing that for all MPs over a period of four years, we can show the public that we have taken every necessary action to deal with any anomalies, to repair them, and at the same time to build the confidence in the political system that is necessary for the future. I believe that this is a matter in which all parties will want to be engaged, and it is important that we deal with it now.

Mr. Cameron: Of course I agree with the Prime Minister that we should all support the Kelly commission and the work that it is doing, and yes, we should all support the idea of establishing a committee to look back over the last four years, but is there not a problem with this, and does it not show that we need to get on with things now? If we just ask a committee whether everyone has obeyed the rules, it will take a long time to investigate and will then, I think, find—surprise, surprise—that everyone has obeyed the rules. The issue is not so much about whether the rules were obeyed as about the rules themselves. How much needs to be paid back is not really a legal issue; it is a moral and an ethical issue, and it requires some political leadership to sort it out. Does the Prime Minister not understand that?

The Prime Minister: Yes, I do, and the leadership means leadership in the whole political system. We have a duty to look across the political system—all parties—to act together, as the Committee tried to do yesterday, and to reach an agreement.

The Committee's proposals are extreme and radical. It will ask outsiders to look at receipts, expenses and payments over the last four years, and will then report on whether they were regular or irregular. That is dealing with the past. For the present, the Committee proposed an interim system, and I believe that it can command all-party support. However, the long-term changes will require the confidence of the public, which is why, as I have said before, I have always believed that we need an outside body—the Committee on Standards in Public Life—to report on what should be done. Its proposals must then be taken into account by the House.

If we are to make changes in the system, however, we need an outside body—a body carrying some confidence that it is acting completely impartially—that can report on the changes that we can make, and I believe that it should report as soon as possible. I believe that it is in the interests of everyone that we go beyond ordinary party politics, and that we make absolutely sure that what we do affects the whole House and all Members, and the way in which they behave.

Mr. Cameron: I am grateful for the Prime Minister's answer but I still think that there is going to be a problem with just saying, "Let's go back and look at the claims people made under the rules"—*[Interruption.]* Members are shouting but that is again part of the problem in this House—let us be frank about it.

Let us see if that committee can do it. However, if we just look at the rules and whether people were complying with them, that does not go to the heart of the problem. It does not go to the heart of the anger that people feel. That is why Members of Parliament on both sides of the House decided to write out cheques and send money back, and I think that that is right.

Let me turn to another issue: reducing the cost of politics more generally. If we are frank, many of us know that the next issue we have to tackle is the communications allowance that was introduced only two years ago. It is worth £10,000 to every MP. Let us be honest: taxpayers are effectively paying out thousands of pounds so we can all tell our constituents what a wonderful job we are all doing. We have all done it; we all know the facts. Is not this a gigantic waste of money? Will the Prime Minister now get on with something I have suggested many times? Let us save some money—scrap the communications allowance now.

The Prime Minister: The first way we are going to save money is through the changes that were voted on in the House two weeks ago—changes that I and others put to the House—about how we can save money on the London allowance, how we can reduce the cost of the additional cost allowance and how we can get the receipts fully dealt with—even those below £25—and submitted. That is the first stage of reducing cost, and the costs of the system will fall.

I have to say something about the right hon. Gentleman's point about rules as well. It is true in some cases that rules have not been properly obeyed and action has to

be taken—I think that everyone will agree with that. It is also true that there is a looseness sometimes in the interpretation of the rules, or that the rules themselves are too loose. That is what the Committee on Standards in Public Life has to look at, but I hesitate to say that one or two Members of this House can get together and write the new rules on everything. We need independent scrutiny to assure the public that people can have confidence in the system.

As for the communications allowance, all allowances always have to be looked at. This, again, followed a vote of the House—a vote involving all Members of the House.

Mr. Cameron: Let me ask the Prime Minister, in short order: how does he, in this current recession, when businesses are facing such difficult times and people are having to make such reductions in their own expenditure, justify the £10,000 communications allowance?

The Prime Minister: In this period, all members of the Government have frozen their salaries. I have myself refused to take the pension that may be given to any serving Prime Minister. I have refused the London allowance that is available to me. I think that all Members of the House have to look at what they can do in their own situations. As far as the communications allowance is concerned, it is open to the House to look at all these things, but a vote of the House took place. It is always open to Members to propose changing it.

Mr. Cameron: The Prime Minister says that it is open to the House. That is so often his answer. What we want is some leadership to cut some of these costs. He seems to have such a tin ear to these issues. In an age where we are going to have to ask the public sector to do more for less, should we not start with ourselves? We have in the House of Commons 646—*[Interruption.]*

Mr. Speaker: Order. Let the Leader of the Opposition speak.

Mr. Cameron: I am just making the point—*[Interruption.]*

Mr. Speaker: Order. I have asked hon. Members to be quiet. I do not expect more noise.

Mr. Cameron: The House of Commons has 646 MPs. We have one of the largest lower Houses in the western world—larger than in Spain, France, Germany and Italy. In fact, if we take the Lords and Commons together, we have more political representatives than any country other than China. Should we not reduce the cost of politics by asking the next Boundary Commission to reduce the size of the House of Commons?

The Prime Minister: Many of the countries that the right hon. Gentleman is talking about are federal systems that have not only central Parliaments but federal Parliaments. I do not know whether he is proposing that we make an instant judgment now to reduce the number of MPs by 50, 100 or 150. Those are matters that have to go before an independent commission and people have to look at the boundaries. On all these issues, I am trying to build a political consensus on change. I am trying to build a consensus across all—*[Interruption.]*

Mr. Speaker: Order. The Prime Minister must be heard as well.

The Prime Minister: I am trying to build a political consensus on change. It is unfortunate that we cannot today highlight those issues on which we agree that action needs to be taken immediately. That is the way forward for this House to restore trust in its affairs. We have got to deal immediately with the issues ahead of us. We have got to take the extreme action that I propose—I hope the right hon. Gentleman will be able to support it—and, at the same time, we have got to reform the expenses system. I think that today is a time for us all to come together to make the changes that are necessary.

Mr. Cameron: I must say to the Prime Minister that Spain and France are not federal systems, and they have much smaller Parliaments than we do. The Prime Minister says again that he wants to have an independent commission. I sometimes wonder whether—*[Interruption.]*

Mr. Speaker: Order. Let the Leader of the Opposition speak. *[Interruption.]* Order. Dr. Howells, please; the Leader of the Opposition must be able to speak.

Mr. Cameron: Thank you, Mr. Speaker. I wonder whether the Prime Minister needs an independent commission to work out whether to have tea or coffee in the morning. Whether by putting expenses online, by cutting the cost of politics by abolishing the communications allowance, or by making this place smaller and more efficient, is it not time to wake up and see what is going on in the country? Is it not time for us to see ourselves as the rest of the country sees us? Is it not time to stop the talking and the endless committees, and start showing some real leadership to deliver some real change? How can we bring about the change this country needs if we cannot change ourselves?

The Prime Minister: It is precisely because we have to change that these radical proposals are being put forward. I am sorry that the right hon. Gentleman has chosen today to divide on issues, instead of to concentrate on the issues on which we agree. I think everybody will agree that this is a problem of the political system that has got to be dealt with by all of us. If we are to restore confidence in politics, that means restoring confidence in all of politics, and it means all Members of Parliament being part of that process of restoring confidence. Leadership is about the whole of the political system responding to the changes that need to be made, and leadership is me saying to all the political parties that they have got to act immediately to change the system. I hope that, on reflection, the right hon. Gentleman will agree that what is most important for politics today is to move forward with the changes on which we can agree and that are urgently necessary. Of course we should discuss other issues over a period of time, but we must discuss them in a way that is non-partisan so that we can reach proper agreement.

Roger Berry (Kingswood) (Lab): Many organisations support the Equality Bill: Age Concern, Carers UK and all the disability organisations. Is my right hon. Friend aware that, when opposing the Bill on Monday, the Opposition could cite one organisation on their side: the Campaign Against Political Correctness? Will he assure the House that he will continue to support the views of Age Concern, Carers UK and the disability organisations and reject the views of those who oppose equality?

The Prime Minister: This is another issue on which it would be good to have political consensus. Discrimination on grounds of age or of being a carer is simply not acceptable in modern society. I hope that, despite the debates that have taken place in the last few days, we can reach an agreement on that, and I think we would be speaking for the whole country.

Mr. Nick Clegg (Sheffield, Hallam) (LD): I would like to add my own expressions of sympathy and condolence to the families and friends of the brave soldiers who lost their lives serving us and the people of Afghanistan in Helmand province: Sergeant Ben Ross, Corporal Sean Binnie, Rifleman Adrian Sheldon, the soldier who died in a hospital in Birmingham yesterday after being shot in Helmand at the weekend, and Corporal Kumar Pun, who it is worth remembering now adds his name to those of the more than 45,000 Gurkha solders who have died serving this country over the years.

I would like to return to the issue of MPs' expenses. I suspect that many people are a little baffled by all the different proposed solutions, because none of them seems to deal with the biggest loophole of all: MPs making hundreds of thousands of pounds buying and selling properties funded by the taxpayer. Surely the only long-term solution is to get all us MPs out of the property game altogether.

The Prime Minister: I know that this is an issue on which the right hon. Gentleman feels strongly, and it is exactly the kind of issue that the Kelly committee will be looking at. Let him and others put their proposals to the committee and let us come back with a solution. I say to him that any solution that is put forward for the longer term will have to command more than the confidence of this House—it will have to command the confidence of the general public.

Mr. Clegg: I am grateful to the Prime Minister for his reply, but I still think he is making this a little too complicated. A really simple principle is at stake: we are here to serve our constituents, not to make a fast buck on the property market. That is why I have always thought that we should do what they do in Scotland: simply end—stop—any taxpayer-funded mortgages altogether. Until the new rules are in place, we Liberal Democrat Members have committed ourselves to handing back to the taxpayer every pound of any gain made from the sale of second homes funded by the taxpayer. Will he commit—*[Interruption.]*

Mr. Speaker: Order. Let the right hon. Gentleman speak.

Mr. Clegg: Will the Prime Minister at least make that commitment?

The Prime Minister: I hope that people will also speak up for decent, hard-working Members of Parliament who are going about their duty in the ordinary way and who are not trying make any money out of being a Member of Parliament, but simply trying to serve the public. It is very important that we get some context in this debate. Where there are abuses, they must be sorted out. Where there are disagreements about future policy, I agree that recommendations should be made to the committee by MPs and by parties but, as I have said before, I do not believe that we will command the confidence of the public unless people outside this House believe that what we are doing is also right. This cannot be an issue for just Members to make long-term decisions upon.

As for the right hon. Gentleman's proposal about houses, I know that capital gains tax has to be paid on these second homes. That is the first priority, and the other matters can be dealt with in representations to the committee.

Ms Dari Taylor (Stockton, South) (Lab): My right hon. Friend will want to know that the people of Teesside were very pleased to receive his instant support following the news that the Corus steelworks could be closing. Will he support the campaign that is being led by my hon. and learned Friend the Member for Redcar (Vera Baird) and other Teesside Members to help Corus and enable it to remain a significant part of employment on Teesside?

The Prime Minister: I am grateful to my hon. Friend for raising an issue that the whole House should be concerned about. Corus entered into a contract with four other steel and other manufacturing operators that was supposed to last until 2015. If that contract is broken, a high level of compensation will have to be paid. We are trying urgently to talk to the companies concerned, which range across four different countries, to make the case that it is important to keep the Teesside plant open and that it is counter-productive to close it in the current circumstances, and to see whether, as was previously the case, a buyer, as part of that consortium, is available to take over the plant. These are the issues that we are dealing with. In the meantime, the Minister for the North East of England and Jobcentre Plus are making their services available so that people are in no doubt that if there are to be redundancies, we are there to help people to get new jobs.

Q2. [274644] **Mr. Roger Williams** (Brecon and Radnorshire) (LD): A recent report by the National Housing Federation suggests that more than 100,000 young people will leave the countryside in the next three years, not because they want to do so, but because of the lack of affordable housing. If they stayed, they would be the leaders of their community in the future and the basis of the local economy. This Government have never really understood rural problems, but will the Prime Minister agree to meet a delegation representing young people in the countryside to set out the problems and share some of the solutions?

The Prime Minister: I do not want the hon. Gentleman to go away with the feeling that we have done nothing on this issue; we are determined to help people to get housing and to give help for jobs in rural areas. Indeed, a member of his party was asked to report to us on policies that could be implemented to help people in this position. We will do what we can to help people to get jobs and we are discussing with housing contractors how we can move forward on housing. Some decisions actually relate to planning decisions made by local authorities. We will need the support of local authorities in these areas, but we are determined to do what we can by the rural population of this country.

Q3. [274645] **Helen Southworth** (Warrington, South) (Lab): Every year more than 100,000 children go missing in this country. Thankfully, most of them are found safe, but some of them are not. Over the next few days, events will be held all around the country to mark international missing children's day. Will the Prime Minister meet me and members of the leading children's charities to find out not only what is being done to protect those children, but what we need to do further?

The Prime Minister: My hon. Friend is right about the number of children who go missing. Last week we talked about lost children who become part of child trafficking near Heathrow. That is completely unacceptable, and I have asked the Home Secretary and the Secretary of State for Children, Schools and Families to report on that specific instance immediately. In addition, we are working with local authorities to ensure the best care for vulnerable children who are identified by border agencies or at ports, and the immigration and citizenship Bill before Parliament will introduce a new legal duty. The Home Affairs Committee will publish a report tomorrow on some of these issues, and I will be happy to meet my hon. Friend and a delegation after that.

Angela Browning (Tiverton and Honiton) (Con): What is the Prime Minister's response to the further report issued last week by the parliamentary ombudsman as a result of her concern about the Government's failure to action her recommendations on behalf of Equitable Life pensioners?

The Prime Minister: As the hon. Lady knows, we are looking carefully at that report. We have set up an examination by a judge to consider the very matters in the report, and we will report back as soon as he finishes it.

Q4. [274646] **Mr. Dennis Skinner** (Bolsover) (Lab): Amid all the gloom this week are two good news stories. One is the minimum wage, which is 10 years old and still going strong. The second is that economic pundits—even the OECD—now concede that the sunny uplands are in sight after the slump. George Soros says that recovery is on its way. He knows all about money and slumps, because he was the man who took £2 billion from underneath the noses of two Tory grandees: Lord Lamont and the Leader of the Opposition.

The Prime Minister: I welcome my hon. Friend back for his first question after his recent illness. Things got really bad while he was away, and we are very pleased that he has come back. He is right about the importance of the minimum wage. We supported it in 1997 and we continue to support it. It has been raised this week and we have made it clear for the first time that tips should not be charged against it. We are determined to keep it, and I hope that all hon. Members will consider voting against the Bill on Friday whose intention is to undermine the minimum wage and kill it off in this country.

Tom Brake (Carshalton and Wallington) (LD): Will the Prime Minister set out what he is able to do in the next critical 48 hours to stop a further massacre taking place in Sri Lanka?

The Prime Minister: The House of Commons will debate the issue later this week. I am calling for three urgent actions, and I am making that clear in conversations with the President of Sri Lanka. Both the LTTE and the Sri Lankan Government must exercise the utmost restraint and avoid civilian casualties. All civilians must be allowed, as I have already requested, to leave the conflict zones, and the UN must have full access to civilians caught up in the conflict. We will play our part through our aid programme. The Foreign Secretary has been in New York to urge the UN to take further action and our special envoy, my right hon. Friend the Member for Kilmarnock and Loudoun (Des Browne), has been in the region meeting partners and building up pressure for a full ceasefire. What is happening in Sri Lanka is having a devastating humanitarian impact, and we will make continuing efforts to avoid civilian casualties, taking whatever action we can to persuade the Sri Lankan Government of the need for restraint and an end to the violence.

Q5. [274647] **Liz Blackman** (Erewash) (Lab): In the last 18 months, Erewash credit union has saved local people £170,000 that would otherwise have gone to doorstep lenders in high interest rates. That reduces the misery experienced by people trapped in debt and releases extra money into the local economy. As my right hon. Friend knows, the Department for Work and Pensions growth fund backs credit unions. Will he assure me that that fund will remain the highest Government priority?

The Prime Minister: In the Budget we added an extra £18.5 million to help the credit funds. More than 100 credit unions have already benefited from that fund, and more than 150,000 people are being helped. I know that the credit union in my hon. Friend's constituency is a shining example of what is possible, with 700 people obtaining affordable credit. It is making new investment to help people with housing, which is desperately needed in her area. I congratulate her credit union on doing a fantastic job. We want to support credit unions in every part of the country, with both more support and more legislative backing in future.

Robert Key (Salisbury) (Con): Please will the Prime Minister tell us whether the Government are in a position to support the long-awaited improvements to the heritage site at Stonehenge and to the roads, as well as the visitor centre that has been anticipated for so long?

The Prime Minister: I am pleased to announce that, in partnership with the Stonehenge programme board, we have been able to identify a suitable and affordable solution for a visitor centre. Stonehenge is one of the world's key heritage sites and the hon. Gentleman is privileged to have it in his constituency. Today's announcement marks the first step towards making the long-held aspirations that he and others have had for Stonehenge a reality. The site will be further enhanced by the closure of the A344, which at present takes traffic very close to the stones. Funding of up to £25 million will be provided through a range of public and private sources. We are determined to help the development of one of the great sites in the world.

Q6. [274648] **Dr. Tony Wright** (Cannock Chase) (Lab): At various times in our history we have had the Long Parliament, the Rump Parliament, the Good

Parliament and the Addled Parliament. Does my right hon. Friend agree that if we are not careful we will finish up as the Moat Parliament or the Manure Parliament? Should we not say now that we will accept whatever the Kelly committee says? Will my right hon. Friend say that on behalf of the Government and invite the other party leaders to say it on behalf of their parties, too?

The Prime Minister: As my hon. Friend knows, I have said that I do not think, given what has happened in the past year or two, that the House can proceed on the basis of just Members of the House making a decision without seeking outside support and consulting outside bodies. I hope that we will receive a good report from the Kelly committee and that we and all parties will be able to support it.

Speaker's Statement

12.32 pm

Mr. Speaker: Before I proceed with the business of the House, I wish to make a statement about demonstrations in Parliament square and issues of control and access to the House.

First, let me make it clear to the House that I support the right to demonstrate, but as right hon. and hon. Members have made clear through points of order the recent demonstration by Tamils has caused disruption to the work of the House and to individuals and organisations seeking access to it. It has also involved considerable cost to the House and to the police and exposed many issues of health and safety.

In the light of those difficulties, and given the distribution of responsibilities for Parliament square between various authorities, I can tell the House that I have arranged a meeting with the Minister for Security, Counter-Terrorism, Crime and Policing, the deputy Mayor of London responsible for policing, the leader of Westminster council and an assistant commissioner of the Metropolitan police to discuss how demonstrations in the square can be better regulated so that the functioning of Parliament is not impeded and the health and safety of individuals is not breached. I shall come back to report any progress that we can make to resolve this highly unsatisfactory situation.

Jeremy Corbyn (Islington, North) (Lab): On a point of order, Mr. Speaker. I thank you for that statement, and I hope that you will bear in mind during your discussions the pain and suffering that the Tamil people are going through. We must understand their need to express their point of view, in the hope that the British Government and others can encourage a ceasefire in Sri Lanka. These are desperate people shouting out for help, and I think we should listen to them.

Mr. Speaker: I note the points that hon. Gentleman makes. He has always been consistent regarding this matter.

Mr. Brian Binley (Northampton, South) (Con): Further to that point of order, Mr. Speaker. Is it right that a Member should use your statement to further a political cause? Would you argue that that is not what your statement was about?

Mr. Speaker: I have known the hon. Member for Islington, North (Jeremy Corbyn) for many years. He made his comment through a point of order in good faith, and I think we should leave it that.

Mr. Christopher Chope (Christchurch) (Con): Please can you, Mr. Speaker, tell us the date of the meeting that you have convened?

Mr. Speaker: Today, at 5 o'clock. How's that?

Simon Hughes (North Southwark and Bermondsey) (LD): On a point of order, Mr. Speaker. My point has to do with the meeting and the demonstration. Like you, many of us have had considerable involvement with the demonstration. Would you be willing to accept a short note from any colleagues who have had some professional involvement with the police and others with regard to the events of the past few weeks? We want to assist you, and to make sure that the resolution of the matter commands the consensus of the whole House, irrespective of hon. Members' individual views on the demonstration and the issue involved.

Mr. Speaker: I am always happy to receive representations from all hon. Members throughout the House. Thank you.

Mike Gapes (Ilford, South) (Lab/Co-op): On a point of order, Mr. Speaker. We have focused today on events with regard to Sri Lanka and the Tamil demonstrators, but over recent years there have been a number of demonstrations of different kinds. We need to bear it in mind that London is a global city, and that we cannot have its centre and our Parliament regularly disrupted by any organisation whatever.

Mr. Speaker: I note the hon. Gentleman's point of view.

Mr. Andrew Dismore (Hendon) (Lab): On a point of order, Mr. Speaker. The Joint Committee on Human Rights produced a report on policing and protest a few weeks ago, and one of our recommendations was that there should be no surprises, either from demonstrators or in the policing of demonstrations. We also stressed the importance of dialogue between police and demonstrators. In the light of that, would you consider inviting organisers of the Tamil protest to meet the people whom you are seeing later today, to discuss terms of reference for the demonstration?

Mr. Speaker: I am meeting the people with responsibility in this matter, but who they write to is up to them. Let me make it clear: as I said in my statement, I believe that it is part of the democracy that we live in that people are entitled to demonstrate around Parliament, and therefore in Parliament square. However, what we have out there at the moment is a blocking-off of the right of others to demonstrate, and that is a deep concern to me. The square is an absolute shambles, and that should be taken into consideration as well.

Several hon. Members *rose—*

Mr. Speaker: Order. I will not be holding court on the statement that I have made. The statement was clear and the meeting is at 5 o'clock, so I think that we should move on.

BILL PRESENTED

School Bus (safety) Bill

Mr. Speaker: Order. Before I call the right hon. Member for Gordon (Malcolm Bruce) to present his Bill, I draw the House's attention to the fact that the Bill's long title was printed incorrectly in the Order Paper. A revised page of the Order Paper with the correct long title has been issued.

Presentation and First Reading (Standing Order No. 57)

Malcolm Bruce, supported by Miss Anne Begg, Mr. David Blunkett, Peter Bottomley, Mark Pritchard, Willie Rennie and Sir Robert Smith, presented a Bill to make requirements relating to the design and operation of school buses; to make provision about road safety training for drivers and users of school buses; to establish a School Bus Safety Council; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 16 October, and to be printed (Bill 95).

Goalpost Safety

Motion for leave to introduce a Bill (Standing Order No. 23)

12.39 pm

Mr. Brooks Newmark (Braintree) (Con): I beg to move,

That leave be given to bring in a Bill to make provision for minimum standards for football goalposts.

Eighteen years ago, an 11-year-old boy from my constituency, Jonathan Smith, was killed during an away game of the Witham under-12s. Jonathan was swinging from the crossbar when the goalpost fell on him, ruptured his heart and left his family devastated. Since his death, Jonathan's mother, Brenda Smith, who is here today watching the presentation of this Bill, has fought a tireless campaign to improve the safety of goalposts.

I pay tribute to the hon. Member for Wavency (Mr. Blizzard), who secured a debate on this important subject in Westminster Hall in January 2000. Nine years on, however, there is still no legislation to improve goalpost safety standards.

The beautiful game has a devoted following in all parts of the House. Many of us, including, I am sure, the Secretary of State for Culture, Media and Sport, are wary of imposing new rules, regulations or requirements on the game, its clubs, supporters or amateur players, but my Bill is not an example of health and safety gone mad. I am not talking about professional football, or families having a kickabout in their back yard, and I am not out to ruin anyone's fun. As a passionate Newcastle United fan and father of five, I do not need to be told how important football is to young people. I know only too well that millions of people regularly enjoy playing football, and we need to encourage them to do so, but we also need appropriate legislation to help to keep them safe.

It is true that some progress has already been made. We now have a good British Standards Institution standard, an up-and-running scheme to replace unsafe goalposts, some growing publicity, and letters of support for Brenda Smith from Her Majesty the Queen, sports personalities and the Football Association, among others.

In 2005, a new BSI standard was introduced. The Football Foundation says that

"the standard is good, the standard is solid".

Nevertheless, manufacturers and buyers are only recommended to comply with it. In addition, the FA distributed more than 1 million leaflets to help clubs, schools and councils to understand better the risks posed by unsafe goalposts and how safety measures should be applied practice.

The Football Foundation operates an excellent scheme, which allows any FA-affiliated club, local authority, school, community group or club in the national league system step 7 and below to apply for a 50 per cent. grant to replace any of their goalposts that do not adhere to the recognised BSI standard. However, my Bill seeks to go a step further, by making the replacement of any goalposts that do not meet the BSI standard mandatory by 2012. That will include goalposts used on property owned by councils, schools and clubs.

The Bill will target in particular goalposts made before 1996—the year in which British standards were first produced for goalposts. Despite the introduction of those standards, the FA says that some schools still use, for example, wooden goalposts, which are not illegal, but which do pose a threat to the children using them. Other unsafe goalposts include those that are corroded, rusted or free-standing, or those with metal cuphooks on the posts of crossbars.

In 2005, the FA identified approximately 15,000 goalposts that did not meet the BSI standard. The Football Foundation has, to date, offered 3,192 grants with a value of nearly £2 million. As the grants can be offered for multiple goalposts, they have enabled about one third of the unsafe goalposts identified to be replaced. That is an admirable achievement, but more can be done.

I admit that I was surprised when I first became aware of the risk posed by unsafe goalposts. Since Jonathan's death in 1991, at least 10 other children in the UK and many others worldwide have been killed by falling goalposts. Even more have been injured, suffering broken limbs, bruising and fractured skulls, often leaving permanent damage and disfiguring scars. Adults, too, have also been injured in the same way: I recently heard from the parents of another constituent who, 10 years ago, when she was in her mid-20s, had an unsecured goalpost land on her, causing severe injuries for which she is receiving treatment to this day. I am sure that other hon. Members have similar stories.

The Football Association says that one of the biggest problems is when children swing on goalposts, and I suppose that one answer is to admit that it is difficult to stop children wanting to play on goalposts. Nevertheless, we can minimise the risk as far as possible by ensuring that goalposts are fit for purpose, properly installed and well maintained.

The goalpost that killed my constituent's son, Jonathan, was simply made of scaffold poles welded together, weighing 200 lb, that were not fixed to the ground. Jonathan was playing in a game for under-12s, who weigh perhaps 60 or 70 lb; they would not have been at risk if purpose-built, lightweight plastic or aluminium goalposts had been in use. Installation and maintenance is as important as manufacture; indeed, the current Football Foundation scheme insists on professional installation and offers training in proper maintenance techniques. Local authorities already have to organise an independent annual check on the conditions of their own pitches. I believe it would be a simple matter to ensure that the safety of the goalposts was also checked at this time.

The Government have argued that enough has already been done and that a voluntary code will suffice. In a letter sent to my constituent, Brenda Smith, in September last year, the Department for Culture, Media and Sport said that the Government still

"do not have any current plans to introduce legislation covering this area".

I agree that support, guidelines and recommendations are a major step forward in creating good practice, but we can do more to ensure that no other family has to mourn losing a child who should have been celebrating winning a football game.

Other countries have taken more robust action on this issue. The New South Wales Government in Australia passed legislation prohibiting the manufacture of goalposts that did not meet strict criteria. This guarantees that goalposts cannot fall or tip over, and that they are of a limited weight and force.

I never imagined that I would suggest to the House that France is a country that has anything to teach us about the beautiful game, but the French have legislated for a safety standard that makes the manufacture, distribution or use of non-standard goalposts illegal. I am sure that when it comes to goalpost safety, even my hon. Friend the Member for Stone (Mr. Cash) would not object to our following the French lead.

Given the simple and accessible scheme already in operation, 2012 is a realistic target. The year of the London Olympics is also an important symbolic target, proving that we have a commitment to grass-roots sports and that we care as much for safety as for success. That would be a great British Olympic legacy.

The Football Association says it has

"done as much as possible internally and externally",

while the hon. Member for Vauxhall (Kate Hoey), a supporter of this Bill and a previous sports Minister, said that pushing for legislation on goalpost safety was "obviously a longer-term solution". Well, it is now 18 years since Brenda Smith lost her son—and that is not just the long term, but a whole lifetime. I hope that I will receive the support of all hon. Members for this Bill to place our children at the heart of a culture of safety and awareness, and to make minimum safety standards for goalposts mandatory by 2012. I commend it to the House.

Question put and agreed to.

Ordered,

That Mr. Brooks Newmark, Mr. Don Foster, Rob Marris, Mr. John Grogan, Mr. David Anderson, Kate Hoey, Mr. Simon Burns, Alistair Burt, Mr. John Randall, Mr. Mark Field, Mr. Nigel Evans and Stuart Hosie present the Bill.

Mr. Brooks Newmark accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 16 October and to be printed (Bill 961).

Finance Bill

(Clauses 7, 8, 9, 11, 14, 16, 20 and 92)

Further considered in Committee (Progress reported, 12 May)

[SIR ALAN HASELHURST *in the Chair*]

12.50 pm

Rob Marris (Wolverhampton, South-West) (Lab): On a point of order, Sir Alan. I seek your guidance. Yesterday in Committee, it appeared to more than one Member, including me, that a Member was simply reading from a handheld device, such as a BlackBerry, to make an intervention. Is that in order?

The Chairman of Ways and Means (Sir Alan Haselhurst): The hon. Gentleman was perhaps more observant than the occupant of the Chair, as it is clear that such a practice is not permitted under the ruling originally given by Mr. Speaker on the use of personal digital assistants in the Chamber. In interventions in particular, and even in a wider sense, reading from either mechanical means or paper should be practised as little as possible if the spirit of "Erskine May" is to survive.

Rob Marris: Further to that point of order, Sir Alan. May I assist you? My recollection is that the Member concerned was not in your line of sight or that of whoever was in the Chair at the time.

The Chairman: I say to the hon. Gentleman that the line of sight of other Members is more varied than is possible from the Chair. The matter could have been raised as a point of order at the time, but I suppose it is better late than never. I thank the hon. Gentleman.

Clause 92

DUTIES OF SENIOR ACCOUNTING OFFICERS OF LARGE COMPANIES

Mr. Mark Hoban (Fareham) (Con): I beg to move amendment 4, page 45, line 18, after 'after', insert 'the first anniversary of'.

The amendment refers to clause 92, which imposes additional duties on senior accounting officers of large companies. The Financial Secretary can be assured that schedule 46 will be discussed in some detail in Committee upstairs, because it raises issues that need to be explored properly. From time to time, we have been complimentary to the Government when they have consulted on legislation: we recognised their efforts in consulting businesses on the taxation of foreign profits, and, after a somewhat tortuous process, the outcome of that consultation was satisfactory.

The apparent absence of consultation was one of the criticisms of clause 92. No one, whether from the industry or an adviser, has come forward to say that they were consulted. The clause has therefore come as a surprise to a large number of people. There is considerable concern among advisers and the industry about what the clause means in practice. The heart of the amendment applies to accounting periods beginning immediately after the Bill receives Royal Assent, because businesses seeking to comply with the proposal have a very short period to understand its purpose and the additional burdens and costs imposed on them, and they seek guidance. The purpose of my amendment is therefore to delay the implementation by a year to give the Government, Her Majesty's Revenue and Customs, businesses and their advisers time to understand the implications, costs and benefits.

Mr. Geoffrey Robinson (Coventry, North-West) (Lab): I am following the logic of the hon. Gentleman's amendment, which is reasoned and, on the whole, has much to be said for it. If one starts to consult before putting proposals in a Bill, however, it is almost impossible to get anything down before it is publicised and various wrecking attacks are made on it. Will he please believe in the good faith of the Government in getting the proposal out there and committing themselves to the consultation that is vital to make it a success, and in which he and his party have a role?

Mr. Hoban: The hon. Gentleman makes an important point, but as we discussed in yesterday's debate on corporation tax, businesses are angry and frustrated about the lack of consultation before measures are announced, and that is one of the factors that makes Britain a difficult place in which to do business. They want a predictable, certain tax system, in which matters are clearly flagged, and they want more consultation, before legislation is introduced rather than after. From the direction of travel of HMRC, businesses had no sense that the measure was likely to be included in the Bill.

Mr. Robinson: I accept that there must be consultation before the legislation is introduced, and that will be the intention, so I am sympathetic to the hon. Gentleman's point. But believe me, the best way to get the proposal through in the end is to get something down on which we then consult.

Mr. Hoban: I do not agree with the hon. Gentleman. Consultation should have taken place before the Bill was introduced, but now we have the Bill, we need to consider what to do with it. The thrust of my amendment is that we need to get the proposals right, and we need time to do so. If senior accounting officers are to sign off on whether they have appropriate systems of tax accounting for financial periods starting effectively from when the Bill is passed, they will need guidance. They will need to comply for the whole year, and they will have only a matter of weeks before they must know what is meant by the proposal. I would be pleased if the Financial Secretary followed my amendment and decided to defer implementation by a year. That would achieve the objective of the hon. Member for Coventry, North-West (Mr. Robinson) in getting consultation, it would achieve what I would like, and it would give industry and advisers time to make it work properly.

My biggest concerns are about the Bill's unintended consequences, its impact on our economy's competitiveness, and the costs that will be incurred. The regulatory impact assessment flagged up big concerns about the impact of the Bill, and it reminded me of the impact that the passing of the Sarbanes-Oxley legislation in the States had on American businesses, and of its benefit to

London's competitiveness. I have always joked that a statue should be erected in the City of London, first to reflect the contribution of Messrs. Sarbanes and Oxley to the success of the City, and secondly, as a reminder that hastily introduced, ill-thought-through legislation can be damaging.

Mr. Robert Syms (Poole) (Con): The clause seems to muddy the water as to auditors' responsibilities and board responsibilities. It does not say whether the senior accounting officer has to be resident or non-resident. It would be better if we debated such issues before the provision is implemented.

Mr. Hoban: My hon. Friend is absolutely right. We have talked about large companies, and there is also the issue of limited liability partnerships. We think private companies are included as well as public companies. It is not clear who the senior accounting officer should be. Should it be the finance director, or the director of tax? What happens if the parent company is overseas and it has a very flat structure, with lots of operating companies in this country? Does each one have to complete a certificate? There is a raft of questions to which we do not have answers, yet companies will have to start to comply with the measure within a matter of weeks. That is my concern.

1 pm

I ought to make it clear why I tabled the amendment. Its intention is not to probe; I do think that it is important. However, the jury is out on how the measure will affect business, and we are not opposing it outright. We just need to understand what it means, as does business. That is the purpose of the amendment.

Rob Marris: Clause 92 introduces schedule 46, which is for discussion later in Committee, but as the issue of timing causes the hon. Gentleman concern, it is fair to look at that schedule. Paragraph 19 of that schedule provides for regulation-making powers. It would help the Financial Secretary to address the hon. Gentleman's concerns about timing and involvement, which I quite understand, if it were clearer in the Bill what those regulations would be about, and when they might be made.

Mr. Hoban: Indeed, and the hon. Gentleman makes an important point about those powers. Perhaps when the Financial Secretary responds, he could say whether he expects draft regulations to have been published by the time we debate schedule 46. It would be helpful if that did happen, because given the nature of the consultation that has taken place to date, we would not feel comfortable passing legislation without having seen a draft of the statutory instruments that will implement the detail of the measure. The issue is not just one of consultation. It is about what the measure means in practice. How far does it go? There are already legislative requirements on companies relating to their accounting systems. There is also HMRC guidance on accounting systems already in place.

On drawing up a set of statutory accounts, a number of my hon. Friends, and the hon. Member for Coventry, North-West will know from their business background that businesses are required to have in place a set of accounting systems that enable them to draw up financial statements. Companies' financial statements will be audited. Auditors will rely on the systems and controls in place to ensure that the accounts are drawn up on a proper basis. The Companies Acts also confer duties on directors to keep adequate accounting records, and there are penalties if they misfile. There are already obligations on companies to ensure that the tax charge and tax balances figures that appear in their accounts are based on proper accounting systems, so it is not clear how much further the Government are seeking to go in imposing additional duties on senior accounting officers. Again, that is a matter on which we need clarification.

One of the things that has surprised industry about the measure is that industry felt that it was working very closely with HMRC on risk assessment—on making sure that HMRC understands the risks in business relating to accounting for tax. Industry feels that that process has been much more open than it perhaps was historically. Guidance on tax compliance risk management is now published as an HMRC manual. It makes it clear that systems have become a key issue in moving corporates away from high risk and towards low risk. There has been a pilot scheme involving detailed systems reviews of 10 large corporates, and numerous other systems discussions are going on with large corporates, both within HMRC's large business service and outside that unit in the local compliance large and complex teams.

A lot of work is already going on in HMRC with large companies so that they understand the risks for businesses in producing accurate assessments of their tax position. Under the Finance Act 2008, HMRC has the absolute right to see statutory records. Also under that Act, there is an obligation on corporate businesses to provide reasonable assistance to HMRC's information technology auditors. There are already significant obligations on companies to work with HMRC, so it is not clear, from a tax angle—let alone from the angle of the normal responsibilities placed on a company through the Companies Acts—what more HMRC is looking for through the powers in the Bill.

Rob Marris: May I try to assist the hon. Gentleman? Of course, I cannot speak for HMRC, but as ever, I can refer to the explanatory notes. Volume 4, paragraph 23 of the explanatory notes refers to clause 92 and schedule 46, and it says:

> "Currently, there is no legal obligation on any particular director or company officer to ensure that the company has appropriate tax accounting arrangements."

That seems to be the perceived mischief at which clause 92 and schedule 46 are directed. I have to say to the hon. Gentleman that I am surprised that there is currently no such legal obligation.

Mr. Hoban: The hon. Gentleman makes a point about enforceability and about which person should be under an obligation, but of course a senior accounting officer will already have to sign off the tax returns when they are filed, a finance director will have to sign off the accounts, which include a calculation of the tax liability, and directors are responsible for maintaining proper accounting records. There may not be a specific obligation relating to tax accounting, but there are already broad responsibilities placed on directors to maintain proper accounting records. HMRC needs to justify why it is going beyond the existing tax and legal obligations on companies to provide proper tax accounting systems.

[Mr. Hoban]

That justification is missing. It is a question of HMRC trying to establish what the benefits and costs are of the enforceability that we are discussing. That is what is missing.

I was about to comment on personal accountability. The measure imposes a fine of up to £5,000 on senior accounting officers for non-compliance. I suspect that any senior accounting officer would seek indemnity from their company, and would also look to their auditors. It is a slightly odd situation; the accounting officer will provide the certificate to the auditors, but he will also look to the auditors for compliance.

There is an important point to make on the issue of materiality. I know from my experience as an auditor that one works to a "true and fair view". There is a concept of audit materiality in that, and it depends on the company to say where that threshold of materiality applies. It is not clear where it applies in the case that we are considering. Clearly, the fact that the Government introduced the proposal suggests that the level of materiality in company accounts is not sufficient: otherwise, they would not have needed to include the clause. They would have been content for the matter to rest where it is. I am not sure whether the Government are clear about where they believe that materiality should be. How much inaccuracy would HMRC be prepared to tolerate in the preparation of tax accounts?

Mr. Syms: There is a real problem, because although only one fine can be levied per year, one presumes that if there was a problem with tax records going back several years, there would be multiple fines. Some poor fellow could retire, and be sitting in Sandbanks in Poole, and get a knock on the door one day. Let us say that, on his watch, there was a problem with record-keeping in a particular company for four or five years; that person could be asked for £20,000 or £25,000. We need more information, because such a situation would very much go against the grain of limited liability, and the liability of boards.

Mr. Hoban: My hon. Friend makes an important point. We will tease out the detail of the measure in Committee—whether it is retrospective, for what period people will be liable, and so on.

On the issue of materiality, let me put a scenario to the Financial Secretary. I do not know what his experience was after the VAT cut in the pre-Budget report. I remember doing a bit of Christmas shopping and being surprised at the number of shops which, rather than calculating the impact of the VAT cut at the till, relied upon the assistant at the till to do a manual calculation on his or her calculator. I hope that in most cases that calculation was correct—*[Interruption.]* The hon. Member for Wolverhampton, South-West (Rob Marris) asks whether I checked. Despite the fact that I am a chartered accountant, and although I sit at annual general meetings and check that the accounts add up, in the anal way that accountants have, I did not crosscheck the calculations. What I did check, though, was that the VAT cut was calculated not as 2.5 per cent. of 100 per cent., but as 2.5 per cent. of 117.5 per cent. That bit was okay.

Would the senior accounting officer of, say, John Lewis—come to think of it, John Lewis is a partnership, and I do not know whether partnerships are in or out of the proposed regime, but it is a large business—be accountable for somebody at the till making such a manual calculation on a calculator? I think John Lewis programmed its tills properly, so perhaps that is an unfair example. Any big retailer that did not have time to programme its systems after something unexpected happened, such as the VAT cut, would be dependent upon somebody with a calculator to calculate the reduction at the till. Is that material or immaterial? To my mind it is immaterial. If there was a systemic problem in calculating the VAT cut, I suspect that that might be moving towards material, but we need some guidance on materiality.

I know that materiality is a difficult issue for many organisations, particularly regulators, to deal with. If the regime is to work in a way that will reduce the cost burden on business and maximise the value, industry needs some guidance on what is material from HMRC's perspective, if HMRC is not prepared to rely on the concept of materiality used in the audit of statutory accounts.

Rob Marris: The senior accounting officer's responsibility is to take reasonable steps. We would not have a big discussion on that, although I, as a lawyer, have some idea what that means. Although I understand the hon. Gentleman's concerns, it has certainly been found in the field of health and safety, which is my specialist background, that if a particular director is nominated as responsible for safety—not for every incident on the shop floor, but to assume overall responsibility for taking reasonable steps to make sure that there are safe systems and so on—safety improves. I expect the Government's approach is similar in respect of tax accounting.

Mr. Hoban: That is fine, but there is already an obligation on directors to maintain proper books of records. They already have to sign off the accounts. If there was no responsibility anywhere in the business for signing off the books and records or for signing off the accounts, that would be a valid point. That is probably why it is in the Companies Act already. But we are going beyond the existing requirements, to create a new obligation on senior accounting officers, and I query the need for that move, given all the checks and balances that are in place already through the directors' statutory duties, the audit and the work that HMRC is doing with large corporates on risk management. What is the rationale for going that much further, given all the existing legal responsibilities?

Rob Marris: I am grateful to the hon. Gentleman for his generosity in giving way. There is almost a clash of backgrounds here, but I think it is helpful. In the safety field, similarly, there is a panoply of legislation going back to the Factories Acts, the Factories Act 1961, the Health and Safety at Work etc. Act 1974 and so on, and the law of negligence stemming from the seminal case of Donoghue v. Stevenson in the 1930s. Having a nominated director seems to focus the mind of the organisation, even though there is that legislative background and all those duties exist. I suspect the Government's approach may be that similar focusing is needed in some companies—a minority—regarding tax accounting.

Mr. Hoban: I am still not persuaded. That is why I look forward to the Financial Secretary's reply, in which I hope he will lay out explicitly, for the first time in public, what the rationale is for the measure. On Second Reading there was not much reference to it.

1.15 pm

Mr. Geoffrey Robinson: Behind the measure lies the particular role that the chief financial officer plays in a company. He is the ultimate point of accountability. That is why, in all the companies with which I have been involved, small ones and some comparatively large ones, the chief financial officer has always had the right of appealing direct to the board as a whole, quite apart from the chairman, and to the chairman, but separate from the executive officer. The provision is, in a sense, an extension of the very particular position that the chief financial officer has in relation to an extremely sensitive issue. The Bill is trying to take that a little further by imposing a sanction—which will no doubt be covered by an indemnity—so that the responsibility is registered personally, as all financial matters are and as the hon. Gentleman rightly says, and directly with the financial officer.

Mr. Hoban: The hon. Gentleman and his hon. Friend the Member for Wolverhampton, South-West are trying valiantly to justify the measure, but I am not persuaded. There are already checks and balances in place to ensure that. If there was feedback from HMRC's risk assessment that directors were not taking their responsibilities seriously and that there were big gaps in risk, that would be an issue. I also question whether HMRC is concerned that there are material issues with tax compliance. I would expect that to be picked up by auditors and appropriate adjustments to be made.

Mr. Robinson: A good example of where finance directors can get leant on, I suppose—with no insidious implication—would be some of the big banks, such as Royal Bank of Scotland, where even the non-executive directors had nothing to say as liabilities racked up. I wonder where the finance accounting officer was in that. It is another aspect of his position, not directly related to tax, but it is clear why singling out one aspect—in this case, tax—and giving it a special focus could have a bearing and give him a reinforced position on the board.

Mr. Hoban: I have great deal of respect for the hon. Gentleman's business experience. He comes to the House with some knowledge of large companies, but I am not yet persuaded. The case has not been made. It goes back to the point that I made at the start, which he and I first tussled with, about the lack of consultation. The Government have not gone out there in advance of the Bill to make the case for the requirement. If the case was made, we might well change our minds. That is why time is needed to sort out the issue and nail down exactly why it is needed and what the consequences are.

Mr. Syms: Presumably the penalty is levied directly by HMRC on the company without recourse to courts—I see nothing that involves courts or appeals—and presumably the company gives the name of a senior accounting officer. Do the tax authorities have to accept a particular name? Some people have a certain reputation with the tax authorities—they may call it battle honours. Clearly, somebody who had had quite a few penalties levied against them might not be the most popular person for the Revenue to deal with. There are many issues here, and I am not sure the Government have explained them fully.

Mr. Hoban: My hon. Friend makes an important point. That is part of the challenge. The case has not been made, which is why people outside are perplexed about the need for the measure.

I have touched on materiality and talked about normal accounting systems. "Tax accounting arrangements" is a vague term. Is it simply the processes? Is it the technology or the people involved? What does "appropriate" mean? These are details that we need to take into account.

The measure's impact assessment raises some questions. The Government say:

> "We forecast an improvement in Exchequer receipts of £140 million over 4 years."

So it would be quite helpful—perhaps before we reach schedule 46—if the Government were to produce an estimate of how the forecast was reached and what they expect to emerge as a consequence of their focusing responsibility on an individual.

The impact assessment also highlights the Sarbanes-Oxley Act, which I touched on earlier. The assessment says:

> "This measure draws on the US 2002 Sarbanes-Oxley Act which put obligations on senior officers of US corporations to certify amongst other things that: they have established and are monitoring certain internal controls, and they have disclosed any material weaknesses in those controls to the company auditors."

That rang alarm bells in my mind, because the Act had a big impact on business in the United States and created some concern about whether the mooted takeover of the London stock exchange by the New York stock exchange would introduce extra-territorial regulation—whether Sarbanes-Oxley would apply here in the UK.

The issue reminded me of a debate that I had with the current Secretary of State for Children, Schools and Families when he was the Economic Secretary to the Treasury. On that occasion, we debated the Investment, Exchanges and Clearings Houses Bill, which was introduced as an attempt to avoid imposing extra-territoriality on UK businesses, triggered by concerns about the impact of Sarbanes-Oxley. I am therefore rather surprised that the Government have used that legislation to back up this measure, because, at the time, the right hon. Gentleman, referring to a conversation with Christopher Cox, the then chairman of the US Securities and Exchange Commission, and Hank Paulson, the then US Treasury Secretary, said:

> "I think that they both share my analysis of the current dangers of the Sarbanes-Oxley regime, which is that the way in which it has been implemented is both burdensome and insufficiently risk-based and that therefore it does not achieve the initial intention."—[*Official Report*, 28 November 2006; Vol. 453, c. 1039.]

I should have thought that somebody in the Treasury might have remembered that exchange when drawing up the regulatory impact assessment, because they then could have said that perhaps Sarbanes-Oxley was not the best precedent to cite. Indeed, I should have thought that the Chancellor might have remembered the precedent, because, in a 2007 speech to the Institute of Chartered Accountants, he discussed the reforms that were being introduced in the UK and compared them with the US, saying:

> "During a visit to the US last year, I was struck by the extent to which the approach taken by Sarbanes-Oxley—overly burdensome and prescriptive rules—was now seen as the wrong response."

[Mr. Hoban]

I do not know whether the Financial Secretary shared the contents of the impact assessment with the Chancellor. If so, the Chancellor might then have remembered that he was quite sceptical about the benefits of Sarbanes-Oxley and the prescriptive rules that it imposed.

Of course, the issue goes right to the top, because even the Prime Minister recognised the implications. He said:

"I was under the same pressure as US legislators to impose blanket proscriptions such as Sarbanes-Oxley. I resisted"—

a great dividing line in politics, there—

"in favour of maintaining a flexible principles-based approach. We will allow nothing to undermine that commitment."

The Government have argued before that measures inspired by Sarbanes-Oxley are overly burdensome and prescriptive, but the measure before us rings alarm bells: the Treasury has not learned the mistakes of Sarbanes-Oxley and seeks to impose its rules and approach to tax accounting. Interestingly, Deloitte and Touche, when commenting on Sarbanes-Oxley, also queries its relevance, saying that it is

"questionable how relevant the Sarbanes-Oxley experience should be here as the US legislation was developed specifically in relation to financial reporting and so arguably does not extend to tax return preparation process."

Sarbanes-Oxley led to the significant deterioration in the relative competitiveness of the US when compared with other jurisdictions, but the Bill's regulatory impact assessment says that

"it"

the measure—

"has no impact on competition"

and costs are "negligible". The Government could not have reached that conclusion without having consulted industry first, but they did not, so they are not in a good position to make that statement.

Again, we return to the issue of consultation. The Government must understand the true cost to business. I am sure that Messrs. Sarbanes and Oxley, at the time of their Bill's passage through Congress, said, "Oh, don't worry, it will have no impact upon competition, it won't involve additional costs on business"; that they were quite breezy about it, in the same way that the Financial Secretary is quite breezy about it in the impact assessment that he has signed off; and that, only when it was too late, did they realise that it had a cost and an impact on the US's competitive position. I just counsel caution.

The Treasury has rather rushed into the initiative, and it is not clear who its author is. I do not get the impression that HMRC has embraced it as warmly as it would if the initiative had been one of its own; and I do not know whether it was a follow-up to the G20 summit, whereby someone said, "Something must be done," or a response to the TUC's campaign on the tax gap—a political, knee-jerk reaction in the same way that Sarbanes-Oxley was to problems in the United States. It is not clear who is the father of this great idea.

Stewart Hosie (Dundee, East) (SNP): Before the hon. Gentleman probes the genesis of the measure, I note that he talked about the costs for competitiveness. However, there are real costs, too. Schedule 46 describes accounting arrangements, including arrangements for keeping accounting records, and many businesses will simply assume that that means that they need to get the most up-to-date and expensive enterprise accounting system. The hon. Gentleman will know that the real cost of delivering that—in monetary terms, consultancy fees and management time—can be quite enormous.

Mr. Hoban: The measure could be expensive, and that is part of the problem. No one knows quite how expensive it will be, because no one knows the detail of a measure that was published without consultation. We would have had a better idea of the cost if someone had bothered to ask business beforehand, rather than just slapping it into a Finance Bill as a cracking idea that might get a few cheers from Back Benchers, trade unions—whoever it was targeted at—and saying, "We'll just finesse the detail later." That is not good enough, given the issues that this country already faces about the competitiveness of its tax regime, predictability, stability and certainty.

I am bemused by the clause, as are professional advisers and business. I am not even sure that we have a clear justification from the tax people. I talked about systems and materiality, and there are more than 20 taxes that could affect business. Does the clause apply to the accounting for each tax? Is it simply restricted to corporation tax, VAT, pay-as-you-earn and national insurance—the mainstream taxes? Or will business have to look at other taxes, too? I have not even discussed its impact on UK subsidiaries of overseas businesses or how somebody in the UK will get comfort on overseas subsidiaries, because the issue goes back to materiality.

Mr. Geoffrey Robinson *rose*—

Mr. Hoban: The hon. Gentleman looks like he is about to make a point, but I know from my experience of working with multinationals that an organisation's control over, and knowledge of what is happening with, small overseas subsidiaries can be quite limited. It is down to risk and judgment.

Mr. Robinson: The hon. Gentleman asks who fathered the provision; I think that it probably has many fathers. In parts of, for example, Barclays, it seems that no one, including the finance director, knew what was going on, particularly in the separate overseas companies, many of which were seemingly set up for tax purposes. I do not know whether the Government intend to tackle that, but there is a real problem in making a chief finance officer sign off responsibility for the whole company. I understand from my right hon. Friend the Financial Secretary that we are targeting the very biggest companies. If it is the intention to make the chief finance officer responsible for what happens in all a company's operations, although it is necessary, we must think carefully about what we are doing.

1.30 pm

Mr. Hoban: The hon. Gentleman makes an important point about whom we are targeting and the level of control. I remember that the changes that corporate governance control measures introduced got people to examine some of their businesses in more detail. I am

conscious of his point about the very largest companies, but I am not sure whether we are considering only those companies. The regulatory impact assessment states:

"Turnover—more than £22.8 million

Balance sheet total—more than £11.4 million

Employees total—more than 250".

What constitutes "large" for the Government is therefore relatively small.

The Financial Secretary to the Treasury (Mr. Stephen Timms): My hon. Friend the Member for Coventry, North-West (Mr. Robinson) drew on a brief conversation that we had earlier. I will say something specifically about the point that the hon. Member for Fareham (Mr. Hoban) raises, and about narrowing the scope of the provision when I catch the Chairman's eye.

Mr. Hoban: I am pleased that we seem to have forced a concession from the Financial Secretary. Again, it illustrates the point about ill-thought-through measures and lack of consultation. If the Government had thought matters through properly, the regulatory impact assessment would be better defined than it was when the Financial Secretary signed it off on 20 April. If he is already seeking to narrow the scope, is it a sign that things are coming apart? It demonstrates the weakness of the approach of rushing into something and having to unravel it afterwards.

We had the same experience in last year's Finance Bill on the treatment of residence and domicile. The relevant provision was delayed till the end of consideration of the Bill to cope with a raft of further amendments on Report. We were assured that it was the last legislation on the matter, yet—lo and behold—this year's Finance Bill includes more provisions on residence and domicile as a consequence of lack of consultation. I therefore believe that the Government are starting to retreat from their initial position as on 20 April.

Stewart Hosie: Let me reinforce the point that the hon. Member for Coventry, North-West (Mr. Robinson) made. I was with one public limited company, which had 140 units in the UK and one overseas, for five years. It would have been extraordinary if the finance director had been expected to spend half his time examining 139 units and the other half looking at one unit, simply to understand the one overseas operation.

Mr. Hoban: In a way, that goes back to risk and materiality. *[Interruption.]* The hon. Member for Wolverhampton, South-West said from a sedentary position, "The Bermudan subsidiary." That is not a reflection on the company for which the hon. Member for Dundee, East (Stewart Hosie) worked. It is interesting to ascertain what constitutes the gap that we are considering. Is it simply straightforward accounting for day-to-day transactions and the normal run of business, or are we looking at a layer of tax planning above day-to-day transactions? Are the Government targeting the latter? I am sure that any attached risks will emerge from HMRC's risk analysis procedures.

I have spoken for longer than I intended. I thought that I would make a brief contribution to the debate, but hon. Members have made many useful comments about how the provision will work in practice.

I end with a quote from the Institute of Chartered Accountants, which helps summarise the position. It says of clause 92:

"This proposed new requirement appears to impose further onerous obligations whilst adding nothing new in terms of tax compliance. The proposed measure is disproportionate because it applies a potentially onerous personal liability on all the senior accounting officers ab initio. HMRC's risk analysis procedures should identify the small number of large companies that do not have adequate accounting systems to prepare a correct and complete return. Rather than introduce this measure, if HMRC is concerned about internal accounting systems it would make more sense to extend the existing declaration that is required on the corporation tax return."

That is a balanced criticism of the provision, which has been hastily introduced with inadequate consultation. There are many grey areas, yet companies will be required to comply with it from an accounting period that starts the day after the Bill receives Royal Assent, without sight of draft secondary legislation. In the interests of maintaining industry's confidence in HMRC and ensuring that HMRC knows what it is doing, the reason for doing it and what the costs and benefits are, we should delay implementation until the first anniversary of the Bill's passage.

Mr. Geoffrey Robinson: I want briefly to take up a few points in the light of that discussion. I shall start from the same point as the Conservative spokesman. Clearly, there must be a great deal of consultation on this provision, and it should not be implemented until the consultation has ironed out the bulk of the problems that are bound to be associated with it. However, I put it to the hon. Member for Fareham (Mr. Hoban) that if we consulted in detail on legislation like this before including it in a Bill, we would never get the Bill, because of the attitude of those who, understandably, do not want any form of additional regulation, bureaucratic control or paperwork, or any of the costs that the hon. Member for Dundee, East (Stewart Hosie) identified. We would never get there, so it is much more sensible to produce something first. HMRC is in touch with all companies' accounting officers. It knows what it is after, and the companies do, too—and that knowledge is built into what is before us. It is not as though the provision had been plucked out of the air—although it may sometimes suit the Opposition to suggest that that is the case.

The time to deal with the detail will be when the Bill goes into Committee upstairs. The companies meet HMRC in between the Committee sittings—that is how it always happens—and I am sure that the Government will be open to amendment, where appropriate. The hon. Member for Fareham makes a good case for consultation, which does happen, but he gets it the wrong way round if he thinks that we could have such detailed consultation before including anything in the Bill.

However, I think that a year's delay would be sensible, if there were agreement on that—but whether the Government would go that far, I do not know.

Mr. Hoban: Join us in the Lobby.

Mr. Robinson: There is no question of that. If the hon. Gentleman ever had to work with HMRC and companies—a remote possibility—I would urge him not to believe that he can undertake meaningful consultation before first producing something in a Finance Bill.

Rob Marris: Does my hon. Friend share my concern that in the body politic in the United Kingdom, we—this applies to all parties—have developed a regrettable tendency, which is that although we all say that discussion and debate are good, when someone changes their mind as a result of that debate, we claim that they are performing a U-turn, and that that change of mind proves that the original measure was ill thought out or rushed? That is regrettable, because that is what we do in this place: we share ideas here and discuss them, and occasionally people change their minds. That is an honourable thing to do.

Mr. Robinson: Indeed, it is not just honourable; it is the correct way to proceed. I used to start debates in Committee by saying, "Look, this is for discussion and we are looking to get it right." If a point then came when the Minister made a sensible compromise or came to an agreement—not that that would necessarily happen, because in those days the Opposition had often not even tabled an amendment for the first sitting—we would hear, "The Government are collapsing! A huge concession! Holes knocked in the legislation!" That is not what Committee is about. I never had a problem with reaching for amendments, if that was the right thing to do—that is the whole purpose of the process—providing, of course, that they did not vitiate the essence or the purpose of the Bill. Indeed, if an amendment commends itself to the Minister, it should enhance the Bill.

I was interested in what the hon. Member for Fareham said about the law that was introduced in the United States in the wake of the Enron and WorldCom scandals, when the United States went in for what we called "heavy regulation", which contrasted with what we over here called "light-touch regulation", which I am sure the hon. Gentleman and the Financial Secretary will remember. I was not in the Treasury at the time, but I knew what was going on. We thought that that difference would give us a huge competitive edge, but it is interesting to see how things turned out.

That issue was meant to be about financial controls, but what went wrong with the banks was, in large part, to do with the lack of financial controls, albeit in a different sector now. Despite the heavy regulation in the United States, the problem started there—Gillian Tett has shown that clearly in her book "Fool's Gold"—and then it spread, and we are clearly caught up in it. However, that regulation did no good for the sector that was about to blow up in the United States, whereas our light-touch regulation is now being blamed for what happened here.

What clearly went wrong was that people were not being intelligent about regulation—that is what it comes down to—and neither were the central banks. Although we took away regulation from the Bank of England and gave it to the Financial Services Authority, the Bank still had an overall direct responsibility. I remember Eddie George saying, "I'm afraid of a systemic collapse," which is why he wanted that responsibility, and the money for it. That responsibility was clearly left with the Bank of England when we made that change. It is no good for the Bank to say, "It was all passed over to the FSA." It was not: the integrity of the entire banking system was left clearly with the Bank.

Everybody was looking at the wrong thing, or not looking hard enough at the right thing. That is what happened in the United States. If we do not focus intelligently on the area that poses a threat to the economy, we will do no good, whatever sort of regulation we have, however many people we have and however many pieces of legislation we have to back it up.

Rob Marris: May I give my hon. Friend an example? The Canadian banking system has been far stronger than the banking systems in the USA or the United Kingdom. However, in Canada, under the Office of the Superintendent of Financial Institutions, there is less regulation. Banking is more heavily regulated in the USA, but the Canadians take a risk-based approach, on the basis that: "We know risk when we smell it and we'll get in there." It is not just a question of regulation; it is a question of philosophy.

Mr. Robinson: My hon. Friend is dead right, and I agree with him entirely. The idea of bureaucracy regulating entrepreneurial banks will never be terribly effective.

To return to clause 92, I am pleased that we are approaching the issue in the way that we are. I am sure that the Government will listen hard to what the industry says, and I am sure that we can get things right. As for why we are focusing on tax as we are, to me that does not pose the sort of problem that it seems to pose for the hon. Member for Fareham. In view of the multiplicity of taxation arrangements burgeoning throughout the world, I can quite understand the position of the United States Government under President Obama and that of the German and French Governments, who have always been strong on this issue, and why we have a particular focus in the UK on strengthening tax function and tax accountability; the words in the Bill speak of all this. It seems inevitable that that should be part of the review that we are having, when so much of the tax take appears to be disappearing overseas. I am not sure that that is directly linked, but I cannot help but feel that it is part of the mentality that has led to this part of the Bill.

1.45 pm

I welcome the provisions. The chief finance office should be clearly seen to have an independent role in accounting to the board. When my right hon. Friend the Financial Secretary puts the Government's case, I wonder whether he could tell us whether it is automatically assumed that the chief finance office will be a board member, because the Bill refers to officers or directors. It is terribly important that the person charged with that responsibility should be a director, not some officer who can escape a sense of personal responsibility. A finance office in a major British multinational or international company will feel a heavy personal commitment and a personal burden, which he will have to bear in the interests of the whole company, with a direct responsibility enshrined in law and a fine attached, related to the performance of that function. If a finance officer were to be fined, in all probability he would seek and obtain an indemnity from the company, and rightly so. Nevertheless, the fact that he has been fined will weigh heavily on him, if he is responsible in the exercise of his duties, and therefore reinforce the general sense

of this part of the Bill, and the general purpose for which the Government have introduced it—and I am pleased to see it there.

I am sure that the Financial Secretary will reassure us on the need for consultation and the other matters that the industry will bring to him in due course. We look forward to hearing what he has to tell us in that respect.

Mr. Jeremy Browne (Taunton) (LD): The proposals are far-reaching in their implications and were introduced without meaningful notice or consultation. I have received representations from groups such as the Chartered Institute of Taxation and the Institute of Chartered Accountants in England and Wales, and from companies such as PricewaterhouseCoopers. They have raised a series of concerns with me, as they no doubt have with MPs from all parties, about the potential implications of what we are considering, including what they regard as possibly unforeseen implications. Indeed, the hon. Member for Fareham (Mr. Hoban) read out a quotation from the Institute of Chartered Accountants that summed up those concerns precisely.

I propose to highlight three concerns that my party and I have about the Government's proposals, and then to suggest how we might deal with them. The first concern is about the aspect of personal liability. All parties in the House would wish to see companies that failed to comply with the law dealt with accordingly, but the Government's proposal makes a distinction between the organisation and the individual. The hon. Member for Poole (Mr. Syms) asked what implications that might have, and whether they might go further than the Government envisaged. It is therefore important to explore the aspect of personal liability in greater depth in Committee.

Our second concern is about the lack of clear definition. Paragraph 8 of schedule 46 says that only the most recent senior accounting officer will be liable, but there will still be issues if errors have been made in the past. If the most recent senior accounting officer has been in post only for a short period, the provision may not be so satisfactory, whereas if he or she has been in post for a long time, we would be able to go back much further. There is therefore some doubt about how the provision will apply in practice.

No one knows what HMRC thinks will constitute adequate or accurate reporting systems. One person's idea of adequacy may be markedly different from another person's. Indeed, in accountancy, one person's idea of accuracy may occasionally be different from another person's idea of accuracy. As far as I am aware, no guidelines have been published so far to clarify those points.

My final point about the lack of definition is about the implications for UK multinationals based primarily in this country—a point that was made earlier. However, I do not think that the following point has been made: what if the senior accounting officer is not based in the United Kingdom, even if most of the company is? How will the law work in practice then?

The third area of concern that I have identified in gathering together the themes that others have expressed to me relates to the regulatory burden and the costs involved. The rules will be up and running from October, and there is genuine anxiety that this does not provide a fair period for companies to respond and incorporate the new rules into their practices. My understanding is that the Government say that the new arrangements merely formalise the procedure that is often observed by companies, but all the representations that have been made to me by the industry bodies that I have just named suggest that the legislation goes further than that. There are also questions about the cost to business and the anticipated extra yield to the Exchequer, and about whether the additional money raised will be sufficient to justify the potential additional cost to business.

Those are my concerns, based on my discussions with others. Thinking through these issues as carefully as I can has led me to come up with four brief guiding principles for seeking to address the situation. First, my party believes that we should support measures to improve accountancy procedures in the interest of transparency. Everyone would accept that we want to see companies complying with the law in a transparent way, and not unreasonably trying to avoid their obligations.

I completely understand the Government's desire to maximise the tax yield within the laws of this country, particularly when we have such an enormous public deficit. The need for the Government to raise money is obvious for all to see. We also recognise, however, that there are many concerns over the wording, the short notice period, the regulatory burden and the personal penalties in schedule 46. It is therefore reasonable to allow this measure to go to Committee, because although the overall objective of greater transparency is reasonable, there will need to be further consideration of those specific points.

The second point relates directly to the amendment tabled by the hon. Member for Fareham, with which I have a lot of sympathy. It is logical to provide for some breathing space in which the rules can be reviewed, so that companies do not fall foul of them unwittingly. Some concerns have been raised with me, however. First, there could be a tendency for some companies—not those that observe best practice, which are unlikely to fall foul of the rules anyway—to see a year's delay as another year in which they can ignore the problem, and they might not be any better prepared when the legislation comes into force than they would have been if it had taken effect sooner. To be more cynical, one could suggest that other companies could use the year to give themselves more time to think about how to evade the spirit of the law.

Mr. Hoban: The hon. Gentleman is making an important point about how people could use the year's delay. He will know from reading the Bill that there are two certificates involved: a type A certificate and a type B certificate. Certificate B is used when a company cannot sign off using certificate A and some explanation is required. One concern that has been expressed is that in the first year many businesses will have to file type B certificates anyway, and give an explanation of why they cannot comply, not because they are being difficult or because their systems are not up to scratch, but because of the short notice period. There is a danger of confusing the picture by rushing this measure in with undue haste, without properly identifying which companies are not compliant and which are.

Mr. Browne: I completely accept the hon. Gentleman's point, and his honourable intentions. The trade-off that

[Mr. Jeremy Browne]

we always have to grapple with on these occasions is that if a measure has some merit—we all accept that there is some merit in the Government's proposals—we have to decide how long to delay introducing it in order to ensure that it will work even more effectively. There is a strong case for saying that the added benefit of having a more workable measure will justify the year's delay in implementation, as the hon. Gentleman's amendment suggests. However, I believe that such a delay would have potential downsides as well as advantages.

My third point is that I hope the matter will be examined in further detail in Committee. I am sure that the Committee will not seek to remove the clause altogether today, and I hope that I will be able to table amendments in Committee that could reconcile these points, as that might be a more appropriate forum in which to discuss them.

My final point is a broader matter of principle. Objections have been raised about the so-called concept of naming and shaming. I want to put on record the fact that my party is not against naming and shaming per se—the practice might have a part to play—but we want to ensure that it is those who deliberately evade tax who are treated in that way, rather than those who have made a genuine, and in some cases very small, error. The state should not treat individuals and their reputations in a heavy-handed way. If it puts their names into the public arena in a way that damages their career prospects and other private interests, and subsequently finds that that action has been out of all proportion to the offence—which might have been committed unwittingly as well as being modest in scale—it will have exceeded its power in terms of its relative might and the individual over whom it wields its power. We need to observe that important principle in our deliberations. We need to strike a balance between transparency and effectiveness, and between the rights of the individual and the understandable desire of the Government to collect tax revenue legally owed to them.

We accept that there is some virtue in the proposals, but they require considerable further attention, and it might not be desirable to bring these matters to a head this afternoon. After we have heard further representations in the House and externally, we should try to come up with proposals in Committee that are more satisfactory to more people who have a direct interest in these matters.

Mr. Syms: I declare my interest in today's proceedings on the Finance Bill, as shown in the Register of Members' Interests.

I agree with the amendment tabled by my hon. Friend the Member for Fareham (Mr. Hoban). His proposal is very sensible, given the speed with which the Government are trying to rush through the measure.

Although I have a number of questions, I am glad that the Minister has already said that he will tell us House more about the definition of a large company, because that will be useful for our debate. Under the provisions, a company will have to notify Her Majesty's Revenue and Customs of the name of its senior accounting officer. I assume that it will also have to provide the company's address, but will it have to provide all the company's addresses for which the officer is responsible? Will he or she have to give their home address, as they will have some personal responsibility for what is discharged? Will the individual in question have to be resident—could they be a non-dom? These are important questions. HMRC does not require people to have DNA tests, but you never know.

We have to be very careful when setting out what we want from senior accounting officers. We have already discussed subsidiaries, including overseas subsidiaries and those that are sometimes set up for particular financial transactions, such as the purchase of plant, and I think that there are difficulties involved in that. I also think that there are difficulties involved in the appointment of a new senior accounting officer. The first thing that he or she will have to do is go through all the accountancy procedures and conduct a risk analysis of every part of the business. In the case of large companies, that could not be done particularly quickly. We shall need to see HMRC guidance on what senior accounting officers have to do.

2 pm

We know that there will be penalties for inaccuracies, but it would be useful to be given a definition of what would be considered an inaccuracy. In any large organisation it is possible to make small mistakes involving minimal amounts of tax, and no sensible tax authority will take everything to the nearest penny. However, the individuals living under this regime will need to know about scale. In the case of large or significant tax liabilities, that would seem to be a sensible requirement.

We are told that there will be a fine of £5,000 a company per year. If 20, 30, 50 or 150 companies were involved, could a multiple fine be imposed on a company and its subsidiaries, and could it be imposed over multiple years? What is the potential liability faced by individuals? As I said earlier, this is a bit different from limited liability. Could the fines be levied by HMRC, and is there an appeal process? According to the explanatory notes, a "reasonable excuse for…failure" will be accepted as a reason for HMRC not to levy fines, but we do not know how HMRC will be persuaded that an excuse was reasonable. There might be an argument between the tax authorities, which must discharge their responsibility to collect as much money as possible, and the company about what is reasonable.

We need to know much more about the costs imposed on businesses. Even if the Minister qualifies what the impact assessment says about company size, I shall want to know whether the costs will be reduced for smaller companies. Will HMRC insist on the provisions applying to all limited companies at some point, and what impact would that have?

We need much more information about clause 92. I think that it would be very useful if the amendment were accepted so that the implementation of the schedule could be delayed to allow proper consultation. It is important not to reduce the responsibilities of members of boards, and indeed those of auditors. My hon. Friend the Member for Fareham might agree that auditors quite often avoid their responsibilities nowadays, and that many of our financial problems might be caused by that.

There are a great many questions to be answered. I hope that the Minister can reassure us and that, by the

time the Public Bill Committee sits, we shall have much more published information so that we can test the Government's proposal. We know that it is important to raise legitimate tax from companies, and the American example might be a useful one, but I shall not be in favour of the proposed arrangement unless I am given a great deal more information about the impact on business and individuals, and about the Government's direction of travel.

John Howell (Henley) (Con): Consensus is emerging on the need for a transparent financial and accounting system. There might be a need to improve and tighten up tax accounting arrangements, but I am not convinced of the merit of the Government's approach. The question that I am still asking is, "Why now?"

The hon. Member for Coventry, North-West (Mr. Robinson) described some ways in which pressure could be put on finance officers in the banking system, but I do not think he was suggesting that there was any evidence that that had already happened. While his observations were valuable as theoretical points, they left me still wondering what specific evidence had led HMRC to require clause 92 to deal with an existing problem. It would be helpful if the Financial Secretary could return to that question.

Mr. Geoffrey Robinson: What the hon. Gentleman says about my comments is pretty well true, but given the entirety of what has happened to investment and other banking systems in America and here, it is hard to escape the conclusion that not just the risk element but the overall finance control system in those banks was nowhere near strong enough.

John Howell: That is a valid point, but I am trying to establish whether there is a causal link between what happened to the banking system and the introduction of clause 92. So far I have seen no evidence of that, or of a causal link with other things that have gone wrong.

Mr. Syms: The hon. Member for Coventry, North-West (Mr. Robinson) made a good point about the banks. The views of accounting officers on the company and its reports might depend on whether they were in line for bonuses.

John Howell: As usual, my hon. Friend makes an interesting observation.

I was not sure whether the hon. Member for Coventry, North-West was saying that it was not a good idea to consult before provisions were inserted in a Bill because that would lead to the distortion of those provisions, but if that were the case, I would not see the point of consultation at all. His argument undermines the whole process and casts an unnecessary pall over what I consider to be the positive and mature way in which organisations such as the Institute of Chartered Accountants have approached consultation on a range of issues with a number of bodies, including the Government.

Mr. Robinson: My basic premise is indeed that it is better to invite consultation once the purpose of proposed legislation has been stated but, as I tried to explain to the hon. Member for Fareham (Mr. Hoban), the corollary is that the Government must be prepared to amend legislation, realistically and willingly, in the course of the consultation.

John Howell: That is an interesting point, but I do not believe that the trust that is necessary between the bodies being consulted and whoever is consulting them will be strengthened by the fact that they are being consulted only when the structure and philosophy of legislation has already gone quite a long way down the road.

Let me say a bit more about philosophy. The hon. Member for Wolverhampton, South-West (Rob Marris) made a valid distinction between the philosophical differences between the approaches to the clause adopted by the two sides of the Committee which, I think, are exemplified by paragraphs 23 and 24 of the explanatory note on clause 92. Paragraph 24 establishes what we consider to be the better principle-based approach in stating:

"Ensuring appropriate tax accounting arrangements are in place is no more than compliant companies will be doing already."

There are two points to be made about that.

"Ensuring appropriate tax accounting arrangements are in place"

is the principle that we would expect to underlie the clause, while the words

"is no more than compliant companies will be doing already"

raise the question of why the clause is needed at all. What evidence will there be of the number of non-compliant companies, and how is that number to be established?

Paragraph 23, which the hon. Gentleman quoted, states:

"Currently, there is no legal obligation on any particular director…to ensure that the company has appropriate tax accounts arrangements."

To me, that illustrates a tendency towards a rules-based system which, in my view, has a number of negative effects on companies' positive approach to organising their affairs. I am in the principles-based camp; I do not think that we should tie things up unnecessarily.

I wish to turn to the Sarbanes-Oxley Act comparison, because a number of issues arise there. Given that a comparison has been made with that measure and that reliance has been placed on the experience of it, I wonder whether any reasonably substantial and detailed work has been done to examine its effects. It is fine to talk in terms of generalisations and broad comparisons, but we need detailed experience if we are going to rely on it. We have seen one aspect of how that measure could materially affect companies: the additional costs and obligations that it puts on them. I understand that the accounting profession takes the firm view that additional costs arise from the measure.

The other issue that Sarbanes-Oxley raises has already been touched on in relation to materiality. The Act introduced something related to financial accounting rather than to tax accounting. As I understand it, built into that system is a concept of materiality. We need an indication from the Minister as to whether we are now accepting the concept of materiality in tax returns as well as in financials.

It would be useful to understand a bit better the way in which what is required by the clause will interact with the existing accounting framework. Most accounting

[John Howell]

systems comply with UK generally accepted accounting principles, but are we now saying that changes will be needed to UK GAAP to reflect the tax aspects of the measure? Are we saying that, for tax purposes, we will need additional requirements above UK GAAP? The measure does not address the question of integration within one system and how we judge, in terms of the prospect for revenues, other accounting regulations—not just UK GAAP but overseas regulations.

For the reasons that I and that many hon. Members have given in the light of the uncertainty surrounding the clause, I support the amendment.

Mr. Timms: We have had a useful discussion on this important measure. In the Budget, the Government took difficult decisions to support fiscal consolidation, taking steps to support businesses and households, but also setting out the credible path that we must follow to return public finances to sustainability in a fair way. Protecting tax revenues is an important part of that. It is right that as part of our fiscal consolidation, we act now—I recognise that there is some urgency—to lock in tax compliance and to protect tax revenues.

The majority of senior accounting officers are already ensuring that appropriate tax accounting arrangements are in place in their companies or groups. For them, the burden of the new requirement will be minimal, requiring little more than to certify the existence of what is already in place. However, a minority—I think it is quite a small minority—of companies do not have robust systems and processes in place. It is difficult for either the company or HMRC to know whether the right tax is being paid. We want identified individuals to take responsibility for putting that right. I will give a couple of examples.

Mr. Hoban: If the weaknesses in the system were so great, would not the Minister have expected those companies' accounts to have been qualified?

Mr. Timms: Let me give the hon. Gentleman the examples that I have in mind. There have been companies where tax computations are calculated incorrectly each year due to known accounting system problems. We want it to be clear whose job it is to sort that out. One group had systems problems every year, could not identify the source of the problems and could not satisfy HMRC that the tax computation was correct. It needs to be crystal clear whose responsibility it is to resolve such an issue. Therefore, this is not about human error or genuine mistakes, as paragraph 1 of schedule 46 makes clear. It is about systems problems leading to persistent under-reporting of tax.

2.15 pm

Clause 92 therefore places a legal obligation on senior accounting officers to establish and maintain appropriate tax accounting arrangements. It builds on the approach that HMRC has been taking since the 2006 review of links with large business, which I think has been widely welcomed, enabling companies to work with HMRC and to establish a low-risk tax relationship through transparency, picking up the point rightly made by the hon. Member for Taunton (Mr. Browne), and through co-operation. Clause 92 simply provides that existing good practice among the majority of large companies is spread across all large companies. The measure reflects what should already be in place. We are clarifying the responsibility for ensuring that tax accounting arrangements comply with established good practice.

As we have established, the detail of the measure is set out in schedule 46, and I look forward to the full debate that has been presaged in this exchange, when we will discuss the detail in Committee. We said at the Budget that we would move quickly to consult on detailed implementation. I recognise some of the concerns that have been expressed in this debate; indeed, they have been raised with me. In response, we will table amendments to schedule 46 in Committee. I agree with my hon. Friend the Member for Coventry, North-West (Mr. Robinson) that that is the right way to deal with these matters. Let me outline the amendments that I envisage tabling.

First, as I said earlier, we need the right balance between safeguarding revenues from larger companies and the compliance cost for business in terms of what counts as a large company. I am now satisfied that the base of companies within the scope of the measure can be narrowed to strike a better balance. Our current thinking is to limit the measure to those companies with a large business relationship with HMRC, and a customer relationship manager reflecting that—fewer than 2,000 companies in total, compared with about 15,000 under the definition set out in schedule 46 as drafted. We will have further discussions about that approach before we take a final view, but we will then table amendments in Committee, rather than introduce regulations under paragraph 17 of the schedule.

Secondly, schedule 46 as drafted—the hon. Members for Fareham (Mr. Hoban) and for Taunton commented on this—requires senior accounting officers either to certify that the company's tax accounting arrangements are appropriate or otherwise to explain the respects in which those arrangements are not appropriate, with different certificates for each of those two cases. I am now satisfied that that would work better with a single certificate, on which the senior accounting officer sets out either one position or the other, rather than two different types of certificate as provided for in the draft schedule.

I accept that the requirement to notify the company's auditors as well as HMRC of the respects in which the tax accounting arrangements are not appropriate could pose operational difficulties for businesses which are disproportionate to the importance of that measure, so an amendment will be tabled in Committee to remove that requirement from the schedule.

Rob Marris: On amendments, may I suggest that the Minister looks at the definition of a senior accounting officer? Currently the definition is

"the director or officer of the company who has overall responsibility".

I think that it should be a director; it should not just be an officer, who could be below board level. I want the focus to which I referred in one of my interventions on the generous hon. Member for Fareham (Mr. Hoban).

Mr. Timms: I will certainly reflect on that, but it should be for the company to determine who will have the overall responsibility that the schedule sets out, so I would be hesitant about being more prescriptive.

Mr. Geoffrey Robinson: The point of the person being on the board, as opposed to being an officer, is that being on the board carries certain specific personal liabilities. The chief financial officer or the person with tax responsibilities might in many cases be taken off the board precisely so that they avoid that sort of responsibility, which a directorship carries with it. Will my right hon. Friend undertake to look into this point?

Mr. Timms: I will be very happy to reflect on it, but it should be the company concerned that makes the judgment as to which individual should carry this significant personal responsibility, which is rightly set out in this part of the Bill.

The hon. Members for Fareham and for Taunton asked when guidance would be ready, and I agree with them about the importance of getting the technical guidance right. The legislation must be implemented in a way that is consistent with the intention that I have set out. There should be minimal impact on companies and their senior accounting officers who already have robust systems in place, and HMRC is having some good discussions with those involved. It will work with them to develop and agree the guidance, and I will ensure that draft guidance is with the Committee before it considers the schedule.

The hon. Members for Fareham and for Henley (John Howell) talked about the reference to Sarbanes-Oxley in the impact assessment, and I understand why they did so, but we need to make it clear that we are not here importing Sarbanes-Oxley legislation to the UK. Sarbanes-Oxley is very extensive and covers a far wider range of issues than the quite limited measure in question, such as corporate governance, financial reporting and company law, rather than tax. No specific element of Sarbanes-Oxley is replicated in clause 92 or schedule 46. There is an analogy in that an element of personal responsibility is a characteristic of both the Sarbanes-Oxley legislation and this measure, but none of the specific Sarbanes-Oxley measures is replicated here.

Let me pick up on some of the other points that have been raised in the debate. I hope that former accountants enjoying their retirement in Sandbanks and elsewhere will be reassured to learn that because the obligations imposed apply only in relation to financial years beginning on or after Royal Assent, there is no question of any senior accounting officer being held retrospectively responsible for any shortcomings in a company's tax accounting arrangements.

I have mentioned one set of regulations that the draft schedule gives us the power to introduce: those to restrict the number of companies. As I have made clear, we will not be introducing such regulations, because we will take the action through amendment instead. We will be able to bring forward in draft form the other set of regulations, on penalties, that schedule 46 allows us to introduce before we reach that part of the debate in Committee.

The Government should be able to expect senior accounting officers to be satisfied that they have the appropriate systems in place to ensure that they can submit accurate tax returns. As I hope I have suggested, there is a problem, which clause 92 addresses.

Mr. Hoban: Will the right hon. Gentleman comment on the issue of materiality? We discussed this point earlier in the context of the materiality that auditors use to sign off accounts. What level of materiality will HMRC employ when looking at the appropriateness of tax accounting systems and the accuracy of returns?

Mr. Timms: As the hon. Gentleman knows, companies already have an obligation to deliver correct and complete returns. The measure ensures that the minority of senior accounting officers who do not oversee systems that generate correct and complete computations take responsibility for addressing that. That is the level of the bar that we envisage applying.

Mr. Hoban: There may be a systemic problem in a system that means that the calculation of tax on each transaction is out by as little as a penny or as much as a pound, and clearly those different amounts will have a different impact on the tax liability. How precise does the Revenue expect to be in applying these sanctions to senior accounting officers?

Mr. Timms: That is a perfectly fair point and we will certainly need to address it in the guidance, but what is important is that this is about ensuring that the systems are sound and robust, rather than about the dangers of mistakes that might from time to time occur.

Mr. Hoban: The right hon. Gentleman gave an example earlier involving a company that was systemically under-reporting tax due from year to year. How much is involved in that case?

Mr. Timms: I do not know the precise figures in that case. The hon. Gentleman mentioned the figure that we set out in the Budget documentation on Budget yield over the next few years arising from this measure. We estimate that in the first year there will be an additional tax yield of £40 million, and a rather larger sum in the years after that. Cumulatively, we are therefore talking about significant sums, and this is an important contribution that is needed for the fiscal consolidation that we require.

As I have said, we need to make some amendments, including in the light of perfectly fair points made in this debate.

Mr. Geoffrey Robinson: There is a natural preoccupation that systems should be robust, but it has always struck me that systems can be as robust, detailed and complicated as we like, but they are only as good as the people who operate them. It is good that this complementarity has been introduced. Systems must be robust, but in order to make sure that they work properly, the first officer responsible has to see to it that the sanction and responsibility put on them will achieve just that end.

Mr. Timms: My hon. Friend is right and I am grateful to him for making that point.

The hon. Member for Taunton is right that it does not make sense to defer this measure for a year. There are certainly some detailed measures that we need to introduce and debates that we need to have, and as I have signalled, some amendments will need to be tabled. There would, of course, be a cost in deferring for a year. We need to get on with it, and the Government's response in terms of the fiscal consolidation we have set out needs to proceed. I therefore hope that the hon. Member

[Mr. Timms]

for Fareham and his hon. Friends will feel able to withdraw their amendment. If they do not, I hope the Committee will reject it.

Mr. Hoban: I am not convinced by the Financial Secretary's response to the debate. He talks about what we are considering being an appropriate measure of fiscal consolidation that will raise £40 million in the first year. This is in the context, of course, of a budget deficit of £175 billion. I asked him about the monetary amount of the systems error that he prayed in aid in respect of this measure, but he did not know how much that was going to be. I worked out, not in a systematic way but on the back of a notional fag packet, that the amount involved per business covered by this measure would be £30,000 to £40,000, which is not a material sum. I am just not persuaded yet that the Financial Secretary has made a case as to why we should impose this legislation on large businesses, notwithstanding the welcome concession that he has made in restricting the number of businesses to which it will apply. Why would this measure be imposed without any real work having been done by the Government on the costs that businesses will incur as a consequence of its introduction?

2.30 pm

The hon. Member for Coventry, North-West (Mr. Robinson) takes a very bullish view on consultation, and it is important that we get tax legislation right. The Financial Secretary has accepted that there will be amendments in Committee, and I welcome that. However, there are examples of legislation that has been rammed through quickly and which we have had to come back to in successive years to get right, and I just do not think that the Government have taken sufficient care over this measure to warrant its introduction when this Bill receives its Royal Assent some time in July. More work needs to be done by the Government to get this right, and to understand issues associated with materiality, who the senior accounting officer will be and the application of this measure. It is right to delay implementation by a year, so that the Government get it right and do not impose an unnecessary cost on business without a firm grip on the benefits that this is due to bring. I therefore ask my hon. Friends to support amendment 4.

Question put, That the amendment be made.

The Committee divided: Ayes 154, Noes 285.

Division No. 124] **[2.32 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Baldry, Tony
Baron, Mr. John
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Cash, Mr. William
Chope, Mr. Christopher
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Curry, rh Mr. David
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Dorries, Nadine
Duddridge, James
Dunne, Mr. Philip
Evennett, Mr. David
Fallon, Mr. Michael
Field, Mr. Mark
Fox, Dr. Liam
Fraser, Christopher
Gale, Mr. Roger
Gauke, Mr. David
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Green, Damian
Greening, Justine
Greenway, Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Hayes, Mr. John
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Holloway, Mr. Adam
Horam, Mr. John
Hosie, Stewart
Howard, rh Mr. Michael
Howell, John
Hunt, Mr. Jeremy
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mason, John
Mates, rh Mr. Michael
McCrea, Dr. William
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Ottaway, Richard
Paterson, Mr. Owen
Penrose, John
Pickles, Mr. Eric
Prisk, Mr. Mark
Pritchard, Mark
Randall, Mr. John
Redwood, rh Mr. John
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, rh Mr. Peter
Scott, Mr. Lee
Selous, Andrew
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Spicer, Sir Michael
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Swayne, Mr. Desmond
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Dr. Richard
Timpson, Mr. Edward
Turner, Mr. Andrew
Vara, Mr. Shailesh
Viggers, Sir Peter
Walker, Mr. Charles
Waterson, Mr. Nigel
Weir, Mr. Mike
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Williams, Hywel
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Ayes:
Michael Fabricant and Mr. Stephen Crabb

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas

Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Cousins, Jim
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Field, rh Mr. Frank
Fitzpatrick, Jim
Flello, Mr. Robert
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hancock, Mr. Mike
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hoey, Kate
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Iranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Jones, Lynne
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Kelly, rh Ruth
Kemp, Mr. Fraser
Khan, Mr. Sadiq
Kidney, Mr. David
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, Dr. Alasdair
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miller, Andrew
Mitchell, Mr. Austin
Moffatt, Laura
Mole, Chris
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watts, Mr. Dave
Whitehead, Dr. Alan
Williams, rh Mr. Alan
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David

Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Helen Jones and
Ms Diana R. Johnson

Question accordingly negatived.

Clause 92 ordered to stand part of the Bill.

Clause 14

RATES FROM APRIL 2010

Question proposed, That the clause stand part of the Bill.

Mr. David Gauke (South-West Hertfordshire) (Con): I do not know whether it is appropriate to say so in these circumstances, but it is a pleasure to serve under your chairmanship, Mr. Atkinson.

Vehicle excise duty was one of the stories of last year's Finance Bill and the 2008 Budget. I will be relatively brief—and I can assure the Exchequer Secretary that this issue will not keep her here until the early hours of the morning—but it may be useful to return to the proposals in that Budget. In particular, I wish to take the opportunity to pay tribute to the tenacious work of my hon. Friend the Member for Putney (Justine Greening) in examining and unravelling the Government's case.

The Committee will recall that in the 2008 Budget the Chancellor of the Exchequer set out his proposals to reform vehicle excise duty, which included introducing a greater range of gradations in bands on the basis of CO_2 emissions. He told the House that that was a sensible green measure, saying that

"the road tax system should do more to support the use of more carbon-efficiency...There will be an incentive to encourage drivers to choose the least polluting car." [*Official Report*, 12 March 2008; Vol. 473, c. 297.]

My hon. Friend started to examine the details of that policy and several points emerged.

First, the Chancellor claimed that the proposal was a green measure, but it clearly sought to raise revenue. Of course, the proposals on vehicle excise duty in this Finance Bill have been largely shaped by the arguments and the analysis of last summer. Thanks to my hon. Friend's work, it emerged that the original proposals would reduce motor vehicle emissions by 160,000 tonnes a year by 2020. To put that in context, that is a fraction of 1 per cent. of total transport CO_2 emissions, which in 2006 amounted to 120 million tonnes. We can see immediately that the proposals' green credentials were somewhat weakened, and I would be grateful if the Exchequer Secretary gave her assessment of the green benefits of the original proposals and of the proposals in clause 14.

Another green argument needs to be addressed. It was persuasively argued that a number of older cars would essentially become unsaleable and have to be scrapped as a consequence of the new VED scheme, which would have an environmental impact. I do not wish to deviate from the subject of VED, but that point throws up the issue of the environmental impact of the car scrappage schemes. It would be helpful if the Minister said a word or two on the environmental pluses and minuses of scrapping older cars. Clearly, newer cars are more efficient and, by and large, have lower CO_2 emissions, but quite a lot of carbon is involved in car manufacture. I ask that purely to inquire about the Government's analysis.

Rob Marris: May I inquire, purely to seek information, whether the hon. Gentleman can confirm that his party stands by its commitments on green issues, particularly on green taxation?

Mr. Gauke: Yes, we do. I shall come back to that point—that was a perfectly fair question. I suspect that quite a bit of this afternoon will be devoted to green taxation of one sort or another. After this debate, we will debate fuel duties and I want to say quite a bit more on the subject at that point.

My second point is to ask whether the VED proposals in the last year's Budget and those in this Finance Bill are retrospective. I have already praised my hon. Friend the Member for Putney, but a word should also be said about the hon. Member for Blyth Valley (Mr. Campbell), who tabled an early-day motion and secured considerable support from both sides of the House—

Mr. Jeremy Browne: What about the hon. Member for Wolverhampton, South-West (Rob Marris)?

Mr. Gauke: Indeed, it would be a great omission not to mention him.

Is the measure retrospective? If someone has bought a car that was made or registered after 2001, and subsequently found that they will pay more VED in future years, they are committed to that car. They are stuck with it and are faced with a tax bill that they did not anticipate. People argued whether the provision was retrospective—I think that it is—and I would be grateful if the Minister confirmed her view. On 14 May 2008, in column 1495 of *Hansard*, she referred to page 121, paragraph A.97 of the Red Book, which, she said, contained details of the retrospective element. It seems to me that there is a retrospective element, and that point applies to this clause, albeit that the effects are less dramatic than perhaps was originally envisaged last year. Will the Minister confirm her interpretation of that point?

That raises the issue of unfairness and of who will be hit by the provisions. The hon. Members for Blyth Valley and for Wolverhampton, South-West asked who would be affected by the change in VED. Let me put that in the context of the clause, although that question could still be asked of the original proposals. It would appear that some 1.2 million drivers will experience rises of more than £200, and that many others will be affected. They would say that it is very difficult to change their behaviour when they have already acquired the cars, which comes back to the green taxation point I was making a moment or so ago.

The Exchequer Secretary to the Treasury (Angela Eagle): Will the hon. Gentleman give way?

Mr. Gauke: I will. I should make it clear that the figures I have been quoting are those given in the debate last year. If the Exchequer Secretary can update me, I would be very grateful.

Angela Eagle: Will the hon. Gentleman at least acknowledge that we are talking about increases in

VED this year of no more than £5 per car and increases of no more than £30 next year?

Mr. Gauke: I do. In the pre-Budget report, the Government changed their position, and many of my remarks praise those who were able to persuade the Government to do so. I am asking the Minister to explain what persuaded them to change their position. Was it the argument that it was not a green tax? Was it the argument that it was retrospective? Was it the argument that those who were going to be affected were not just rich executives driving around in gas guzzlers but those across the income distribution scale? What persuaded the Government to move from the position we were in this time last year to the position we are in now, where, as the Minister says, the increase will be no more than £5 this coming year and no more than £30 next year? I am trying to understand the Government's position.

There is continuity in what we had last year and what we have this year. In both the Budget and the pre-Budget report, which essentially set out what we have now, the Government stated that the majority of drivers will be better off or no worse off under the proposals. That is right, in my understanding. However, it is right in relation to the original proposals only if one includes those drivers who are not paying graduated VED at all. Let me quote the figures from last year—I am sure that the Minister will update the Committee on the figures for this year. The vast majority of the 15.5 million motorists who paid graduated VED would pay more. I would be grateful if the Minister said that that figure no longer applies.

I want to make it clear that we are not just talking about the larger models. The duty would also apply to people who drive Ford Mondeos. I should declare an interest as a driver of a Ford Mondeo estate—

Rob Marris: A larger car.

Mr. Gauke: Larger is all relative. We are not talking about sport utility vehicles or Humvees. Renault Méganes and even some Nissan Micras were affected. Where do we stand now? By 2010-11, how many people will be paying more? Who is affected? What is the breakdown?

This year, VED is not the big controversial policy it was. That is largely due to the efforts of hon. Members of all parties, and we are grateful that the Government listened to the case made by my hon. Friend the Member for Putney and others. They said that the policy announced in last year's Budget was misguided and retrospective, that it was ineffective as a green policy and that it would affect people of all incomes.

Progress has been made, but I look forward to the Minister explaining precisely which arguments the Government found so persuasive that they were prepared to back down.

3 pm

Mr. Frank Field (Birkenhead) (Lab): As you know, Mr. Atkinson, I and my hon. Friend the Member for North-West Leicestershire (David Taylor) have tabled amendment No. 16. For reasons that we well understand—although people outside may not—it is not in order for that amendment to be called today, so I am grateful to be able to participate in this debate. In my short contribution, I shall talk about VED but also, if I may, about other forms of taxation on motorists.

I accept that taxation is going to go up in the next five-year period, so I shall not undertake any special pleading to try to convince the Minister that the concerns of my constituents should somehow render them exempt from the Government's need to balance the national accounts over the medium term. The hon. Lady is the Member for Wallasey, which means that she is my neighbour in the Wirral—

Angela Eagle: And friend, I hope.

Mr. Field: And friend, very much so. I was going to call her my very honourable Friend, as both of our expenses have been published, but I did not know whether the term would be in order. The Minister is, of course, my very, very hon. Friend the Member for Wallasey, and I hope that she will say whether, before the next Budget, the Treasury will assess the distributional impact on households with different incomes and in different parts of the country of duties imposed on motorists as a result of the need to increase revenue across the board.

Such an assessment would add to the rationality of the debate, but since I have not got 38 or so Back-Bench Labour MPs to sign the amendment it poses no threat to the Government. However, it would help our constituents to understand that the Government are thinking carefully about any future tax increases that they may have to make. It would also help to convince them that taxation on motorists will be underpinned by a distributional analysis to ensure that the poorest motorists are better protected than the richer ones.

Mr. Jeremy Browne: I am grateful to have an opportunity to contribute to the debate on an element of the Bill that I readily concede—and as the hon. Member for South-West Hertfordshire (Mr. Gauke) noted—is less contentious than it was last year. What made it so contentious last year was the element of retrospection, and I remember an interesting debate about whether all new taxes had a degree of retrospection. However, many hon. Members felt keenly that the proposals on VED last year had a greater degree of retrospection than most tax proposals.

Mr. Frank Field: Will the hon. Gentleman give way?

Mr. Browne: I will in a moment. To some extent, the fact that the higher rates will not be implemented until next year means that the sting has been taken out of the proposal—although perhaps not to the entire satisfaction of the right hon. Gentleman.

Mr. Field: I thank the hon. Gentleman for giving way. As the Budget comes after the beginning of the financial year, is not all taxation retrospective?

Mr. Browne: I do not want to get too far off the beaten track, Mr. Atkinson, but for a person who earns £200,000 a year, the Government's proposal to introduce a 50p rate of tax on incomes over £150,000 a year could be called retrospective, on the basis that that person could not have anticipated the change when he accepted a job offer in the first place. It was argued that the

[Mr. Jeremy Browne]

proposals on VED were no more retrospective than the example that I have just given because, if that example was seen as retrospective, whole areas of the Finance Bill would be deemed to be unacceptable.

I was not entirely sympathetic to that argument. I understood it, but I felt that any attempt to effect behavioural change by using VED differentials meant that the tax change also had to impact on people buying cars for the first time. They had to be in a position to make important decisions about such a purchase and so they had to know the VED rates that they would face.

It is important that we examine these matters in detail, but the danger is that we lose sight of the big principle, about which all parties are essentially in accord. We may differ on the degree, but we accept that there must be some differential between the lowest polluting cars and the highest, and that that differential should be graded. My party argued for that differential before the Government introduced it in 2001. We had made the case forcefully for many years before then, and I remember that we were sometimes criticised for doing so. However, the notion of having a differential seems now to have become the accepted wisdom.

Why is a differential deemed to be a good idea? Transport clearly contributes to CO_2 emissions and pollution. It is only one contributor among many, but it is significant, so encouraging people to use more fuel-efficient models of car is deemed to be in our collective environmental interest.

It is also worth noting in passing that the principle is being applied more widely. London's congestion charge may be rather inaccurately titled now, but it contains an element of the principle. Interestingly, residents' parking in the Taunton Deane borough council area in my constituency will be free for people whose cars are in the lowest category of emissions, and half price for those whose cars are in the second lowest category. Instead of disincentivising people with high-emitting cars, the scheme incentivises people with very low-emitting cars, and that is a sensible and practical change.

My point may be slightly off the beaten track, but incorporating a component in VED that attempts to affect people's environmental behaviour is widely accepted to have merit. If it is not retrospective, one would hope that the impact would be of even greater benefit to the environment, and that the population at large would deem the tax to be fairer.

In the past, my party has spoken about the impact of VED rises on very rural areas, something that always comes up in these debates. People in such areas need to use cars—

Rob Marris: That is the next debate.

Mr. Browne: The hon. Gentleman says that that is the subject of the next debate, which is about fuel. He is right, and people who have to drive longer distances because they live in remote rural areas are going to use more fuel. However, some people in urban areas may not need to drive at all, whereas people in remote rural areas may have no choice—for example, they may have no other way of getting to work. My party has said that we should at least explore options for giving assistance with VED to people whose principal address is in a very remote rural area.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): People who live in remote rural areas often find it essential to have a larger, more fuel-inefficient vehicle, thanks to the nature of the climate, the need to drive on winter roads, and so on. Also, their vehicles often have to have a dual purpose: they have to be family vehicles and they also have to be able to cope with work, be it on farms or in the forestry or tourism industries. People in remote areas do not have the same choices as people in urban areas.

Mr. Browne: My hon. Friend makes a perfectly valid point. People in extremely remote areas, and not just those who live outside the big cities, have two practical considerations. The first is that their need to drive is much greater, because there is little or no public transport where they live. The second consideration is the one that my hon. Friend described, which is that they may need to drive a vehicle with higher emissions because of off-road requirements and so on. That issue is worth exploring, but the clause does not do so and I shall therefore not dwell on it any further.

Mr. Frank Field: The provisions of the clause and those on fuel duties—the subject of our next debate—are precisely the reason why I made the plea to the Government to take a more comprehensive view of the impact of vehicle taxation, both geographically and on various income groups.

Mr. Browne: The right hon. Gentleman makes an interesting suggestion, but I do not agree with his central premise for two reasons. First, there would be a significant revenue shortfall—I assume that that is why he was not able to get his amendment selected for our consideration. That is a serious point when we have an annual budget deficit of £175 billion. Presumably, the Government's measures are intended simultaneously to effect behavioural change and to raise revenue, which is not impossible. The Government raise revenue and try to effect behavioural change through tobacco duty, for example. There is a trade-off of sorts, but it is possible to pursue both objectives simultaneously.

Angela Eagle: The hon. Gentleman is of course right to say that it is possible to raise revenue and effect behavioural change at the same time. Although I would not put them in precisely the same category, VED and tobacco duties are examples of that phenomenon. However, I assume he agrees with me that if one is really successful in changing behaviour, the revenue-raising aspect of the tax tends to diminish.

Mr. Browne: Indeed it does. The Government face the peril of being more successful than they intended to be.

That leads me neatly to my second concern about the proposals made by the right hon. Member for Birkenhead (Mr. Field), which is that the straightforward commercial or financial incentives to pick lower-emission cars would be reduced. My party wants those incentives to be in place.

The right hon. Gentleman makes an interest point about the impact of some behavioural taxes on different social groups. Tobacco taxation, for example, has a disproportionately large impact on people in the lower income deciles, because they have a greater propensity to smoke. That is one of the reasons why, in percentage terms, the total tax burden on people on lower incomes is in many cases greater than the burden on people on higher incomes.

There is a serious social question to be asked about some of the behavioural taxes, but it applies less to VED because many people in the lowest two or three income deciles cannot afford to drive—although I take the point made by my hon. Friend the Member for West Aberdeenshire and Kincardine (Sir Robert Smith) that that is more true in urban areas than in rural areas: some people in rural areas on very low incomes have to drive. However, large numbers of people, particularly in cities, on low incomes do not have cars, and those on relatively low incomes who do have cars tend to pick models with smaller engines, although not exclusively, of course. My point is that the social impact of VED differentials is less pronounced than that of other forms of behavioural taxation.

Mr. Frank Field: I do not want us to get muddled up with smoking taxation. I am raising the issue of low-paid workers—people who want to work and who do work—who face the cost of getting to work in their cars. The question they posed, which I put to Treasury Ministers, is whether there might not be fairer ways of raising the necessary revenue—I am not asking for revenue cuts—by shifting from taxation of petrol towards the taxation of vehicles.

3.15 pm

Mr. Browne: Perhaps the Minister will deal with that in her response. I recognise, as I am sure all hon. Members do, that there are practical considerations for people on low incomes who wish to work and for whom motoring represents quite a large proportion of their overall expenditure. That is particularly true in rural areas, where the need to drive and to drive longer distances is greater. However, I do not accept that that alone makes the case against VED differentials. In fact, one could argue that it would be more appropriate to have more pronounced differentials, so that people with low-emission cars are incentivised to an even greater degree compared with people who have high-emission vehicles.

That is why I mentioned in passing—Mr. Atkinson, I hope you agree that, if I touch on it only briefly, it is relevant—why I am keen to see measures introduced that do not have significant revenue-raising implications, such as giving people tax exemption on residents' parking if they have low-emission cars. That positively incentivises environmentally responsible behaviour. Not only can such measures have a positive impact on low-income groups, but they send out a powerful signal about our collective environmental responsibilities.

My party has argued for an initial VED levy to be charged on new cars and graded so that the charge is highest on high-emission cars. We talked about a so-called showroom tax and, in effect, the Government are introducing a variant on that theme by setting a higher initial rate. One can brand measures in different ways, but the objective remains the same, which is to encourage people to think about buying a lower-emission new car by giving them a financial incentive to do so.

I am not sure that the Government's policy is entirely consistent across the piece. The so-called scrappage scheme is to be introduced, which seems to be designed to encourage people to buy new vehicles, whereas some might interpret the VED measures as a fairly strong inducement to stick with their existing vehicles, as doing so means that they will not incur the additional higher VED rate in year one. I am interested to know whether the Minister believes that the measure will stimulate the sales of new cars, as some MPs, especially those representing west midlands constituencies and parts of the country with a motor manufacturing tradition, want. Are the Government trying to stimulate sales through the Department for Business, Enterprise and Regulatory Reform, but trying to restrict them through the Department of Energy and Climate Change and the Treasury? If so, people are being sent conflicting signals.

We are pleased that the measure is not retrospective. It seems to be far less controversial than last year's VED measure, and it sends out a powerful environmental signal. Although we do not accept it in its totality and think it could be modified and improved, the broad principle behind the Government's thinking seems to us to be aimed in the right direction.

Rob Marris: For the purpose of this debate, I declare an interest in that I drive a car with CO_2 emissions of 119 g/km and my wife drives one with emissions of 108 g/km.

I am delighted that the Government reconsidered the retrospective measures proposed in Budget 2008, following the work done by me—I think that I was the first person to raise the subject in the Chamber—my hon. Friend the Member for Blyth Valley (Mr. Campbell) and the hon. Member for Putney (Justine Greening), who was present for the early part of this debate. It raises a question about the concept of being open to discussion and public debate and the tendency in the UK body politic to decry changes of position by Government or Opposition parties as U-turns, when such changes are often the result of productive discussions, informed by fresh information. That is what my Government did in relation to the VED proposals made last year, which were withdrawn and have been reintroduced, in a very much reworked form, in clause 14. They are now much better.

I did want to say a little about the general structure of VED, because I think it is entirely right that it should be graded according to the CO_2 emissions of the vehicle. I know that my right hon. Friend the Member for Birkenhead (Mr. Field) has some reservations about that, particularly because of the impact the duty could have on lower socio-economic groups driving older cars, which tend to be bigger-engined. I would caution that if we moved away from the proposal in clause 14 to grade VED according to emissions to one based on engine size, that could present difficulties for diesel engines, for example. The car I drive has a diesel engine of approximately 1400 cc and it produces a much lower rate of CO_2 emissions per kilometre than a 1300 cc model of the same car with a petrol engine, so one has to be a little careful. I know that there are concerns about diesel engines and particulates, but I am told that such concerns are sometimes overstated.

[Rob Marris]

May I say, somewhat parenthetically, that I welcome the slight change to the company car tax regime on CO_2 emissions per kilometre, which I believe is a progressive measure, referred to in paragraph A.119 on page 167 of the Red Book? There is also a reference in paragraph A.120 on the same page to the lifting of the £80,000 cap on the list price, which I must confess I did not previously know existed and seems rather bizarre.

Why does clause 14 still provide for the "reduced rate", as it is called? My understanding, as it stated in paragraph 28 of the explanatory notes to the clause, is that the reduced rate

"applies to cars using alternative fuels or featuring a hybrid fuel-electric powertrain. Alternative fuels include Liquefied Petroleum Gas, Compressed Natural Gas and high blend (85 per cent. content) bioethanol."

On grounds of tax simplification and the rate differentials in tables 1 and 2 of clause 14—they are not, in any case, very great—I would urge the Government to reconsider whether the reduced rate should exist at all. That consideration is particularly relevant when some environmental concerns have been raised about whether we should encourage the use of LPG fuel in vehicles.

According to table C6 on page 131 of the Red Book, for 2009-10, VED is projected to raise £5.6 billion. Given the changes that will take place from 2010-11, as set out in tables 1 and 2 of clause 14, I hope that the Minister will be able to tell us this afternoon what the projected VED revenues will be for 2010-11 and even for 2011-12, bearing in mind that VED principally covers light passenger vehicles, but also commercial vehicles, light vans and so forth.

I start from the point—as, I suspect, do most hon. Members apart from the flat earthers on climate change—that it is a good thing to use taxation measures to discourage polluters. Cars that emit higher levels of CO_2 per mile driven pollute more and mess up the planet more, so I salute what the Government have done in recent years by introducing the 15 bands of VED in an attempt to change consumer behaviour through a tax mechanism. I similarly salute what the last Conservative Government did, following the efforts of the Campaign for Lead-free Air of which I was a member, to encourage motorists through a tax mechanism to switch from leaded to unleaded petrol. That produced changes very quickly—both in consumer behaviour and the type of vehicles produced by motor manufacturers within the UK, including the west midlands, and abroad.

In recent months, because of the oil price spike last year and what the Conservative party refers to as the age of austerity, I understand that sales of small cars are increasing proportionately to those of large cars. I would categorise a Ford Mondeo estate as a large car in respect of its dimensions and, in many versions, its engine size. I view the change as a step forward, but I stress the word "proportionately", because although small cars may have recorded more sales in recent months, overall sales have fallen markedly. That, of course, adversely affects the motor industry around the country.

Table 1 in clause 14 shows that a new vehicle will be exempt from VED in the first year when it produces fewer than 130 g of CO_2 per kilometre driven. That is a good step forward and, in future years, I urge the Government to keep the matter under review with the aim of lowering the exemption threshold from, say, 130 g to 120 g. The European Union has been striving against backward-looking motor manufacturers—those manufacturers are now, sadly, reaping the whirlwind, as are their workers—to get the average for each manufacturer's fleet production down to 130 g. Table 1 currently provides for a first-year exemption only for those vehicles described as below the EU average.

Mr. Jeremy Browne: I share the hon. Gentleman's instincts. However, I am always a little cautious about exempting only such small cars because that makes the person in the street think it is just a ruse to provide the appearance of environmentalism, given it is so hard to find models that actually qualify for the exemption. Surely there may be some benefit in exempting some reasonably popular models of cars; they may not be right at the end of the emissions scale, but they are nevertheless near it. That might offer people what they regard as a genuine inducement rather than a bit of political manoeuvring.

Rob Marris: I take the hon. Gentleman's point. I am not an expert, but I understand that there are some relatively large cars coming in at an emissions rate of 130 g or below. In order to drive the motor industry by means of a taxation mechanism and to drive consumer behaviour—to use an appropriate verb—we need to keep the grading under review and push it further in the future. It is no coincidence that the European Union manufacturer with the lowest fleet average—from memory, I believe it is about 136 g per kilometre driven for all the new cars sold last year—is the one that is quite likely to take over Chrysler and Opel-Vauxhall: namely, Fiat. Relative to many other motor manufacturers, Fiat is thriving at the moment. Of course, all these things are relative, but I suspect that has happened because Fiat had the foresight to concentrate on smaller and lower-polluting vehicles. The two do not always go together. It is possible to buy some pretty polluting cars that have small external dimensions, just as it is possible to buy some relatively low-polluting cars that have quite large external dimensions.

Turning to table 2, in clause 14, I note an element of retrospection in paragraph (a) relating to higher-polluting cars. For those cars with emissions between, say, 225 g and 250 g, for which the standard rate of vehicle excise duty would be £425 per year, for those registered before 23 March 2006 that rate will be £235. Such cars would now be three years old, but given the number of years for which society has imposed tax penalties for more polluting vehicles, I welcome and am content with that relatively minor level of retrospection. Similarly, for those cars registered before the 23 March 2006 cut-off date that produce more than 255 g in emissions, the standard rate of VED will be £245 per year rather than £435.

Mr. Browne: Given the hon. Gentleman's undoubted expertise in this area of industry, does he anticipate that motor manufacturers, which, in many cases, are desperate for sales, might absorb the costs of first year VED, and include it in the list price for consumers? If so, will that stimulate demand and weaken the environmental message that the Government seek to send?

3.30 pm

Rob Marris: As is the hon. Gentlemen's wont, he jumps ahead of me. I was referring to table 2, which relates to vehicles after the first-year loading. I am about to refer to table 1 and vehicles in the first year. I think the small element of retrospection is acceptable. Those vehicles with emissions of 255 g registered after 23 March 2006 will not get the discount from £435 to £245 that those registered before that date will get.

Turning to table 1, to which the hon. Gentleman referred in his speech and intervention, there is a risk in relation to shifting cars in the showroom. As far as I know, almost everyone who buys a new car does so with the vehicle excise duty paid—it is shown on the invoice. Just as we see advertisements for "No VAT", which are not technically accurate as a discount is being given equivalent to the VAT chargeable on a list price, we may see such sales techniques creep into advertisements with regard to VED—for example, "No VED loading on a brand new car."

VED loading simply on a first-year basis is not the way to go. As the hon. Gentleman put it, it would be a variation on a showroom tax. Company cars constitute quite a high proportion of the UK car market. Three years ago, the Liberal Democrats commendably picked up my proposal of about four years ago for swingeing vehicle excise duty on new cars bought after an announced change in the taxation regime had taken effect. That would be not merely a first-year loading. For example, under table 1, a car that emits 255 g or more of CO_2 emissions would pay £950 at the standard rate in its first year, dropping to £435. For that kind of vehicle, swingeing vehicle excise duty is needed every year, not only to dissuade people from buying it, but to make them bear in mind the resale of the car. Such swingeing vehicle excise duty, as I proposed one year, although I put the grams per km threshold higher, would affect resale massively, and cause company as well as private buyers to think about whether they would buy such a polluting vehicle. They might be able to afford to run such a car year to year, but they would not be able to afford the hit on the resale price.

Previously, I have had complaints from the public, who misunderstand the proposal. It is not an attack on 4x4 drivers. The last time I looked, nine out of the 10 most polluting cars on sale in the UK were not 4x4s. The one 4x4 in that top 10 was a Land Rover, which is produced in the United Kingdom. The others in the top 10 were sports cars and top-of-the-range cars such as Bentleys, which have huge engines and are huge vehicles. I urge the Government to consider again an ongoing—not retrospective—swingeing rate of vehicle excise duty for the most polluting vehicles. That would discourage people from buying such vehicles, not only because of their running costs but because of the adverse affect on their resale price. I hope the Minister will assure me that the Government will consider that in future years.

Angela Eagle: I hope that I can deal with some of the points raised by Opposition Members and by my hon. Friends on clause 14. As has been pointed out, the clause makes changes to vehicle excise duty rates for cars and vans, and those changes take effect from 1 April 2010. The clause introduces first year rates of VED for brand-new cars, as was, I think, mentioned by all who spoke. First year rates will be chargeable on the first vehicle licence taken out on a new car from 1 April 2010. They are intended to influence, up front, the purchasing choices of drivers who are buying brand new cars by acting as a strong signal at the point of purchase that people can save money by choosing lower-emission cars.

The introduction of first year rates means that cars emitting up to 130 g of carbon dioxide per kilometre will pay no duty on their first vehicle licence. Cars emitting between 131 and 165 g per kilometre will pay the same amount for their first year rate as they will for all subsequent licences. For cars emitting more than 165 g per kilometre, first year rates will be higher than the standard rates applicable on all subsequent licences. Only those new cars with the very highest emissions will pay the top rate of £950.

My hon. Friend the Member for Wolverhampton, South-West (Rob Marris), the hon. Members for Taunton (Mr. Browne) and for South-West Hertfordshire (Mr. Gauke), and to a lesser extent my right hon. Friend the Member for Birkenhead (Mr. Field)—the latter talked about the distributional effect of the measure, and I will deal with that point separately, if he will allow me to—all pointed out that tax measures try to change behaviour, certainly when they are based on trying to incentivise activities that have a smaller carbon footprint. That is a clear way of trying to change behaviour. As my hon. Friend the Member for Wolverhampton, South-West and the hon. Member for Taunton pointed out, the measures are also revenue raisers.

Revenue raising is an important aspect of the part of the Budget documents that we are discussing. The remainder of our debates today are about duties that raise a certain amount of revenue. We must not forget, or lose sight of, the fact that it is perfectly reasonable for Governments to raise revenue with which to finance the things that they do with public money. I often have that discussion with the many people who come to tell me that we should reduce all the taxes that are levied, but who never tell me where we can find the extra revenue that they wish to see spent on whatever is in their interest; in the context of vehicle excise duty, that is often on roads or other infrastructure. I can see the hon. Member for South-West Hertfordshire wriggling in his place; I am happy to let him intervene.

Mr. Gauke: I am far from wriggling. I wish to thank the Minister; she is being very clear, and the Committee appreciates that. The clause is about changes to vehicle excise duty, and that is about raising revenue. Governments have to raise revenue, but does she accept that when the policy—or rather, last year's policy—was announced, it was very much presented as an environmental policy? However, the Government's figures suggest that the environmental impact will be very limited.

Angela Eagle: I hoped that I was saying that there are some taxes through which one hopes to change behaviour, but which also have a revenue-raising element to them. Vehicle excise duty is one of those. Obviously, we wish to change behaviour, and I will talk about that later. We wish to incentivise people to buy cars with a smaller carbon footprint and lower CO_2 emissions than those that were on the road in the past.

That is a clear aim, but another aim is to raise revenue. We can do both. As was said earlier, there can

[Angela Eagle]

be a balance. If a Government are very successful at changing behaviour, they may have to find other ways to raise revenue, because the more successful they are at changing behaviour by giving signals through taxes, the less their tax take will be. As they need to finance public services and everything that our constituents want the public services to provide, such as health and education, other ways must be found to finance them. That balance exists, and is accepted in all parts of the House.

Tax measures are only one means of changing behaviour. Another is regulation, which applies particularly in this instance, as was pointed out by my hon. Friend the Member for Wolverhampton, South-West, with his knowledge of these matters. He mentioned the European Union regulation governing car emissions. We have successfully negotiated increasingly tight limits on emissions to be set for manufacturers. In answer to his question whether 130 g was the correct point at which to allow an effective exemption from first year rates, our judgment is that it is correct at present, but as we always do after every Budget, we will keep an eye on the development of engine technology. We want the incentive to remain taut. As engines become much more efficient, we will review that rate.

The other main way of driving behavioural change and driving down CO_2 emissions is through new technologies. The Government have made some significant announcements about how we wish to support the car industry through its short-term difficulties, and incentivise it to be at the forefront of the dash to innovation in energy efficiency and carbon efficiency in engine design and the design of transport generally. Despite the significant progress that has been made in engine efficiency—new cars are 30 per cent. more efficient than 10-year-old cars because of innovation and change—we must recognise that road transport still accounts for 20 per cent. of all UK emissions.

Given that the House passed the Climate Change Act 2008—this year's Budget contains the first three carbon budgets—we have a legal duty to achieve the huge reduction in carbon emissions that Parliament set us in that legislation. One of the ways in which we must approach that is by dealing with the 20 per cent. of emissions that come from road transport. That means that we must incentivise technological change and innovation, as well as behavioural change.

The changes in the Budget, which my hon. Friend the Member for Wolverhampton, South-West spoke about, form a coherent package to achieve that aim. It includes, as he pointed out, the changes to the tax on company cars, with lower tax for lower-carbon cars, lower rates in capital allowances for the business car regime for lower-carbon cars, and the differential rates of VED that we are discussing. Outwith the Budget process, but of equal importance, there is the £250 million of support to provide incentives for ultra-low-carbon cars, too.

3.45 pm

The hon. Member for South-West Hertfordshire talked about scrappage—a term that also passed the lips of the hon. Member for Taunton. The point of the scrappage scheme is not to reap environmental benefits, except in a secondary way, and we have not argued for it as an environmental measure. It is designed to try to put some confidence back into the new car market in a timely and temporary way. That is why it is time-limited—it ends in March next year—and its cost is capped at £300 million. The scheme is explicitly designed to kick-start, from a confidence point of view, the new car market.

The environmental gains, if there are such, will be secondary and consist of the fact that new cars are more energy-efficient than older cars. Therefore, by definition, if an older car is scrapped and replaced with a new, more efficient car, there will be some minor gains. However, I shall not stand at this Dispatch Box and argue that the scrappage scheme is primarily an environmental measure, because it is not designed in that way.

Mr. Gauke: Again, I am grateful to the Exchequer Secretary; she has been very clear with the Committee, which will appreciate the point that she makes. Taking her pointers to the environmental benefit of the scrappage scheme, I should be grateful to know whether there has been any assessment of its environmental downside, in that more cars will be bought. I appreciate that the Government have not presented the measure as principally environmental, but will she examine the environmental minuses as well as the pluses?

Angela Eagle: We may be able to discuss scrappage in more detail at another stage of the Bill. To answer the hon. Gentleman's question, however, the point of the scrappage scheme is that to qualify, a car must be scrapped, so we are talking about replacing existing cars with newer, more energy-efficient cars. Clearly, on the issue of whole-life costs, there would have to be an assessment of whether we save on the environmental costs of making new cars, and some work is being done in that area. However, I would not want the hon. Gentleman to run away with the idea that the primary aim of the scheme is anything other than to try to give a temporary, and I think much-needed, boost to a great British manufacturing sector that is in great need of support. That is the point of scrappage.

I shall now deal with the points that my right hon. Friend the Member for Birkenhead made. His argument was hung on an amendment that has not been selected, so we shall not talk about that, except to say that it would definitely be retrospective to try to go back to engine size rather than CO_2 emissions as a basis for VED. We were the first country to base vehicle excise duties on CO_2 emissions, and six more European countries now do so. We have achieved major reductions in emissions from our car fleet as a result—partially, at least—of that change. It sends good signals to consumers, but we need to improve on and even increase those signals if we are to hit our very demanding targets for averting dangerous climate change. Clearly, that is something in which we all have a direct interest.

My right hon. Friend was right, however, to focus on the distributional aspects of progress in new, greener technology, because, as the Committee on Climate Change, which the House tasked with taking a closer look at these matters, said in no uncertain terms in its report to Parliament, there are often distributional effects when we switch to lower-carbon activities. As a country and as a society, we will not be able to persuade our electorate that we need to make progress and avert climate change if we cannot also demonstrate that we have a fairness agenda. In other words, if there is no fairness for those

who are poor and least able to buy new, or shift from existing goods to newer, more energy-efficient ones, we will not get public support for the changes that we need.

My right hon. Friend is therefore right to worry about some of those issues. We have some data that hint at connections, but not in the sort of detail that he would like. Some data suggest that low-income households are more likely to own cars with smaller engines. However, the hon. Member for Taunton was right in his analysis that the poorest do not own cars, so the distributional shape of the tax is not the same as that of, for example, tobacco duties.

We also have data to suggest that the majority of the cars that emit the most carbon are owned by higher-income households. Again, the data are not geographically well represented or spread in the way that my right hon. Friend wanted. I am happy to talk to him to ascertain whether we can analyse the distributional impact of the shift from high to low CO_2 emitting cars on the engine pool, and particularly on his constituents and many of mine, who are not always known for going to the latest car showroom and getting the latest model.

My right hon. Friend may also like to correspond with the Committee on Climate Change, which is developing some expertise in the matter, to ascertain whether it can study the issue.

Mr. Frank Field: I shall take up the Exchequer Secretary's offer and her suggestion about others with whom I might make contact. I think that our poorer constituents accept that the Government need to raise revenue, and that they raise it from drivers in different ways. However, their plea is that we take account of the total impact of all the levies that we impose on drivers when we consider the distributional effect. We hope that we will not have a Government who are not green-minded, as my hon. Friend describes this Government to be.

Angela Eagle: We try to bear the big picture in mind throughout the budgeting process. We do not consider vehicle excise duties in isolation, but alongside other duties. We then examine their distributional impact, so I hope that we can make my right hon. Friend pleased with our fair approach.

The system of CO_2 based vehicle excise duty applies to cars registered from 2001 onwards. Cars registered before then continue to pay the duty according to their engine size because we do not have comprehensive data on their CO_2 emissions. Clearly, over time, the number of cars in that pool diminishes. Although engine size can act as a proxy for emissions, my hon. Friend the Member for Wolverhampton, South-W[illegible] gave a few examples of perverse results. It de[illegible]efore, provide as accurate a measurement of e[illegible]s as that used in CO_2 based VED: grams per kilometre.

I hope that hon. Members will join me in supporting the clause.

Question put and agreed to.

Clause 14 accordingly ordered to stand part of the Bill.

Clause 16

Rates and rebates from September 2009

Stewart Hosie: I beg to move amendment 13, page 10, line 24, at end insert—

'(2A) In section 6 (excise duty on hydrocarbon oil) after subsection (1A) (as amended by subsection (2) above), insert—

"(1AA) In every Budget Statement and pre-Budget Statement the Chancellor of the Exchequer must provide a forecast for oil prices and set out anticipated yield from fuel duty and VAT on fuel for that price and for a range of prices up to 50 per cent. above his forecast.

(1AB) The Treasury must, following each such statement, by regulations made by statutory instrument reduce the rates of duty specified in subsection (1A) in direct proportion to the increase in the costs accounted for by VAT.

(1AC) Whenever international oil prices rise above the level estimated by the forecast made in accordance with subsection (1AA), indexed fuel duty increases shall not take effect until the international oil prices return to the forecast level or the forecast price is amended by the next Budget or pre-Budget Statement."'.

The Second Deputy Chairman of Ways and Means (Sir Michael Lord): With this it will be convenient to discuss amendment 11, page 10, line 40, at end add

', provided that before this date, the Chancellor has published a report examining the costs and benefits of the introduction of an automatic fuel duty stabiliser whereby the rates set out in HODA 1979 vary inversely in comparison to oil prices.'.

Stewart Hosie: The arguments that I want to present have been reprised over many years. Indeed, I have the *Hansards* of all the debates going back to 2005 and will refer to some of them. On a number of occasions when I have tried to introduce a similar measure, there have been rather different circumstances, with modest, and sometimes significant, price spiking, the consequence of which we have seen.

In 2005, when I first attempted to introduce a similar measure, I pointed out that the price of a litre of unleaded petrol had risen by 6p over six months, to 86p a litre. By the time that we debated the issue in 2008, the price of fuel had gone up to between £1.10 and £1.30 a litre, and on some of the islands, as well as in the more remote rural areas, it was significantly more. Today the price is relatively stable at about 95p a litre and $50 a barrel. Just for hon. Members' information, in 2008 the price crashed through the $140 a barrel level.

However, there is no certainty that prices will remain relatively low or relatively stable. Indeed, as the world comes out of recession, they might well rise. If India and China regain some of their impetus, there will be increased demand and inflationary pressures. If there is a cold European or north American winter, there will be demand on hydrocarbons and inflationary pressures. There might be supply-side shocks if there is war or terrorism in an oil-producing region, thereby causing the barrel price to rise. If we have natural disasters that take out refining capacity, which has happened before, there might be a significant price rise.

Even without any of those eventualities, which are risks that we can identify, some future prices—for next year's delivery, for instance—are already 40 per cent. higher than those today. Indeed, I have seen delivery costs for 2015 that are more than 40 per cent. higher than those today. My judgment, which reflects comments made in previous debates, is that it is better to try to introduce a mechanism to smooth out price increases when prices are relatively low and we have relative stability than to wait until prices shoot up again. We must take cognisance of the eventualities that we can predict—we know what has happened in the past three

[Stewart Hosie]

or four years—and take action to mitigate identifiable risks, not least because we know the impact of a prices spike on families and businesses, including the haulage sector and other communities.

In our 2005 debate on this subject, when there was a modest increase, the AA was quoted as saying that, because of the 6p increase over the previous six months,

"individual motorists have seen the monthly cost of petrol for a typical privately owned car rise from £87.43 in January to £94.02 in May. In households with two cars this represents a £13.18 hit on family expenditure each month".

That was a modest rise, but it was none the less significant over the piece. In that debate, we also learned that bankruptcies among hauliers were running at twice the average for other industries at that time. We must avoid that in future. Hauliers' average running costs then were 52p a mile and, as was pointed out:

"Competition from hauliers in Europe, driven by lower fuel prices elsewhere, have led to a massive reduction in the percentage share of cross-channel freight delivered and carried by UK hauliers. The industry and, indeed, domestic car users pay some of the highest fuel prices in Europe, driven by some of the highest taxes on fuel in Europe of 69 to 74 per cent." —[*Official Report*, 6 July 2005; Vol. 436, c. 361-62.]

We can therefore see the impact that even modest rises have, in terms of additional bankruptcies in the haulage sector.

Sir Robert Smith: On the crisis in the haulage sector, does the hon. Gentleman think that the Government's failure to get to grips with the vignette scheme and ensure a level playing field with foreign hauliers was a contributory factor to the challenge facing hauliers?

4 pm

Stewart Hosie: It was, but that is wide of this issue, as is the cabotage issue, although I might refer to that later. The hon. Gentleman is absolutely right to say that although fuel costs form a massive part—more than a third—of the cost of running a haulage business, other issues can have an impact on a company's competitiveness and ability to stay in business.

Our 2006 debate was held less than a year after the 2005 debate, but by that time the price of fuel at the pump had crashed through the £1 barrier in many parts of Scotland. There had been a 20 to 25 per cent. rise in the cost at the pump and that exacerbated the difficulties faced by families and businesses, and by the haulage sector in particular.

We tabled similar amendments for debate in 2008, at which time the reports were quite frightening. The *Sunday Herald* reported in April 2008 that, out of the average £37,000 a year that it cost to tank up a typical 44-tonne truck, the Government took £25,000 in tax. The same article confirmed that a 20-vehicle haulage business would have to make £30,000 more simply to meet its increased costs, and that was on top of the £30,000 that it had to find for increased fuel costs in the previous year. Within a few months of that report in April and our debate in July 2008, there was a price rise of more than 14p a litre, and the price of oil was expected to reach $140 a barrel.

We know that that had an impact. When Ramage, a haulage firm, went into administration, its administrator cited the high cost of fuel as a contributory factor. Normal families running a single diesel car were facing additional costs of not £13 a month, which they had dealt with in 2006, but £30 a month. A family running two petrol cars was paying an extra £46 a month, or about £500 a year.

John Thurso (Caithness, Sutherland and Easter Ross) (LD): May I pick up the hon. Gentleman's point about hauliers? A number of them have introduced a fuel surcharge and, rather like the airlines, they now add that surcharge to their normal bills. However, the surcharge has not always come down in line with the price of fuel. Has that been drawn to his attention?

Stewart Hosie: It has. The price might not always come down in line with the price of fuel, but I must point out to the hon. Gentleman that many of the surcharges were put in place when the price rises were expected to be modest. They were also capped, and as the cap could not be exceeded, when the price spiked dramatically, hauliers that I know of—I name no names—made a loss.

To bring us right up to date, we have heard about hauliers in difficulty and about bankruptcies. Ramage went bust, as did many others, and fuel costs were cited as a contributory factor. We know from previous debates that hauliers in Campbeltown were selling trucks and laying off drivers. The Freight Transport Association, citing figures released by the Office for National Statistics, tells us that the number of people seeking work as a heavy goods vehicle driver has risen from 3,280 in March 2008 to 15,000 this year. I suspect that that is because of the number of drivers who have been made redundant, rather than because a huge number are training to become hauliers at this very difficult time.

We need to take action. We cannot mitigate all the price rises, because they occur for all kinds of reasons, including because of costs of sale and delivery, but we need to militate against the worst rises, particularly when they are driven by the barrel price of oil. I therefore propose, as I have done before, a simple measure that would oblige the Government to lay out their forecasts and to introduce a statutory instrument to reduce the duty when the price rises. The reduction would be the equivalent of the amount of extra VAT that would be gained due to the increased price at the pump. That amount could come from the VAT windfall or the North sea windfall, because it would be directly related to the price of oil.

Mr. Alan Reid (Argyll and Bute) (LD): The hon. Gentleman has hit on a problem and proposed a solution, but will he enlighten us on one point? His proposed new subsection (1AB) states:

"The Treasury must... reduce the rates of duty",

but it does not specify the times at which the Treasury must do that. Would it happen every month, every day, or every six months?

Stewart Hosie: I left that open-ended and simply referred to a statutory instrument because I wanted the provision to be practical and workable. It has been argued that the reductions could not be made hourly or daily—or, I concede, perhaps not even weekly. None the less, there must be a mechanism, and the statutory

instrument would determine the most appropriate one. It must be responsive without being excessively bureaucratic—it is vital to get the balance right.

Proposed new subsection (1AC) would provide that when the oil price spiked, the normal indexed rises would be automatically cancelled. Decisions on whether to postpone or proceed with an indexed rise should be no longer left to a political whim, but based on the needs of the population, industry, families and the haulage sector.

According to the Federation of Small Businesses, which conducted a poll after the Budget, 80 per cent. of small business men whom it consulted estimated that even the 2p rise in fuel duty would have an adverse impact on their businesses. Its national policy chairman said:

"Small businesses...the engine room of the...economy...have been choked by the Budget...with increases in fuel".

How much worse would it be for business if the price suddenly spiked above the 2p rise?

The chief executive of the Road Haulage Association has said:

"Many of Britain's road hauliers face being priced off the road by foreign competition benefiting from the new open market for haulage but fuelled with diesel hugely cheaper than can be bought in the UK."

He added:

"We cannot understand why the Chancellor has turned a deaf ear to our industry's pleas".

The Road Haulage Association in Scotland has said:

"At this challenging time the last thing the haulage industry in Scotland needs is an increase in costs. More so now that the cabotage regulations have been relaxed making it easier for European hauliers with lower costs to compete in the UK domestic market...The case for a regulator is as strong now as it ever was".

We think that amendment 13 represents the right approach and I hope to press it to a Division. As for amendment 11, although the Conservatives have historically resisted its proposals, they changed their minds last year. Their amendment uses different words, but its fundamental objective is the same: not the mitigation of all price rises, but the smoothing out of the spikes. They propose a two-way regulator, whereas mine is open. In other words, they propose reductions in duty when the price rises and increases when it falls. I am relaxed about that, because the purpose is to deliver stability.

Mr. Reid: The hon. Gentleman refers to a two-way regulator, but although his proposed subsection (1AB) in amendment 13 contains the words "reduce the rates", the amendment does not make any reference to increasing the rate.

Stewart Hosie: I would leave the statutory instrument to decide that. As I have said, if the SI were to opt for a two-way regulator, I would be perfectly content, because this is about stability, not about who wins political points. As I said in last year's debate, when the Conservatives changed their minds, I do not care whether we have a fair fuel stabiliser, a fuel duty regulator or the version proposed by the hon. Member for South Thanet (Dr. Ladyman), a former Transport Minister. We need to finalise a deal with families, hauliers and businesses to smooth out price spikes so that we do not experience the shocks to the system that we encountered in 2005, 2006 and 2008.

Mr. Jeremy Browne: I think that the hon. Gentleman should deal with the previous intervention in slightly more detail. He seems keen to give the impression that his amendment would benefit motorists and that, by and large, it would lead to them paying less duty. When it is pointed out to him that they might pay more in some circumstances, he is quick to say that all that will be dealt with by a statutory instrument and that we need not consider it at great length now. However, there is a real possibility that if we vote for his amendment, we will be voting for all our constituents to pay more for their fuel than they would otherwise.

Stewart Hosie: I have said four or five times that this is about stability, certainty and smoothing out the unexpected spikes that are so damaging. I know that there are Liberal Democrat Members who have supported that concept in the past. I know that there are others who have more difficulty because of their alleged green policy. If the hon. Gentleman—I say this kindly—wants an excuse not to vote for the amendment, he can have one, but I am putting forward a proposal that is gaining support from other parties. It was massively supported in the real world last year. I hope to press the amendment to a Division. With the greatest respect, I hope that he can see his way to support it, because his constituents would benefit from it.

The Second Deputy Chairman: I now have to announce the result of a Division deferred from a previous day. On the Question relating to the Equality Bill carry-over, the Ayes were 331 and the Noes were 136, so the Ayes have it.

[The Division list is published at the end of today's debates.]

Mr. Gauke: It is a pleasure to follow the hon. Member for Dundee, East (Stewart Hosie), who rightly set out the concerns that exist about wanting to smooth over the oil price spikes that have an impact on our constituents as petrol and diesel prices increase. I say at the outset that Opposition Members support the objective of ensuring that a greater proportion of taxation is raised by environmental taxes, and fuel duty is the key, principal environmental tax that we have in the United Kingdom.

Angela Eagle: I wonder whether the Conservative party still supports the idea that that increase in money from green taxes should be put into a separately audited family fund, which was the original announcement?

Mr. Gauke: We want to reduce the tax burden on good things and we would pay for that by increasing the tax burden on bad things. We think that the proportional shift needs to be moved on to carbon and pollution. I am sure that the Minister will be delighted to learn that details of our policies will be made clear in due course.

We recognise that fuel duty is an environmental tax, that it is going to play a part in addressing carbon emissions and that it raises a great deal of revenue for the Exchequer. We do not in any way dismiss it, but we also recognise—I think hon. Members on both sides of the Committee do—that there are times when fuel duty causes considerable pain to our constituents. It does hurt.

We have already heard references to particular groups and rural areas. I know that we will be debating this matter at greater length later, but rural areas particularly feel the pain of higher fuel prices. We know that hauliers

[Mr. Gauke]

feel the pain. All of us can recall, especially those who were in the House at the time—I was not—the hauliers protest in 2000.

Mr. Jeremy Browne: In 2001.

Mr. Gauke: We have a dispute, but I think it was 2000. We also know that in the summer of 2008 there was a great deal of concern about fuel prices.

In recent years, the Government have lacked a clear framework on how fuel duties should be raised. They continued the fuel escalator that was brought in by my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke), but that in turn had to be abandoned when it was no longer sustainable. Having stepped on and then off the fuel escalator, there have been times when the Government have announced a fuel duty increase only then to postpone its implementation. At other times, they have introduced unexpected increases, as we see in clause 16 and the announcement to move back on to the fuel escalator with substantial increases in fuel duty both before and after the next general election.

The problem with the Government's position is the lack of a framework, which is why we opposed their Budget resolution measures. Essentially, we think that the Government policy on fuel duty is unsustainable in the sense that it is not possible to bring along public support unless the oil price remains low. In a period during which the oil price rises, there is a distinct risk that the strength of public opinion will lead to any Government feeling under great pressure to abandon the fuel escalator. We will then be left once again in a period in which there is no stability or certainty about the direction we are going in.

4.15 pm

We share the objective of the hon. Member for Dundee, East of trying to address what we should do when there is a spike in the oil price. Our proposal is the fair fuel stabiliser. The intention of amendment 11 is to ask the Government to review how this policy could be implemented, just as we are doing in consulting on the issue. In essence, what we are looking for is a mechanism whereby when fuel prices go up, the fuel duty will fall, and when fuel prices go down, fuel duty rises. It is not a blinding revelation to state that fuel prices hurt people when they are at their highest, and that is when the political pressure in respect of fuel duty is at its greatest. There are a number of advantages of going down this route.

Mr. Alan Reid: As the hon. Gentleman well knows, the price of fuel was considerably lower at the time of this year's Budget than at the time of last year's Budget. Therefore, if this fuel stabiliser had been introduced last year, how much higher would the price of fuel at the pumps be now compared with the actual current price?

Mr. Gauke: I will not give precise figures, as we are consulting on this. The principle the hon. Gentleman puts forward is absolutely right, however: when fuel prices fall, the duty will increase. It will not do so to the extent that the actual fuel price will increase; it will just not fall as much. Equally, when fuel prices are rising, there will still be an increase, but not by as much. This is a stabiliser, but it is not an attempt to fix a price—so that it shall be 97p a litre for ever more, for instance. The price will still vary, but we will smooth out the bumps. I think that that is an objective that the hon. Member for Dundee, East has set out. We have also identified it as a laudable objective, and we think that there is a practical way of achieving it.

Sir Robert Smith: What the hon. Gentleman is identifying is the fact that fuel duty is a very crude method of sending an environmental message to motorists. Does he think that, in the long run, the best way of smoothing this out and sending that signal to motorists will be to move towards introducing road user pricing, not fuel duty, as a mechanism? That will also deal with the rural and haulage issues, as well as the level playing field issues.

Mr. Gauke: I note the hon. Gentleman's point, but I am focusing today on fuel duty. I think we can address that in the short term. There are various issues to do with road pricing, and it needs to be looked at in more detail. I do not want to go too far down that road—whether it is priced or otherwise. I take on board his point, however.

Angela Eagle: The hon. Gentleman is talking about smoothing out bumps, which I am always in favour of doing, especially when I am doing my ironing. Will he tell us a bit about where he would set the baseline, because that is important? If one is smoothing out the bumps, one has to have a place where one thinks the price is reasonable, and that is a very difficult area of this entire debate. We all have to remember that we are dealing with a very volatile commodity price.

Mr. Gauke: The Exchequer Secretary makes a good point; one of things that we have asked in our consultation is where and how one sets that baseline. It is possible to find a baseline that recognises where the burden falls on the motorist and what an acceptable level is. That is not an insuperable difficulty.

Stewart Hosie: I agree that it is not insuperable. Once the baseline is identified, the real key is the ability to reset it at regular intervals. One of our suggestions was that at the Budget and the pre-Budget report the ticker could be reset, so that if we found that there was a structural increase, the baseline would be reset, whereas if we found just a cyclical change or a spike, it might not need to be reset. The timing is as important as the baseline figure.

Mr. Gauke: The hon. Gentleman makes a good point. I agree that there needs to be flexibility on the baseline and that it needs to be reviewed regularly, but that in no way undermines the stability that could be brought to fuel prices. The stabiliser has a number of advantages. Leaving aside the big advantage that it protects the public from spikes in oil price, it helps price stability as a whole. Fuel prices can contribute to inflation significantly, so the stabiliser would assist the Monetary Policy Committee of the Bank of England in ensuring that its attempts to target inflation were not affected by volatile international markets.

We have some difference with the Scottish National party on how we would pay for and justify our approach. The hon. Gentleman makes the case in his amendment

that the Government benefit from increased VAT when oil prices increase and that that windfall can be used to reduce fuel duty. I am sure that the Exchequer Secretary will make the point—that, in itself, does not make it wrong—that consumers then spend less on other things. With an increase in the VAT revenue obtained from fuel, there tends to be a decrease in revenue from other areas. However, there is a link with North sea oil production and the revenue that comes from it. When oil prices fall there is a shortfall in that duty, but when they rise there is an increase in that duty, as the numbers for the past couple of years show. In 2008-09, the revenue from North sea oil increased by 66 per cent. when oil prices were increasing, whereas the revenue will halve for 2009-10—at least that is the Treasury's estimate—as oil prices fall. That is what happens when fuel prices move in opposite directions. Thus, we believe that over a cycle—over a reasonably long period—this proposal would be revenue neutral, and that we can do things in a more cautious way. The proposal would provide stability to not only personal finances, but the public finances.

The environmental case is that if the price of carbon were stabilised, it would be easier for businesses to plan ahead. Environmental taxes work most effectively when they are kept stable—a point made by the Stern review—and there are no risks of fluctuations in the marginal costs that could increase the total cost of any mitigation policy. As far as our carbon emission target is concerned, it would be beneficial to have a mechanism ensuring that we were not quite so dependent on volatile international oil markets.

Finally, some 20 businesses cover 99 per cent. of fuel sales. They should be able to administer a fuel stabiliser, and we want the Government to investigate whether that would be practical. Consultation would be needed as to how that would work precisely—for example, how frequently it would need to be reset, as the hon. Member for Dundee, East mentioned.

This proposal could be a useful addition to the fuel duty structure—

John Thurso: The hon. Gentleman has not touched on the differential in price in remote areas. How would his stabiliser help those people who are paying 14p, 20p or even 25p more a litre than those in metropolitan centres?

Mr. Gauke: We will turn to the issue of remote areas in the next debate, and I see that the Liberal Democrat Benches are filling up, as they traditionally do at this point in deliberations on the Finance Bill—*[Interruption.]* My hon. Friend the Member for Poole (Mr. Syms) will have to spread out a little.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): Is the hon. Gentleman saying that the Liberal Democrat Benches are filling up because this is an issue about which we care? Should we infer from the state of the Conservative Benches that this is an issue about which the Conservatives do not care?

Mr. Gauke: I think that we should infer that this is an issue on which many Liberal Democrats will be sending out press releases to their local press. I suspect that many Conservative Members will be sending out press releases on amendment 5—

Mr. Syms: My hon. Friend should take the lack of support as a sign of confidence in his ability to command the Committee.

Mr. Gauke: I am very grateful for that intervention and I am sure that my hon. Friend speaks not only for himself, but for the party as a whole.

We urge the Government to investigate the fair fuel stabiliser with a view to implementing it. Their approach to fuel duty has been ad hoc and haphazard and there is a lack of certainty about where we will be in future. To some extent, the Government are reacting to fuel prices and pursuing a fuel stabiliser policy almost by default—when fuel prices fall, they are bolder in their increases, but when fuel costs rise they hesitate to raise duty. That is understandable, but we think that such decisions should be made within a proper framework. It would be good for inflation targeting, public finance stability and the environment. I hope to have an opportunity to press amendment 11 to a Division.

Mr. Jeremy Browne: Thank you, Sir Michael, for giving me the opportunity to speak on this group of amendments. I echo the concerns expressed about the difficulties faced by motorists and businesses when fuel prices rise and when they are high, as well as about the impact on businesses of other higher commodity prices. It is advantageous to businesses and individuals if budgets can be planned in advance; price volatility makes it harder for any individual or organisation to plan to such a level.

4.30 pm

I have sympathy for the hon. Member for South-West Hertfordshire (Mr. Gauke). I know that he instinctively believes in free-market economics, yet he has been overruled by people in his party who have required him to come here and give us a sort of reheated 1970s form of socialism. He made a good attempt to argue for it. He said that the Government arrangements were ad hoc and haphazard, but that is called the free market. He seems to want prices to be determined not by supply and demand but by the wisdom of the shadow Chief Secretary to the Treasury. That is not the intellectual case that the Conservative party has made for the past 30 years.

The Conservatives say—this is essentially the point made by the Scottish National party, too—that oil price variants are potentially problematic, which is why they would introduce a fair fuel stabiliser. However, when food prices vary or are volatile, that can be problematic for consumers or businesses. A huge increase in the price of milk or bread has an impact on the bottom line of a catering business, so I look forward to the Conservatives' fair food stabiliser. What about the effect on businesses when energy prices vary or when gas or electricity prices go up? That will have an impact on nearly all businesses, but it will have a profound impact on those that are particularly energy intensive. When will the Conservatives introduce their fair energy stabiliser? The truth is that they regard those matters as less politically sensitive and, as a result, they do not have stabilisers. That is not because of intellectual coherence, but because they think that it is not electorally expedient.

Mr. Gauke: The distinction is very clear. The majority of the cost of fuel is a duty of tax, but the same does

[Mr. Gauke]

not apply to food or energy. We are not trying to set a price that everyone must sell at or intervening in the contractual relationship between a buyer and a seller with some sort of price policy. We are simply varying that element that is within the Government's control—the duty—depending on what we think individuals and businesses can bear.

Mr. Browne: In that case, I look forward to the fair alcohol stabiliser that the Conservatives will no doubt introduce in due course when the core ingredients of beer, for example, go up, as commodities do in the market place.

Both the Conservatives and the Scottish nationalists are extremely coy about the downside of their proposals. I noticed that the hon. Member for Dundee, East (Stewart Hosie) said that the purpose of amendment 13 was to smooth spikes in oil prices. What he did not say—I can only infer that this must be the case—was that he would also smooth out the troughs: that is, that he would put prices up. Otherwise, he would not be smoothing out anything at all. There has to be a downside as well as an upside. The Conservative spokesman, using almost exactly the same language, said that his amendment would smooth out the bumps. That is the difference between the SNP and the Conservatives; the Conservatives deal with bumps, not spikes. Presumably, he would also smooth out the dips at the same time.

My hon. Friend the Member for Argyll and Bute (Mr. Reid), with characteristic diligence, has done some more research into the effects of Conservative party policy. I must admit that I look forward to the Conservatives distributing leaflets on the issue in my constituency—as Michael Ashcroft put so much money into their endeavours, they must be able to afford to do so. Let me run through the effect of their policy. This is not a party political point—it is central to amendment 11.

According to the average UK fuel prices published on the AA website, at the time of last year's Budget, March 2008, a litre of unleaded petrol cost 106.8p. It cost 118.2p in June, when the House had the opportunity to vote on the Budget proposals. The price rose by 11.4p between the Budget and the vote in the House, which allowed the shadow Chief Secretary to the Treasury to say that the fair fuel stabiliser would cut the cost of petrol by 5p a litre.

However, with his characteristic generosity, my hon. Friend the Member for Argyll and Bute said that he had calculated the saving to the motorist of last summer's Conservative party policy at 5.7p a litre. That seemed very popular, and people asked me why the Liberal Democrats opposed the policy. They said that the rises in prices were extremely unpopular, and that the Conservatives seemed to have reached a brilliant conclusion. They seemed to know better than the market, and to have an electoral advantage in pursuing that option.

Unfortunately—and this is the twist—petrol prices started to fall rather dramatically just as the Conservatives chained themselves to their policy. I am again indebted to the research done by my hon. Friend the Member for Argyll and Bute, who showed that the price of a litre of unleaded petrol had fallen, according to the AA website, to an average of 90.6p by March 2009. A fall of 16.2p since that year's Budget was dramatic enough, but the fall from the peak of the market was close to 30p. That peak roughly coincided with the period when the Tories were championing the fair fuel stabiliser most energetically in this House.

What would be the impact on motoring if amendment 11 were agreed to? I have done a calculation, and I am afraid to say—this will come as a shock to hon. Members across the Committee—that the amendment would impose a crippling rise in duty on every motorist in the country.

The Conservatives may have keen environmental reasons for wanting to increase petrol prices so markedly but, if they do, I do not understand why they should be so coy about them. I hope that the hon. Member for South-West Hertfordshire will tell us why his party is not selling the policy with vigour, because I am about to explain what its impact would be.

As I said, at the time of last year's Budget, a litre of unleaded petrol cost 106.8p, but that had fallen to 90.6p by March 2009. If amendment 11 had been in operation at that time, it would have brought about an 8.1p increase in fuel duty. To be fair, the Government raised fuel duty by 2p in December 2008 and by a further 1.84p in April 2009, so it seems only reasonable to take those rises away from the figure that would otherwise form the basis of the calculation. If a provision equivalent to amendment 11 had been passed last year, motorists would have had to pay an extra 4.5p, approximately, for a litre of unleaded petrol over and above what they in fact have to pay at the pump at present.

That would have been the impact of the Conservative amendment. One could call it smoothing out the bumps, or putting up the price of petrol for motorists across the country. The Scottish National party has a variant on that, and it is perfectly honourable for both parties to take that approach, but they should be explicit about their intentions.

Mr. Mike Weir (Angus) (SNP): My hon. Friend the Member for Dundee, East (Stewart Hosie) made it clear that the object of the exercise was to get rid of spikes in prices. Does the hon. Gentleman understand how the haulage industry works? The fact that hauliers use long-term fuel contracts that cannot reflect price spikes has caused many companies, especially those in rural areas, to run into difficulties. The hon. Gentleman mentioned food stabilisers, but in Scottish rural areas—such as my constituency or the areas represented by the hon. Members for Argyll and Bute (Mr. Reid) or for West Aberdeenshire and Kincardine (Sir Robert Smith)—everything comes by road because there is no alternative. As a result, fuel price rises feed through to ordinary goods, hitting shops, pubs and every small business in towns and villages throughout our constituencies. Stabilisation will get rid of the massive spikes in fuel prices, and the difficulties associated with them.

Mr. Browne: I completely accept the hon. Gentleman's point on the haulage industry and the costs added to other goods, but my point is that the stabiliser does not just smooth out the spikes. That is what is so disingenuous about the claims made for amendments 13 and 11. If he had intervened to say, "The measure will smooth out the spikes but, to be honest, we—the SNP—will tell hauliers that, if there is a drop in prices, we will require them to pay more than the market rate," I would understand it. That would be a perfectly noble and fair policy—it might even be revenue neutral. However, the Conservatives

and the SNP cannot argue one side of the equation and not the other—well, they can, but not in a way that is intellectually compelling.

For a party such as the Conservatives, who, when they are addressing business audiences, claim that they believe in free market economics, it is not intellectually consistent to say in the House of Commons that free markets are far too "haphazard" and, in fact, Government know best. That is intellectually dishonest. It is honourable to tell the electorate the consequence of policy, and the consequence if the amendments are made today will be that motorists pay more for their driving. By our calculations, they will pay approximately 4.5p per litre more, and that—

Stewart Hosie: Will the hon. Gentleman give way?

Mr. Browne: I am bringing my remarks to a conclusion.

That would have a serious impact on motorists. It is only reasonable that the parties point that out in this Committee and to our constituents.

Angela Eagle: We have had a most illuminating debate. I shall add to the questions that have been well put by the hon. Member for Taunton (Mr. Browne) about the other side of the Conservative policy, which has not been the subject of press releases or announced with all the fanfare to which the original proposal was treated, when it was calculated that a 5p cut in fuel duty would be the result. I wonder why we do not see similar press releases when, as oil prices fall, the policy would result in increases in duty. I have seen no press release boasting about that, or front-page newspaper coverage of how the Conservatives would put fuel duty up—by 4.5p, if their so-called fuel duty stabiliser is applied to the current oil price.

I have to acknowledge the persistence of the hon. Member for Dundee, East (Stewart Hosie), who has been raising this matter since long before I arrived on the Treasury team as Exchequer Secretary—and he has the *Hansards* to prove it. We certainly congratulate him on his persistence. The Conservatives were latecomers to the party—quite late, given that they voted against the hon. Gentleman's amendment to the same effect to last year's Finance Bill. They were converted, perhaps on the road to Damascus, but certainly on the way to Report stage, when the mathematics looked good. They produced their consultation document, but since then, everything has gone terribly quiet. The Conservative consultation closed in December, but no consultation summary has been produced and no further announcements have been made.

Mr. Jeremy Browne: Does the Minister agree with my observation that the moral of the story for Opposition parties is that they cannot be governed solely by the need to put out good press releases? They must also come up with intellectually robust policies, which would work in practice and in office.

Angela Eagle: I could not agree more with the hon. Gentleman. When the press release looked good, it was generalised into a policy, which featured in Report stage of last year's Finance Bill. That was followed by a consultation, but then—funnily—everything went quiet because the oil price started to plummet, which the Conservatives were not expecting. With prices going only in one direction—down—their arithmetic looked rather difficult. It is interesting to note that this year, unlike last year, we have an amendment that asks us to produce the information needed to justify the Opposition's policy. Presumably, the Conservatives' consultation paper has come up with some of this, although we have not been allowed to see the results and we have had no further announcements even on how this policy has evolved, if I may put it that way, in the interim as the oil price continues to plummet.

4.45 pm

The fact that the oil price has done something unexpected—something that perhaps could not have been predicted at the height of the spike last year—shows precisely the problem with seeking to take the volatility out of what is, after all, a commodity that is traded in a completely free market and has notorious price fluctuations. They are always very difficult to predict with any degree of certainty. Oil prices can be affected by sudden events—weather events, political instability in a particular area and a whole range of other things. It is very difficult to stabilise something so volatile.

Mr. Jeremy Browne: I am grateful to the Minister for her brilliant lecture in free market economics, which I am sure will be beneficial to the Conservative Front-Bench team. Is it not also important to acknowledge that, at the time it happens, it is hard to know whether one is dealing with a spike or a broader trend that may or may not come to represent a spike retrospectively? We keep hearing about spikes, but at the time, one does not know whether it is really a spike or part of a long-term trend.

Angela Eagle: That is right. I dare say that even Nostradamus could not tell whether a spike was a spike or part of an ongoing upward or downward trend.

That brings us on to important issues about how on earth a baseline could be set and what behavioural effects it would produce. I want to go into some detail here, as these issues keep coming back and many of the practical difficulties with such proposals are skated over by those who make them as if they were really not a problem. I submit that they are.

Before I do so, however, let me say on free market economics that there are very few even socialist theorists who would suggest that commodity prices were somehow controllable—certainly not on the global level—as the Tory Front-Bench team now seems to want to suggest. I particularly enjoyed hearing the observations of the hon. Member for Taunton about the range of stabilisers that might be forthcoming if this particular approach to world commodities were to catch on.

Amendments 11 and 13 are designed to make provision for a new fuel stabiliser or regulator mechanism that would reduce the main fuel duty rate when international oil prices exceed their forecast levels. One has to think about what those forecast levels would actually mean in this context. In amendment 13, the hon. Member for Dundee, East seeks to establish a system directly, while in amendment 11, the Conservative Opposition have suddenly become much more coy than they were last year: they ask us only to prepare a report, rather than having the courage of their convictions in the consultation

[Angela Eagle]

paper and actually tabling a specific amendment to the Finance Bill. We have not seen such an amendment, so I detect a retreat from the direct implementation of their fuel duty stabiliser policy as it was announced last year. It has now become a meek request for us to prepare a report rather than being a direct amendment to the Finance Bill.

Both the amendments argue that such a mechanism would stabilise fuel prices at the pump by offsetting the impact of oil price fluctuations, but the mechanism is based on the incorrect premise that the Government receive a revenue windfall from high crude oil prices, which can be used to make up the difference in Exchequer revenues as fuel duty revenues fall. In fact, such a mechanism would destabilise the public finances—the opposite of the intended effect—by producing wild swings in duty rates, and pose significant administrative problems to both the Government and fuel producers.

Stewart Hosie: How can the Government determining to spend some of the revenue yield have any impact whatever on fuel producers? The argument is wholly spurious. The proposals have no bearing on fuel producers whatever.

Angela Eagle: First, I will deal with the point about the so-called windfalls, which do not exist. Secondly, the hon. Gentleman's mechanism is about VAT, but the other mechanisms under discussion are, as far as we can tell, about the income we purportedly get from North sea oil when prices rise.

Mr. Gauke: May I read to the hon. Lady paragraph C.46 from the Red Book? It says:

"The surge in oil prices up to mid-2008 is reflected in North Sea revenues of £12.9 billion in 2008-09, up 66 per cent on the previous year."

The next paragraph states:

"North Sea revenues are expected to almost halve in 2009-10."

To use her expression, that is wildly fluctuating, but it is fluctuating in the opposite direction to fuel duties. We argue that the two can be balanced out.

Angela Eagle: I will explain why that is not the case, and why the proposal will produce perverse results. When oil prices rise, the premise is that the Government receive a windfall from either increased North sea tax revenues or greater revenues from VAT on fuel. As I argued last year, however, that is not the case. Although high oil prices might push up revenues from North sea oil taxes, there is no automatic link, as the significant increase in costs for oil companies that accompanied the last price spike showed. The impact of high oil prices on the wider economy means that the increase in North sea revenue is offset by falling revenues elsewhere for the Government. Lower GDP growth and higher energy costs reduce the yield from income and corporation taxes, while higher fuel prices lead to lower fuel consumption and lower revenues from fuel duty. For example, in 2008-09, when oil prices reached record highs in the summer, fuel duty receipts were £300 million below their 2007-08 level. In that sense, there is no windfall. *[Interruption.]* It is easy for Opposition parties to spend windfalls, but they do not exist as net windfalls for Government revenues, as I have just demonstrated.

Turning to VAT and the alleged windfalls that form the basis of the Scottish National party's regulator mechanism, high fuel prices at the pump do not produce an overall increase in VAT receipts. When consumers have to pay more for fuel, they tend to buy less of other goods, thereby paying less VAT elsewhere. To prove that, in 2008-09, when crude oil prices and fuel prices reached record levels, total VAT receipts were almost £2 billion below their 2007-08 levels. Again, Opposition parties are trying to spend windfalls that do not exist in net form for Government receipts. They are trying to attach automatic mechanisms that would oblige us to spend windfalls that we do not have. Such distortionary effects on public spending would do great damage and achieve the opposite of stability—volatility, with large, sudden holes in public finances, which could be avoided without such mechanisms.

As well as that fundamental objection to the principle of the fuel duty regulator, there are also serious practical problems with its implementation. Under the proposed Scottish National party mechanism, the Chancellor would produce at each Budget an oil price forecast for the coming year, which would act as what is described as a baseline price. Fuel duty rates would be reduced when oil prices rose above that baseline, and would rise when oil prices fell below it. We should take a bit of time to focus on how important the baseline—and the amount at which it was set—would be. It would have a real effect on tax duties, yet it would be very subjective.

Mr. Jeremy Browne: I am fascinated by the process by which the Minister thinks that the baseline would be arrived at. Is it something about which Lord Hattersley, or other people with expertise in Government intervention from the 1970s, would be able to advise the Conservative party?

Angela Eagle: I suspect that Gazprom, or some of the more centralised old Soviet planners, might be able to take a view on the correct baseline for oil. I must confess that I do not know how one could set that baseline, other than very subjectively. What would be a fair baseline price? The process of determining the baseline would be likely to be highly arbitrary, and therefore open to frequent challenge. The Government would have a constant incentive to set the baseline higher, and motorists and other organisations would call for it to be lower, because that would have an effect on whether prices went up or down.

Last summer, the Opposition appeared to suggest that the Budget forecast should be used as a baseline, but as is well known, oil prices can be volatile and difficult to predict. I suspect that if the Conservative party had predicted oil prices, and had known what was to come, it would not have released its press release and developed its so-called fuel duty stabiliser. It is certainly indisputable that in recent years, forecasts of the price of oil have been subject to wide margins of error. In Budget 2008, the average of independent forecasts, which is what we use for the Red Book, was just below $84 a barrel, yet within four months of last year's Budget, oil prices had reached a record peak of just over $146 a barrel. Another four months later, by the time of the 2008 pre-Budget report, oil prices had fallen by more than 60 per cent. to below $50 a barrel. After further fluctuations in the first few months of this year, on Budget day 2009, the Brent crude price closed at $49.81 a barrel.

According to information from the Conservatives outlining the policy for their so-called stabiliser mechanism, a $6 per barrel shift in the crude oil price would result in a 1p per litre adjustment to the fuel duty rate, yet as my right hon. Friend the Chief Secretary pointed out on the subject last year—she is here, listening to the debate with great interest—crude oil prices frequently moved by more than $6 a barrel in a single day. In the past year, the oil price moved by more than $12 a barrel on five occasions in the course of a week.

Instead of a change being triggered by a $6 difference in the oil price, one could, I suppose, adjust fuel duty at certain set points throughout the year, as the Conservatives originally suggested, but there would then be a significant risk of a market distortion. If the crude oil price were to be regularly compared against the baseline price, it could offer oil traders incentives to bid up the oil price before each assessment date, in the hope of artificially engineering a lower fuel duty rate. Gaming takes place when there are such things to predict and bet against, as I am sure the hon. Member for South-West Hertfordshire (Mr. Gauke) knows.

Speculation that the duty rate was about to change as the assessment date approached could encourage forestalling activity to avoid duty, producing yet further instability. Overall, frequently changing the rate could impose significant additional administrative burdens on fuel producers.

Mr. Jeremy Browne: I am interested in this point, because amendment 11 asks the Chancellor to undertake research. As the Minister rightly said, the report from the official Opposition has been suppressed, and it is now the task of the Treasury to try to undertake that research. Can she give me an assessment of the cost of undertaking that research, and tell me what the administrative burdens will be on retailers, specifically petrol retailers, who might find it impractical if the price is adjusted every single day as a consequence of the stabiliser? Such retailers may also find that the system has a detrimental impact on employment.

5 pm

Angela Eagle: Depending on how the so-called stabiliser was applied, those would clearly be important issues. I look forward to seeing the results of the Opposition's consultation, where they will no doubt set out these issues out in great detail so that we can make an even more detailed judgment of their policy.

Fuel prices do not immediately alter following adjustments in the oil price. If fuel duty were altered on a monthly or bi-monthly basis, it would be highly unlikely to result in a constant fuel price, as oil prices often rise and fall at very short notice. If the stabiliser were to alter on a six-monthly basis, it might not respond to oil spikes at all.

For example, imagine that in 2008 the Budget oil price forecast of $84 a barrel had been used as a baseline, but the fuel duty rate was adjusted only every six months, on 1 April and 1 October, say. On 1 April 2008 the Brent price was $100 a barrel, but on 1 October 2008 the Brent price was $95 a barrel, so had a stabiliser been operating on a six-monthly basis, it would barely have changed, yet we would have had the huge spike in the middle, with no response to it whatsoever. That is a funny definition of stability, or lack of bumps, so to speak.

Even that is an optimistic reading of what the Opposition have proposed. A close reading of pages 3 and 4 of their consultation document, which they put out last July, suggests that their so-called stabiliser might be based on fuel prices rather than oil prices, which is another odd way of doing it. If we were to interpret the Opposition's proposal in this way, today's average petrol price figures quoted from the same source as they used, PetrolPrices.com, would mean that the fuel duty stabiliser would put an immediate 5.5p on the price of unleaded fuel. If such a mechanism were introduced in the future, there would be potential for significant gaps in the public finance forecast.

It is clear that these proposals are populist. They would not work in practice, they achieve the opposite of what they claim on the tin, and they do not achieve stability at all. They achieve unreliability and great volatility. I therefore hope that the House will vote against them.

Stewart Hosie: The Minister has spoken for some time. In her usual generous way, she explained the Government's position carefully. At the beginning she spoke about persistence. That is correct. We recognised that there is a problem. She also criticised the concept, and at one point spoke about trying to manipulate commodity prices. The price of oil, the commodity, may drive the policy, but there is no attempt at all to manipulate the commodity price. The amendment is designed to smooth out the price at the pump as a consequence of movements in commodity prices.

The Minister also spoke about VAT. We have not spoken of a VAT windfall. We have spoken of a value equivalent to the increase in VAT, which would be generated by an increase in the price at the pump. That is a perfectly reasonable measure to use.

The hon. Member for Taunton (Mr. Browne), who speaks for the Liberals, made a number of spurious claims. He ignored the ability to reset the baseline, which was vital. He chose a starting point for his example which, if not random, was certainly chosen to—

Mr. Alan Reid: Will the hon. Gentleman give way?

Stewart Hosie: No. I am criticising his hon. Friend.

Mr. Reid: It was my calculation.

Stewart Hosie: If it was the hon. Gentleman's calculation, he should have known better. I am going to rush through this quickly.

Sir Robert Smith: Will the hon. Gentleman give way?

Stewart Hosie: No. Sit down.

The Second Deputy Chairman: Order. The hon. Gentleman must remember that it is my task to decide whether hon. Members are allowed to stand up or sit down in the Chamber.

Stewart Hosie: Thank you, Sir Michael. *[Interruption.]* The hon. Member for Argyll and Bute (Mr. Reid) indeed chose a rubbish starting point.

I recognise that, as the Minister said, the price cannot be fully stabilised. The argument is that it is simply smoothed out. The Government's other argument was that it would be difficult to determine whether a change

[Stewart Hosie]

was a spike or a structural change in the price. The whole point about setting regular dates when the measure would be revisited—and about allowing for that flexibility—is to ensure that we identify whether there is a real spike, an upward trend or a systemic or structural change to the price.

We need to do something about the issue and take action. I have heard the criticisms and arguments from the Exchequer Secretary and her hon. Friends, because she, too, has been persistent for many years. However, in the absence of a Government alternative or, even, any recognition of the real difficulties for families, businesses and hauliers, I beg leave to press my amendment to a Division.

Question put, That the amendment be made.

The Committee divided: Ayes 15, Noes 310.

Division No. 125] **[5.5 pm**

AYES

Davies, Mr. Dai
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Hancock, Mr. Mike
Hosie, Stewart
Llwyd, Mr. Elfyn
MacNeil, Mr. Angus
McCrea, Dr. William
Robertson, Angus
Robinson, rh Mr. Peter
Simpson, David
Taylor, Dr. Richard
Weir, Mr. Mike
Williams, Hywel
Wilson, Sammy

Tellers for the Ayes:
Pete Wishart and
John Mason

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Field, rh Mr. Frank
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hancock, Mr. Mike
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffatt, Laura
Mole, Chris
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mullin, Mr. Chris
Munn, Meg

Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Rammell, Bill
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Salter, Martin
Sanders, Mr. Adrian
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheridan, Jim
Short, rh Clare
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watts, Mr. Dave
Whitehead, Dr. Alan
Williams, rh Mr. Alan
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Steve McCabe and Barbara Keeley

Question accordingly negatived.

Mr. Alan Reid: I beg to move amendment 5, page 10, line 39, at end insert—

'(8A) After section 14F insert the following—

"14G Remote rural fuel discount scheme

(1) The Treasury shall by regulations provide for the introduction, by no later than 1 April 2010, of a remote rural fuel discount scheme.

(2) The purpose of the scheme is to provide a rebate on road fuel duty at qualifying retail outlets in qualifying areas to reduce the premium paid for fuel in such areas over the national average.

(3) Qualifying retail outlets under subsection (2) are outlets located in qualifying areas meeting any criteria as defined under subsection (4).

(4) Qualifying areas are remote rural areas as may be defined by regulations under subsection (1).

(5) Regulations under subsection (1) may—

(a) specify the amount of the fuel duty rebate;

(b) define 'remote rural areas';

(c) define qualifying retail outlets, including any restriction;

(d) specify how the rebate is to be applied, including—

(i) authorising HMRC to define procedures and conduct audits, and

(ii) how any administrative costs are to be defrayed;

(e) provide for it to be an offence for a person fraudulently to supply or sell rebated fuel other than as prescribed by these regulations;

(f) provide for a system of registration of eligible retail outlets; and

(g) provide for the scheme to be administered in Scotland by the Scottish Executive, in Wales by the Welsh Ministers and in Northern Ireland by the Northern Ireland Executive."'.

I am delighted to move amendment 5, which stands in my name and that of several of my hon. Friends. Hon. Members will notice that this amendment is similar to amendments that have been tabled by hon. Friends on the Liberal Democrat Benches in previous years, and I make no apology for returning to the subject this year. The aim of the amendment is to tackle the continuing unfairness of the fuel premium that drivers have to pay in remote rural areas. This serious problem has a severe impact on the economy of those areas on the mainland and on all our islands.

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP): The hon. Gentleman will be aware that, in constituencies such as mine and his own, we pay more tax per litre of fuel than in any other part of the United Kingdom. That anomaly should not continue, and a fuel duty regulator is urgently needed by our island communities so that our taxes can be fair, equal and level across the country.

Mr. Reid: The hon. Gentleman is absolutely right to say that his constituents and mine pay more tax on our fuel than people in the rest of the country. The way to tackle that is through the proposal in our amendment for a rural fuel discount.

People who live in remote rural areas suffer a triple whammy on their fuel. First, by necessity, they have to travel long distances. Secondly, the price of fuel is higher than in urban areas. Thirdly, there is a complete lack of public transport. The premium that people in remote areas have to pay for their fuel varies. I will give some examples that compare the prices in my own constituency with those charged in Glasgow. Close to the eastern boundary of my constituency, which is closer to Glasgow, the price tends to be 1p or 2p a litre higher than it is in the city. Moving to the furthest part of the mainland from Glasgow, the price differential around Campbeltown, down at the tip of the Kintyre peninsula, was 6p a litre more than in Glasgow the last time I checked. The price tends to be even higher at some of the small filling stations in the more rural parts of the mainland.

On the islands, the price differential in Rothesay on the Isle of Bute was 5p a litre when I checked recently. That is bad enough, but the price differential becomes far larger on the Atlantic islands. On the larger islands such as Mull and Islay, the price of fuel is usually about 15p a litre higher than in Glasgow, and as much as 30p higher on smaller islands such as Coll and Colonsay. That price differential, which has to be paid by local

[Mr. Allan Reid]

people going about their ordinary daily lives and by local businesses, makes daily life and running a business much more difficult in those areas.

Mr. MacNeil: I am grateful to the hon. Gentleman for giving way again; he is most kind. When I first raised this issue with the Treasury three years ago, I was told that if a fuel duty regulator such as that proposed in the amendment was brought in for the islands, people would travel from places such as Glasgow to buy fuel in Stornoway, Benbecula or Barra. That was clearly nonsense, and the hon. Gentleman's proposal represents at least a step towards the kind of parity that is sadly lacking at the moment, as we can see from his figures.

Mr. Reid: The hon. Gentleman is absolutely right. The Treasury has certainly used that argument in relation to the mainland, although even Treasury Ministers have not tried to argue that that would be the case for the islands. I will describe later how that supposed pitfall can be overcome on the mainland. Clearly, no one would pay the extortionate fares charged by Caledonian MacBrayne to go to the islands in my constituency.

Mr. MacNeil: It has got better with RET and the SNP.

Mr. Reid: The hon. Gentleman is tempting me, but he knows perfectly well that the Scottish Government treat my constituency much less fairly than his. However, I shall return to the subject of the debate before you intervene, Sir Michael.

In remote areas, the car is an essential, not a luxury. Let us consider the purpose of the high fuel duty. One argument that the Government put forward is that it is designed to encourage people to change their behaviour and to use public transport instead of their cars. However, that fails completely in remote rural areas because of the complete lack of public transport alternatives. No environmental purpose would be served by local councils in remote areas subsidising more buses, because they would be running with only one or two passengers, and a couple of passengers on a bus are clearly a great deal less environmentally friendly than people using a car.

John Thurso: Is my hon. Friend aware that Royal Mail, in its pre-privatisation mode, has slashed post bus services in many of our constituencies? As a result, there are now no post buses, and no bus services of any kind, on the north coast of Scotland.

Mr. Reid: Royal Mail is also removing two post bus services in my constituency, on the islands of Colonsay and Lismore, thus causing more difficulties for local people and visitors alike.

To add insult to injury, as well as paying a higher price for their fuel, people pay more to the Exchequer in tax because the higher price means that VAT is higher as well. A basic principle of taxation is that it should be equitable, but it is clearly not equitable for an area to pay more VAT than is paid in other parts of the country. What makes the position even more perverse is that fuel costs are lower in areas with public transport alternatives than in areas with none.

Dan Rogerson (North Cornwall) (LD): My hon. Friend is making a strong case. As he has pointed out, a key element of the problem is that it is harder to run businesses and other services in some rural areas. Although some may view such areas as prosperous, wages are often very low, and the economy is under threat for all sorts of other reasons.

Mr. Reid: I am not sure whether my hon. Friend has been reading my speech over my shoulder, but I was about to make that very point. In the highlands and islands, incomes are much lower than in the rest of the country, but the Treasury is asking people there to spend far more on fuel and to pay more tax on it. Fuel represents a greater share of disposable income in the highlands and islands in the first place.

The purpose of amendment 5 is to identify a workable solution to the problem: reducing the premium that people are paying for their fuel in remote rural areas. On previous occasions, the Chancellor and other Treasury Ministers, including the Exchequer Secretary, have expressed sympathy and a desire to look at the evidence. As a result, my hon. Friend the Member for Caithness, Sutherland and Easter Ross (John Thurso) produced a paper, a copy of which I have with me. My hon. Friend circulated the paper, sending it to, among others, the Chancellor, and the amendment is based on it.

Scottish national statistics include what is described as the eightfold urban-rural classification, which is shown on a map in my hon. Friend's paper along with the definitions. I understand that similar definitions exist in other parts of the United Kingdom. The Treasury could use various classifications depending on exactly where it wanted to target the scheme, but in Scotland I should prefer it to include all the islands as well as two of the mainland classifications: very remote rural areas with a population of under 3,000 and more than a 60-minute travel time to a settlement with a population of over 10,000, and very remote small towns with a population of between 3,000 and 10,000 and more than a 60-minute travel time to a settlement with a population of over 10,000. Other definitions could be used, however, and the amendment allows the Treasury to define the area to be covered by the scheme in regulations.

So it is perfectly possible to define the area to be covered by the scheme, but we also need—and the amendment provides for—a simple method of passing the tax rebate through the system. To do that, we need only designate the retail filling stations. Different filling stations would be eligible for different levels of discount depending on where they were situated. Obviously, a far higher discount would apply on islands than on remote parts of the mainland.

5.30 pm

All motorists using those filling stations would benefit, whether they be locals, tourists or people visiting on business. The scheme works for all of them. If we agree that retail petrol stations are to be designated, all that will then be required is a robust system with an audit trail to ensure that the rebate is passed to the consumer and is accounted for in a way that ensures that there is no fraud. My hon. Friend's paper uses the VAT system to ensure that. There are details in the paper. I will not go through them all today but that paper has been made available to the Treasury and was circulated to any hon.

Member who was interested. The paper provides for a robust audit to ensure that the rebate arrives at the pump and benefits the motorist at the pump.

In previous discussions the major criticism that Treasury Ministers have always made of the scheme is on the issue of cross-border exploitation. They expressed the fear that motorists might cross a border to get cheaper fuel, but those who know the geography of remote rural areas—

Mr. Michael Moore (Berwickshire, Roxburgh and Selkirk) (LD): I wish *The Telegraph* did.

Mr. Reid: As my hon. Friend says, *The Daily Telegraph* clearly does not. That perhaps indicates that people based in London often do not understand the daily problems of life in the highlands and islands of Scotland.

The fear has been expressed that someone might cross a border to get cheaper fuel.

Mr. Carmichael: I think that the point about borders needs to be nailed down. In my case, if someone is to cross the border to get to Shetland, it is going to require a 12-hour ride on a ferry from Aberdeen, and the petrol would probably still be more expensive than in Aberdeen. How many people does my hon. Friend think are likely to cross that border?

Mr. Reid: The answer is zero. No one is going to take the ferry from Aberdeen to Orkney or Shetland to benefit from cheaper fuel. The same would clearly apply to any ferry journey. Even with the cheap ferry fares to the Western isles that people can pay now, it would not make sense for anyone to travel there for that reason, and certainly not in the case of the extortionate ferry fares that the Scottish Government charge to my constituency.

Sir Robert Smith: If the amendment were passed, at least the tourists who travelled to that area would face the same costs as they would if they chose to be a tourist elsewhere in the country. It would be fairer for the economy of the area in developing its potential as a tourist destination.

Mr. Reid: My hon. Friend makes an important point. At the moment, tourists are often put off returning to remote rural areas. When they get there, often they express outrage at the cost of fuel and say that they will not come back, despite the beautiful scenery. As for the islands, there is no argument that the scheme could be defrauded.

Mr. David Drew (Stroud) (Lab/Co-op): The hon. Gentleman is making a good point. Does he accept that one of the problems for those of us who represent rural areas is that petrol companies already offer a highly differentiated system of charging to individual garages or petrol stations. I would want some assurance that those petrol companies would operate with total transparency, so that we then knew what they expected motorists to pay. In my area I have one garage, which just happens to be within the area of Cheltenham, that is able to offer fuel at a much lower cost than that charged by every other local garage, and that cannot be fair.

Mr. Reid: The hon. Gentleman is right and I thank him for that intervention. The paper that my hon. Friend the Member for Caithness, Sutherland and Easter Ross has written goes into such charging in detail and makes it clear that there must be a detailed audit trail to make sure that the discount is passed on to the motorist at the pump.

As for the mainland, attempts to commit fraud there would be similarly impractical. The important point about our scheme is that the fuel discount would be set at such a level to reduce the extra costs that motorists are paying at the pump compared with urban areas, but it would not eliminate them entirely. Therefore, the price of fuel would still be slightly higher in remote parts of the mainland than in urban areas but the current obscenely large differentials would cease to exist. As a result, there would be no point in a motorist travelling a long distance—from Glasgow up into the highlands, for instance—to buy fuel, because it would still cost them more in the highlands than in Glasgow. However, those travelling to remote areas would benefit in any case, and tourists would be more likely to return rather than being put off from doing so by the current high fuel prices.

In the amendment, proposed new subsection (5)(g) provides for the Treasury, after it has agreed to the scheme, to devolve it and permit the Scottish Government, Welsh Assembly Government and Northern Ireland Executive to operate it in their own jurisdictions.

This workable scheme tackles a genuine and serious problem—remote rural areas suffer from high fuel prices, and have no public transport alternatives. It is clearly ridiculous and unfair that people in those areas pay more tax on their fuel than people in urban areas. The amendment would right an obvious wrong, and I urge the House to support it.

Mr. Gauke: I am grateful to the hon. Member for Argyll and Bute (Mr. Reid) for tabling this amendment. Such discussions are, it is fair to say, a regular event for those of us who have dealt with a few Finance Bills; indeed, I sometimes wonder whether it is a constitutional obligation that we debate a remote rural fuel discount scheme during our deliberations on the Finance Bill. Such debates provide a good opportunity for some Members to highlight what is clearly an important issue for the areas that they represent—the higher fuel prices that their constituents experience. I also recognise that in many remote rural areas public transport is very limited. Some people work in areas where using their own vehicles is a necessity—and they are very often vehicles that are not as efficient as others, because they are dual-purpose. For those reasons, it is understandable that Members should wish to highlight this issue.

I have some concerns, however; again, I think it is part of the routine on these occasions for both the Government and the party aspiring to government to raise one or two practical concerns, and I shall do so during the course of my brief remarks. One thought that crossed my mind is that, essentially, what the hon. Gentleman and the other supporters of the amendment—including those on the Liberal Democrat Front Bench—want to do is manipulate the price paid at the pump in order to bring down the price in remote rural areas. I do not support that idea, because the way that such things

[Mr. Gauke]

are done is by reducing tax, but—unless I am missing something—based on the logic of what we heard in the previous debate, presumably there are some who think that this is an attack on the free market. As I have said, that is not my position, but I look forward to hearing the comments of the hon. Member for Taunton (Mr. Browne).

Mr. Carmichael *rose—*

Mr. Gauke: I shall give way to the hon. Gentleman. I am not sure whether he was present for the previous debate, but if he was, he will have heard that any attempt to lower the price paid at the pump is an attack on free markets.

Mr. Carmichael: I was present for the contribution of my hon. Friend the Member for Taunton (Mr. Browne); in fact, I am distraught that the intervention I made on the hon. Gentleman himself had so little impact that he has forgotten it already. What I wish to say to him now, however, is that there is a distinction to be drawn between a properly operating free market, which is what we were talking about earlier, and a failed market, which is the case with fuel prices in the highlands and islands. Does he agree with his colleague in the Scottish Parliament, Alex Johnstone, who in a debate a few weeks ago, said:

"I assure members that we are not opposed in principle to the proposal in the motion"—

that is the same principle and the same sort of proposal as is before us today—

"and will not oppose it."—[*Scottish Parliament Official Report*, 30 April 2009; c. 16931.]?

Mr. Gauke: First, I seek the hon. Gentleman's forgiveness for failing to remember that he made an intervention that, on second thoughts, I realise was memorable. Secondly, we will not oppose the amendment, just as we have not opposed this proposal in any of the previous years when it has come up. We are not persuaded by the amendment, so we shall abstain—assuming that the hon. Member for Argyll and Bute presses it to a Division—but that is consistent with the comments made by my friend in Scotland.

Mr. Jeremy Browne: I am being provoked by the hon. Gentleman. Is there not a distinction between believing that it is not suitable to set oil prices for the whole country in a Whitehall Department, which is what I understood him to be arguing in the previous debate, and this amendment, which recognises that additional costs are incurred in sparsely populated areas? The same recognition applies to the greater sum given per pupil to small primary schools in remote rural areas because of the lack of critical population mass. That is nothing to do with free markets; it is just a realisation of the difficulty in providing for low-density populations.

Mr. Gauke: I do not want to go back over the whole of the previous debate, but I do not accept the hon. Gentleman's contention that our policy on the fuel stabiliser was about setting a price. I do not think that having a rural fuel discount undermines the free market; that is not my argument. I simply think that some of his comments do not make it entirely easy to distinguish between those two things.

Mr. Drew: The hon. Gentleman will have heard my earlier intervention. The problem in rural areas is that this is not an argument about a discount; it is an argument about a premium that monopolistic petrol companies can exact, not only in isolated rural areas but in all rural areas. There is no competition, because those companies set whatever price they set, and people can do nothing about it. I have talked to countless proprietors of petrol stations and they tell me that there is no negotiation and no competition, because they are set a target and that is what they have to face. That is unfair.

Mr. Gauke: The hon. Gentleman is on to a very important practical point—which is also one of the potential difficulties with any kind of rural discount, because of course price is set by supply and demand. Whatever discount we provide on the fuel duty the supply will essentially be the same, and it will be one calculation. That is a practical point that is well worth considering.

Mr. MacNeil: The argument here is about equitable taxation. There are two parts to the taxation on a litre of fuel—duty and VAT. The argument for our rural fuel derogation is that it would ensure that the higher tax being paid in such areas was reduced, so that the tax was equitable—or at least as close to equitable as we could get it—across the UK, instead of people in rural places, particularly islands such as those that comprise my constituency, paying more tax on a litre of fuel than anyone anywhere else in the UK.

Mr. Gauke: I can fully understand the hon. Gentleman's concern, and he is right to press this particular case. I anticipate that the Minister will make the following point, but I shall bring it into the debate a little earlier than I intended. Other products have regional variations in price—*[Interruption.]* Well, the VAT applies at the same rate, but may I briefly discuss the example of alcohol? The price of a pint of beer is considerably higher in London than in some other places. The argument that can be made—*[Interruption.]* Let me complete my point. I am not making this argument in my capacity as a Member of Parliament for Hertfordshire, where beer prices are higher than in some other parts of the country. One could, however, make the argument—to follow it to its logical extreme—that people pay more for beer in London and the south-east, so the taxation system should provide a London discount. I hasten to add that I do not advocate that approach, but it is a point worth addressing.

5.45 pm

Danny Alexander (Inverness, Nairn, Badenoch and Strathspey) (LD): Does the hon. Gentleman realise how offensive the comparison that he has just drawn is to my constituents? Petrol is a necessity of life in the highlands. I come from an area where a car is a necessity, not a luxury. People can choose whether to drink a pint of beer according to their own preferences: the ability to get in their car and drive to work is a necessity. I hope that the hon. Gentleman will withdraw that comparison, because it is grossly offensive.

Mr. Gauke: I would be surprised if the good people of Inverness were quite so easily offended—*[Interruption.]* I dare say that hon. Members are composing their

letters to the newspapers already. We heard last night from the hon. Member for Taunton about the importance of the alcohol industry, but of course alcohol is not a necessity in the same way as petrol. However, if hon. Members are arguing that there should be no regional variations in prices, we run into difficulties. I appreciate that there are particular difficulties with fuel prices in rural areas, and they can form a large part of an individual's expenditure, but it is only reasonable to point to regional variations in other goods, too.

John Thurso: I wish to assist the hon. Gentleman on the reaction that he may anticipate in tomorrow's papers. The point that he is making was made from the Dispatch Box by a former Economic Secretary to the Treasury three years ago, and there was outrage. The hon. Gentleman has, sadly, reprised that ill-advised comment, and that will probably result in similar outrage in the *John O'Groat Journal and Caithness Courier*.

Mr. Gauke: I appreciate that part of the routine of these occasions is for hon. Members to contact their local press as this matter is about to arise. Then the Government and the official Opposition raise one or two gentle queries about whether the policy is necessarily workable, and that is treated as highly offensive.

Mr. Carmichael: The hon. Gentleman has misrepresented the situation. He said that Liberal Democrats thought that there should be no regional variation in prices. That is manifestly not the case, as I suspect he knows. The argument is being made, first, that this is a special case because fuel is such a pressing necessity in such areas. Secondly, the regional variation in fuel prices is now extreme. In the most densely populated parts of my constituency, petrol is about 15p a litre more than it is on the mainland. Will the hon. Gentleman address those points, instead of setting up false premises in order to knock them down?

Mr. Gauke: The hon. Gentleman is quick to take offence. I am merely seeking to tease out some of the arguments that hon. Members are making. I merely raised the issue of other regional variations, and I am grateful for his acceptance that there will always be regional variations. Perhaps I can best describe the position of those who tabled the amendment by saying that they are trying to iron out some of the spikes. That is a perfectly understandable objective.

Let me turn to the technical points. When this issue is raised every year, it is striking that very little detail is set out as to what constitutes a remote rural area. I know that that matter would be decided under regulations, but further detail would be helpful—*[Interruption.]* For the benefit of the *Official Report*, I should say that a map is being held up on the Liberal Democrat Benches. We have heard no details about what the population of such an area would be, or the land mass—*[Interruption.]* I am hearing comments from a sedentary position, but there is nothing in the amendment other than a statement that regulations will specify the details. There is nothing for the Committee to rely on.

Mr. MacNeil: May I help the hon. Gentleman by suggesting that one definition that could be considered would be "land surrounded by water"? That would be quite a simple area to define.

Mr. Gauke *rose*—

Mr. Greg Hands (Hammersmith and Fulham) (Con): The whole country is that!

Mr. Gauke: As my hon. Friend points out, the whole country is surrounded by water. I think that I understand where the hon. Member for Na h-Eileanan an Iar (Mr. MacNeil) is coming from: obviously, his constituency is a place surrounded by water. I do not know whether, if he put that definition to all hon. Members in the Chamber, they would accept it—but I suspect not. We are faced with an amendment that does not give us the details. We do not have an estimate of what the costs would be. We will not oppose the amendment, but, as it still represents a largely unknown quantity, hon. Members still have some way to go to persuade us to support it.

Mr. David Heath (Somerton and Frome) (LD): I want to speak mainly so that I can demonstrate that this is not purely a Scottish issue, despite the eloquent proposition put forward by my hon. Friend the Member for Argyll and Bute (Mr. Reid). This matter affects rural communities across the country, albeit in different ways, although it is demonstrated in its most extreme form in the sort of communities represented by my hon. Friends who have already contributed to the debate. That is particularly true for the island communities and the very remote areas in Scotland where the population density is extremely low.

I want to impress on the Committee the problems that each of our rural areas have due to the premium on fuel, as has been demonstrated by the hon. Member for Stroud (Mr. Drew), and the necessity to use cars to carry out normal business. It is quite impossible for people in my Somerset constituency to use public transport to get to work because there is simply no system that allows them to do so. In my village, there is one bus a week. A person cannot ask their employer if they can attend only once a week, on the day that the bus runs, and expect to hold down a job. That shows the difficulty for people in my area. Of course, most couples and even families have to go to several destinations, because there is not one place that is a convenient provider of employment to which people can drive from a village or a very rural area. That means that some families need several cars—certainly two, and sometimes more—to allow their members to get to work or school, or to carry out all aspects of their normal lives.

Mr. Roger Williams (Brecon and Radnorshire) (LD): My hon. Friend is making a point that I was going to raise. Even when their incomes are low, families in rural areas need two cars because there is no public transport. That means that their dependence on petrol is even greater than that of more affluent families.

Mr. Heath: Absolutely. Another factor in the sort of areas that my hon. Friend and I represent is that income is well below the national average, and the result is that the vehicles that people use are often older and less efficient. A statistic—it might not still be correct—has suggested that the number of cars per household was higher in Somerset than almost anywhere else in the country, and that those cars were also the oldest, because people generally kept one or two old bangers to get them to their various destinations.

[Mr. Heath]

As income in rural areas is low, the price of fuel makes up a much higher proportion of weekly outgoings. People are therefore hit by an additional burden every time fuel duties or prices go up. Such rises have a disproportionate effect on the rural population and on the way in which people in rural areas carry out their business. There is also an indirect effect: it costs more to send delivery vans to local shops and stores. In every way, there is an economic disadvantage that has the price of fuel as a major determinant. The amendment, to which I am a cosignatory, is an attempt to address that basic economic injustice.

Dr. William McCrea (South Antrim) (DUP): Does the hon. Gentleman accept that his argument also applies to people in Northern Ireland? Wages there are also low, and there is no appropriate or widespread public transport system in the Province.

Mr. Heath: I am sure that that is true, and I have observed what the hon. Gentleman has described in many parts of the Province. The problem spreads across England, Scotland, Wales and Northern Ireland, as interventions on even my brief comments have shown.

Although we need to address the economic injustice that I have described, we must also deal with one undesirable outcome of an otherwise desirable policy. I think that we all strongly support the idea that, to help to tackle climate change, we must try to reduce our reliance on cars and our use of fuel. We understand that, but the principle that that can be achieved by adding to the cost of fuel works only if there is a viable alternative. In rural areas, there is no elasticity in the system, because there is no alternative, so raising fuel prices does not encourage people to use their cars less. Instead, it merely encourages them to use more of their wages to carry on as before, which is entirely the opposite of what happens in conurbations and areas with public transport. I strongly believe that we should use fiscal means to discourage car use in areas in which an alternative is available, but it is essential that we accept that such a policy cannot and will not work in rural areas where that alternative is not available.

John Thurso: My hon. Friend eloquently makes the point that using taxation to change behaviour is simply a punishment if there is no way in which that behaviour can change.

Mr. Heath: My hon. Friend is absolutely correct. He will remember that last year, when we were debating the retrospective change to VED, it was argued that, although there was a strong case for using a VED differential, by making it retrospective we would not be changing behaviour—we would simply be taxing the individual more. That was the argument then. Now, the argument is that if the aim is to achieve environmental goods, there are ways to do that, but if a measure does not achieve an environmental good, it simply becomes yet another form of taxation affecting a part of our community that can least afford it—the poorly paid people in rural areas whom we represent.

6 pm

The solution offered by amendment 5 is elegant in many ways. Rightly, not all the detail is written into the amendment. There is supporting material, as my hon. Friend the Member for Caithness, Sutherland and Easter Ross (John Thurso) says, but more definition is required. Arriving at some of the definitions will be quite difficult, especially for an area such as mine, where the population distribution and density are very different from those found in the highlands and islands of Scotland. It is by no means straightforward to translate the intention behind the amendment into reality in parts of England such as my constituency, but the argument is one that we have to make—and we have to make it repeatedly—because the present system is unfair to people in rural areas. It is particularly unfair to the highlands and islands, but it is also unfair to parts of the south-west. We should recognise that it is unfair to the whole of England, Wales and Northern Ireland.

Danny Alexander: It is a great pleasure to follow my hon. Friend the Member for Somerton and Frome (Mr. Heath), who eloquently set out precisely why the measure proposed in the amendment would be of great benefit to people who live in remote and rural areas.

First, I shall attempt to answer some of the points made by the hon. Member for South-West Hertfordshire (Mr. Gauke), because I do not believe that they should be allowed to pass unrebutted. I am sure that others will do the same, perhaps with more humour, but let me have a go. He said at the start of his speech that this subject comes up every year—that it is a hardy perennial. There is a good reason for that: it is a matter of great importance, especially to those of us who represent a part of the country that is in many ways very different from the rest of the country. If he wants the debate to cease, he could assist by encouraging his hon. Friends to vote in the right direction and helping us to persuade the Minister to accept our proposal. If the scheme were allowed on to the statute book, there would be no need to have this debate next year and in subsequent years.

Mr. Gauke: The hon. Gentleman is being uncharacteristically tetchy. As I acknowledged, we have this debate regularly because of the genuine concerns shared by a number of Members. However, every year the Liberal Democrats offer proposals that are pretty sketchy, and they cannot convince many other hon. Members of their case.

Danny Alexander: Our proposal is not sketchy. It is well thought through and carefully analysed. Although I do not want to steal his thunder, I may say that it was set out in the paper that my hon. Friend the Member for Caithness, Sutherland and Easter Ross (John Thurso) prepared last year and circulated—including to Conservative Front Benchers, so the hon. Gentleman has had the opportunity to study it.

Mr. Carmichael: Does my hon. Friend not think it significant that every year, we hear Conservatives' accusations of sketchiness, but year after year, they never feel motivated to do anything themselves to add more detail?

Danny Alexander: My hon. Friend makes an important point. If the Conservatives wanted to support such a measure, they could produce one that they thought would be workable. They have failed to do so over the many years in which Liberal Democrat Members have proposed such measures—

Mr. MacNeil: Not just Liberal Democrats.

Danny Alexander: Indeed. Members of other parties have made proposals. The intervention from the hon. Member for South-West Hertfordshire suggests a complete absence of desire on the part of the Conservatives to produce a measure of their own. It also suggests that they are out of touch with the reality in constituencies such as mine, which those of us who come from the north of Scotland—and, I am sure, those from other rural areas—see as characteristic of his party.

My hon. Friend the Member for Argyll and Bute (Mr. Reid) has eloquently set out the problem that this measure is intended to address, if not fully resolve. Let me add to his evidence some perspective from my own constituency. First, it is worth setting the amendment in context, and an important aspect is that the cost of fuel has clearly been rising even over the last three or four months. The figures given in the AA's fuel prices report show that since January this year, the average price of a litre of petrol has risen in Scotland by 8.6p in comparison with 8.4p across the UK.

These increases have a much more dramatic effect in constituencies such as mine and those of other Members who have spoken in the debate. For example, in Dalwhinnie in my constituency, a litre of diesel—for the benefit of the hon. Member for South-West Hertfordshire, I am afraid I do not have the figures for a pint of beer—is 109.9p, compared with 99.9p in Edinburgh. A litre of petrol is 101.9p in Fort Augustus, compared with 92.9p in Edinburgh. In Carrbridge, also in my constituency, a litre of petrol is 102.9p, which is 10p more than the equivalent price in Edinburgh. Members representing island constituencies have rightly stressed that the differentials are even more severe in the island areas, but the point I want to emphasise through these examples is that there are severe differentials in mainland areas of the highlands, too.

Mr. MacNeil: On a point of information, I add that in Stornoway today, the price for a litre of petrol is £1.03, and diesel is £1.13. I hope that that provides further context for the prices that the hon. Gentleman mentioned.

Danny Alexander: I am grateful for that intervention, as that evidence reinforces my case. I could provide further examples from my constituency, but I believe that I have already made the point.

Alongside the higher costs, we need to consider the impact of not only fuel duty, but VAT. The fact that the price is higher means that, as well as paying more for their fuel, people are paying more VAT. It is not just that the individual faces higher costs; the Treasury is then reaping more benefit from the misfortune of the people who have no choice but to pay these higher prices. That provides yet another reason for those on the Treasury Bench to look positively on these proposals.

Apart from the cost of fuel, this problem is highly burdensome to my constituents. As a matter of course, people living in the highlands and islands and other rural parts of the country have much longer distances to travel. I mentioned Dalwhinnie; someone living there who chooses to commute to work in Inverness faces a daily round trip of about 120 miles—a substantial fuel cost by any measure. It is also worth saying that anyone living in Dalwhinnie who wants to go to a supermarket faces a 60-mile round trip. Just obtaining the basic necessities of life, quite outside the work environment, necessitates a long journey, and in other constituencies the distances can sometimes be even greater. Many tens of thousands of miles can be involved for people just to commute back and forth to work and to go about their daily business—it is not in any way unusual.

My hon. Friend the Member for Somerton and Frome eloquently addressed the third element of the triple whammy of additional costs and pressures in relation to fuel for those who live in remote, rural areas: the availability of public transport. For those who live in Dalwhinnie, there is no local bus service—there is an occasional Citylink coach service, but that requires a two-mile walk on to the main A9 roadway. My hon. Friends who have driven up and down that way from time to time will know that walking from the village to the motorway in any conditions other than the most clement is not ideal. In Carrbridge, there is no local bus service, and in places such as Fort Augustus and Drumnadrochit, a bus every two hours would be regarded as a high-frequency service.

Such frequency or availability of public transport provides people with no realistic alternative to car use for necessary journeys. That is why I said in an intervention that in places such as the highlands and islands, using a car and filling it with fuel is not a luxury but a necessity; it is the only way people can go about their usual business. As my hon. Friend the Member for Argyll and Bute observed, environmental incentives in fuel duty can apply only when a genuine choice or alternative is on offer, and for many of my constituents that is simply not the case. For such people, the environmental incentive argument for fuel duty is not right.

The case for the measure that we propose is accentuated by the current economic situation. We have seen a 75 per cent. increase in unemployment in the Highland council area, and many costs are increasing. For example, on price differentials, the latest rural Scotland price survey showed that food was 11 per cent. more expensive in rural areas covered by Highlands and Islands Enterprise than in urban Scotland. *[Interruption.]* As my hon. Friend the Member for Caithness, Sutherland and Easter Ross rightly observes from a sedentary position, part of the reason for those excess costs is the impact of the fuel price on transporting those goods to village shops and individuals. People are affected not just by the cost of journeys, but by the cost of goods and services.

Mr. Weir: Is there not another corollary: many businesses based in rural areas face higher costs in getting their goods to market? That has a knock-on effect on businesses in rural areas and the attempt to keep employment there.

Danny Alexander: The hon. Gentleman is absolutely right and makes an important point. The issue affects more or less every business in my constituency and, I am sure, in his. The disproportionate cost of fuel has a knock-on effect on businesses and customers. I will not stray from the matter under discussion to talk about the effect on parcel delivery charges, for example, but that is another bone of contention—a hardy perennial perhaps. People rightly feel strongly that the excessive parcel charges they must pay are not justified by the fuel price,

[Danny Alexander]

and that that does not begin to cover the differential. Hon. Members will be aware that research by Highlands and Islands Enterprise shows that fuel accounts for 18 per cent. of the costs of people living in the highlands and islands, compared with 13 per cent. across the country as a whole. That goes some way to show the substantially greater economic burden on the rural communities that I and others represent.

The merits of our proposal are many, and I will not develop all of them at length, although I am sure that the paper written by my hon. Friend the Member for Caithness, Sutherland and Easter Ross could be read into the record if that was felt necessary. First, the proposal offers a clear route forward to applying the principle that we are trying to set out. The Scottish Executive's eightfold urban-rural classification scheme provides a ready, well worked out, carefully thought-through basis on which to apply a discount. English MPs will know that Natural England has produced a similar—it is not precisely the same—classification for England.

6.15 pm

I differ slightly with my hon. Friend the Member for Argyll and Bute in that I think that the discount could usefully be applied to three of the categories. I would add to the two that he mentioned the category of remote rural—areas with a population of fewer than 3,000 people, within a 30 to 60-minute drive of a settlement with a population of 10,000 or more. Even if those three groups in the classification were included within the scope of the application of the proposal, it would still mean that areas lived in by roughly only 3 per cent. of the population of Scotland would benefit from it.

It is worth placing it on record that although the scheme would benefit many of the rural areas in my constituency, the large city of Inverness, which has slightly higher prices than other parts of the country, would not be a direct beneficiary. Last year, I was involved in protracted but successful negotiations with Tesco to persuade it to reduce its petrol price in the city of Inverness, so Inverness has benefited in other ways from Liberal Democrat Members' efforts to reduce the cost of fuel. The scheme would not directly benefit the city of Inverness, but it certainly would benefit the rest of the rural highlands and islands. There is some merit in the suggestion made by my hon. Friend the Member for Argyll and Bute, that starting the scheme in island areas would be a good way to establish the principle and check for fraud and so on—issues that he rightly addressed, but on which I do not intend to focus. That would be a good way of starting the ball rolling.

There are established international precedents for our proposal. Indeed, a derogation from the European Union's energy products directive explicitly allows member states to have differential levels of fuel duty. That power is already exercised by the Governments of France, Greece and Portugal. Each of them has chosen to use the measure to benefit geographically remote, sparsely populated areas that they consider sufficiently important to merit use of the power for their benefit. There is no legal barrier to the United Kingdom Government using the same power—

Mr. Carmichael: Just a political one.

Danny Alexander: There is just a political one, as my hon. Friend says. Indeed, I understand that UK Ministers supported the power to vary fuel duty in the Council of Ministers. I fail to see why, having done so, our Ministers cannot find a way to apply that power in the UK for the benefit of the remote and rural communities of this country. The derogation in the directive allows a maximum differential of 3.54 euro cents on a litre of petrol. Those who follow exchange rates carefully will know that that currently amounts to about 3p per litre. That would make a difference, although perhaps not enough of a difference in many areas. There is a strong case for lobbying, and working within, the European Union to increase the size of the differential allowed. None the less, a differential is allowed.

The measure is fair because the benefit is targeted at a small but important group of people who suffer as a result of a particular unfairness under the current system. The hon. Member for South-West Hertfordshire implied that anyone interested in government would not support the proposal; I think that anyone interested in governing the country fairly would support it, and that is why Liberal Democrat Members—*[Interruption]*—and the whole country support it. Liberal Democrats from not just the north of Scotland, but across the whole United Kingdom, support it. It is proposed not just on sectional, regional grounds, but on the basis of fairness; we think that the measure is the right thing to do for the country as a whole.

Of course, the current economic circumstances reinforce the reason why the measure is important for the country as a whole. It would support an economic stimulus in the highlands and islands. The point has been made that it is not just local people who would benefit from the reduction proposed in the amendment, but tourists visiting the area. Tourism is an important part of the economy in parts of my constituency. In areas such as Badenoch and Strathspey, it is thought to be about 80 per cent. of the economy. Clearly, the measure would help to reduce tourists' costs, and would also help to increase tourism spend in what is already a very popular tourist destination—

Mr. MacNeil: And increase tax revenue.

Danny Alexander: It would therefore potentially increase tax revenue, too; that is quite right. It is worth saying that the cost of the measure would be very low.

Mr. MacNeil: As I said a moment ago in a sedentary intervention, there would be increased tax revenue from greater economic activity. The measure might be revenue neutral or create a larger tax take for the Exchequer, which should probably be grasped with both hands by the Minister.

Danny Alexander: The hon. Gentleman indulges in economic forecasting. There is reason to believe that the measure would bring some benefit by increasing economic activity, reducing the burden on small businesses, putting more money in people's pockets that they could then spend on other things, and supporting the tourism industry. All those things are potentially revenue generators that would help to defray, if not completely offset, the cost of the measure.

I recall that last time we debated the measure, the cost was estimated to be in the region of £20 million to £40 million a year. The lower of those estimates is not

dissimilar from the pension pot for Fred Goodwin that was waved through on the nod, without a moment's consideration, by one of the ministerial colleagues of the Exchequer Secretary, who is not listening. As I understand it, after a brief phone call, the noble Lord Myners decided that a £16 million pension pot for the Royal Bank of Scotland's ex-chief executive was fine. We are discussing a measure that costs—

The First Deputy Chairman of Ways and Means (Sylvia Heal): Order. The hon. Gentleman is straying quite a way in the rural areas mentioned in the amendment.

Danny Alexander: I am grateful for that guidance, Mrs. Heal. The point that I was seeking to make in the context of the overall Government spending of many billions of pounds on an economic stimulus and by highlighting one individual commitment that was entered into by a Minister was that it should be a matter of great ease for Treasury Ministers to support the scheme. It is low cost, simple and fair; it has a strong international precedent; it is the right thing to do; and I urge the House to support it.

Mr. Weir: I shall be brief. We on the Scottish national party Benches will support the amendment tonight, despite the disgraceful failure of the Liberals to support our excellent amendment on the previous vote. We are very forgiving people.

The hon. Member for Somerton and Frome (Mr. Heath) made a good speech and very good points about public transport. When I travel on the train from London to Montrose, I can get a bus from Montrose to Brechin, where I live. That is relatively easy. Recently, my trusty old Honda—that should be rusty old Honda now; I shall certainly go for the Government's scrappage scheme—was in the garage, and I found myself having to get from my home to my offices, which I found difficult.

One of my assistants who lives in Brechin travels to my office in Arbroath. He cannot get in for 9 am, despite those being two of the larger towns in the county. He has to go via Montrose on the bus to Angus college because that is the only public transport available. It is extremely difficult for people to travel around by public transport, even within the main towns. Outwith the main towns, up in glens of Angus—I am sure it is the same elsewhere—there is little or no bus service. Even the intercity buses that travel between the cities will not stop in many of these areas, so one has to make several connections to get to, say, Dundee or Aberdeen. There is a real problem with the few alternatives to public transport, which is why cars are so important in rural areas.

The hon. Member for Somerton and Frome also made an important point about the price of petrol and about petrol stations. In Brechin, there is now only one petrol station, which is attached to a small Tesco store. On the main road that runs from Dundee to Aberdeen, there is another petrol station, but its prices are astronomical because it has a captive audience, so to speak. The map that the hon. Member for Caithness, Sutherland and Easter Ross (John Thurso) produced is very interesting and shows the area that the scheme would cover. Very little of my constituency—only the remoter glens—falls into that area, but that in turn produces another problem. People living in those glens require the benefit of the proposed scheme, but there are no petrol stations.

One point that has not come out of the debate so far is that petrol stations have disappeared from many rural areas. People have to get in their cars not only to go to supermarkets and to commute to work, but to find a petrol station, because they simply do not exist in many areas any more. Many small, independent rural petrol stations have gone—effectively driven out of business by the majors. In my constituency, one will be lucky to find a petrol station that is not run either by Shell or Esso. I believe that there is one Mobil station left, but that is it; the independents have gone. Even under the proposed scheme, there would be a potential difficulty with persuading petrol stations to become involved.

The proposed scheme is good and important, but I have some queries about the wording of the amendment and, for the first time in my life, agree with the hon. Member for South-West Hertfordshire (Mr. Gauke), because proposed new section 14G(5)(c) states that regulations will "define 'remote rural areas'". I understand that point, and papers may be available elsewhere, but I have a horrible memory of serving on the Committee that scrutinised what became the Energy Act 2004. In it, there was a wonderful power defining the area where it would be possible to cap charges for renewable energy. Everybody assumed that that area was the highlands and islands of Scotland and gaily passed the legislation, but we then found that it was not; it was only some of the islands of Scotland. That has been a source of contention ever since, so there is a danger in not defining exactly what one means by "remote rural areas".

I must accept that, apart from the glens, most of my constituency does not constitute a remote rural area. There are difficulties, however, and people in those areas would have to go to other areas to find petrol in the first place. Defining "qualifying retail outlets" would also be a problem because of the lack of such outlets in the remote rural areas that form part of my constituency. The outlets that people use are not in remote areas but in the more populated, coastal area, because that is the only place where one can get petrol in Angus. There are difficulties with the amendment, but that does not mean that we will not support it, because we will.

We have heard a lot about how the situation affects individuals and families, and goods going into the area, and it is true, because the lack of an alternative to road transport means that the price of fuel feeds through to the price of everything. Everything in rural areas costs more because it costs more to transport it there, but, when intervening on the hon. Member for Inverness, Nairn, Badenoch and Strathspey (Danny Alexander), I made the point that it also affects businesses that are based in, and try to transport goods out of, rural areas. Many are food-based, farming or food-processing businesses, and their products have a relatively short shelf life, so they have to move them quickly and pay the costs of doing so. The situation impacts on people's ability to set up, run and maintain rural businesses, which are important in this period of recession, as employment in rural areas is under considerable pressure. We must maintain that employment, so anything that creates greater costs and increased pressure for such businesses is wrong. It is wrong that they face the discriminatory fuel cost before us. For all those reasons, we will support the amendment.

Things are slightly better, however. My hon. Friend the Member for Na h-Eileanan an Iar (Mr. MacNeil) discussed the Scottish Government's wonderful scheme

[Mr. Mike Weir]

for road-equivalent transport, which is doing great things for the western isles. The hon. Member for Argyll and Bute (Mr. Reid) was a bit sniffy about it, but I should remind him that while his party and the Labour party were in power for eight years in Scotland, there was no road-equivalent tariff and no attempt to do anything for any island. The SNP Government have made a real start, and we are making progress.

For all those reasons, we will support the amendment, despite our differences with our Liberal friends.

6.30 pm

John Thurso: When I came into the Chamber to support my hon. Friend the Member for Argyll and Bute (Mr. Reid), I did not intend to speak about the amendment, but I am brought to my feet partly by the comments of the hon. Member for South-West Hertfordshire (Mr. Gauke), and also to say what has happened to my paper since last year.

Let me pick up two points that the hon. Member for Angus (Mr. Weir) made. First, I want to comment on the definition of the area. The map in my paper and the area chosen are used for the Scottish Executive's definition and are available on their website. They are also used for a variety of Government definitions. If the amendment progressed to Committee, it is an accepted convention of the House that Members can work on the assumption that any paper supporting secondary legislation broadly outlines the scheme. That happens when the Government publish notes to secondary legislation that might be introduced. By producing a detailed paper, which can say far more than the limited wording of an amendment, I hoped that there would be sufficient detail to satisfy hon. Members who took an interest in those points.

The second point was the availability of rural filling stations, about which the hon. Gentleman is right. If one drives along the coast of Caithness, Sutherland and Easter Ross, one sees many abandoned filling stations which no longer serve fuel for many reasons. However, I deliberately chose a tight area to exclude any accusation that petrol stations that did not charge the premium might be included. I therefore acknowledge that the remedy for the injustice to those who suffer from a premium will apply only to the remoter areas. Other areas on boundaries will not benefit. I make no apology for that because I would rather get something for those most in need than try to satisfy everybody.

The hon. Member for South-West Hertfordshire and I served together on the Treasury Committee—indeed, I also served with the Exchequer Secretary. Both are reasonable Members and I will therefore try a reasoned approach. The hon. Gentleman said that our amendment was sketchy. Last year, when I wrote the paper before tabling an amendment, which was similar to the one that my hon. Friend the Member for Argyll and Bute has tabled today, I circulated it to Conservative Front Benchers, wrote to the Chancellor and raised the matter in Committee and elsewhere. The paper was deliberately framed to answer questions that had been asked on many previous occasions about lack of detail. The amendment would enable Ministers to take the appropriate action and the paper proposes a reasoned scheme for achieving that. The paper defines the area and the number of people, and touches on cost. Our paper cannot, therefore, be accused of being sketchy. Perhaps the research of the hon. Member for South-West Hertfordshire was a little sketchy.

I was grateful for the sympathy with which the Exchequer Secretary and her colleagues received my entreaties and for our interchange. Unfortunately, it resulted in the Treasury's saying no—not a wholly unexpected result. Nevertheless, I am grateful for the progress of having a good discussion. The Treasury said no for two reasons: the cross-border issue and the complexity of the administration. I believe that my hon. Friends have already addressed the cross-border issue. We are talking about reducing a premium. However, the premium will always exist; therefore, it will never make sense for anybody to drive into an area where there is a premium and pay more for their petrol. No one will be encouraged to do that. The situation is quite different in Northern Ireland, where there are two wholly separate prices. I would ask the Exchequer Secretary's officials to look into that point.

The other point is about the administration of the scheme. I believe that, without having written an entire financial accounting system, I have put forward a relatively straightforward scheme, in which the VAT system could be used to operate our proposal to ensure that any rebate given, via the wholesaler to the petrol station, would have to go to the individual motorist. I still believe that to be a sensible and viable way forward and, frankly, no more complex than many schemes run by the Government in other areas.

Mr. MacNeil: What the hon. Gentleman is really saying is: "Where there's a will, there's a way." It will be noted in the highlands and islands of Scotland that, when it comes to the difficulties with rural fuel, there seems to be no will from this Labour Government.

John Thurso: I am not sure that the hon. Gentleman expects me to answer that, but let me say that I have always been a far more charitable animal than his colleagues. I am therefore willing to believe in the Government and hope to the last that the natural justice of our cause will, after years of perseverance, be rewarded.

Mr. Carmichael: Thank you for allowing me to take part in this debate again this year, Mrs. Heal.

We are discussing the one issue that has generated more correspondence and representations to me in the years that I have been in the House than any other. It is an issue that underpins just about everything that happens in island communities such as those that I represent. I make no apology for returning to the issue year after year. The hon. Member for South-West Hertfordshire (Mr. Gauke) said that we had acquired some constitutional status. I just hope that it will help us come to a resolution, because believe me, Mrs. Heal, we will keep coming back to this debate until something is done. If hon. Members cannot be bothered to listen to a bunch of teuchters going on about the cost of fuel every year, there is a perfectly simple remedy: they can do something to solve the problem.

As others have remarked, the hon. Gentleman made an accusation of sketchiness, which is one that must be addressed. I do not accept that accusation, for reasons that have been outlined eloquently and in detail, most

recently by my hon. Friend the Member for Caithness, Sutherland and Easter Ross (John Thurso), but let us take it at face value. We hear that accusation year in year out from the Conservatives; and year in year out, that is their only contribution to this debate. The conclusion that I draw, as will many of my constituents and many across the highlands and islands, is that the Conservatives make that contribution because they cannot be bothered to do anything more.

If, by some electoral freak, the next general election results in the Conservatives on the Opposition Benches replacing the conservatives on the Government Benches, absolutely nothing will change in the highlands and islands. There is no more political will among the Conservatives than there is among the Government to do anything about the problem. If I am wrong about that and if the hon. Member for South-West Hertfordshire has a plan to address the problem, I will cheerfully give way so that he can intervene. *[Interruption.]* I see no intervention. People will doubtless draw their own conclusions about that.

Mr. Gauke *rose—*

Mr. Carmichael: Before I give way to the hon. Gentleman, let me give him a warning: his words will be taken down and may be used against him.

Mr. Gauke: I am grateful to the hon. Gentleman for giving way. As I made clear in my initial remarks, hon. Members have a legitimate cause for concern. I make no criticism of the fact that they regularly—and rightly—raise the matter, but we would assist if they presented an amendment that we thought was more persuasive. We do not object in principle to what they are trying to do, but we remain unconvinced. It is up to him and his hon. Friends to set out a more detailed amendment that we could support.

Mr. Carmichael: I am extremely grateful to the hon. Gentleman for that highly telling intervention. He was asked what the Conservatives would do in government, and he answered by repeating the critique of our proposals that he has already offered tonight. The only conclusion that we can draw from that is that, if the Conservatives were in government, they would do absolutely nothing more. He has been given the chance to tell us what they would do, and he has repeatedly refused to do so.

Mr. MacNeil *rose—*

The First Deputy Chairman: Order. I have allowed some debate on this point, but perhaps we could now get back to the content of the amendment, rather than discussing some future Government's policy.

Mr. Carmichael: Far be it from me to correct the Chair, Mrs. Heal, but I think that the hon. Member for Na h-Eileanan an Iar (Mr. MacNeil) wanted to intervene on me.

Mr. MacNeil: My criticism of the Labour Government also applies to the Conservatives. Where there is a will there is a way, but we are clearly seeing no will from them. The only thing that I would say about the Government is that, when I raised this matter three years ago, their excuses were laughable. Their excuses are getting a little bit better, but they are still hollow.

Mr. Carmichael: Their excuses are laughable, and the joke has worn rather thin for my constituents over the years.

There was a time when I began to think that we were making a small degree of progress on this issue. On 24 April last year, I raised the matter with the Chancellor in Treasury questions. He accepted my argument, and spoke of his own personal experience. He said:

"Having filled up my car with diesel in Lewis just a couple of weeks ago, I am acutely aware of how high the petrol prices are."

He went on:

"I am struck by the variation in petrol prices across the highlands and islands; they vary substantially...the price of diesel seems to vary quite a bit depending on which side of the Minch one is on." [*Official Report*, 24 April 2008; Vol. 474, c. 1461.]

I will return later to the point about stretches of water but that was the Chancellor accepting our argument. It does not get much better than that. The Chancellor accepted that he knew about the problem because he had a family connection with the western isles.

As a result of that exchange, I was offered—and accepted—a meeting, to which I took the hon. Member for Na h-Eileanan an Iar, my hon. Friend the Member for Argyll and Bute (Mr. Reid) and the president of the National Farmers Union of Scotland. I give all credit to the Minister for the conduct of that meeting. It was very open, frank, friendly and constructive. It was held on 4 June, and the conclusion was that Treasury officials would come up with an analysis of the proposal, that proper authoritative work would be done, and that we would then reach some conclusion.

Summer turned to autumn, and autumn turned to winter. On 24 November, the Minister wrote to me. I thought, "Well, this is great. We have waited five and a half months. There will surely be at least three volumes coming our way." Instead, we got a two-page letter that did absolutely nothing other than restate the rather laughable reasons that had been used in the past to block this eminently sensible measure. I felt a bit like a child waking up on Christmas morning and finding only ashes in my stocking.

First, the observation was made that the high price of fuel was

"the result of market conditions, in particular the extra costs involved in transporting fuel to relatively inaccessible locations."

I appreciate that, when viewed from the Treasury, Orkney and Shetland might seem like an inaccessible location, but is the Minister really telling us that the 15p a litre premium that is paid by my constituents is simply down to transportation? I do not believe that nonsense, and an instance recently brought to my attention refutes it.

6.45 pm

For some time, fuel has been supplied to us in Orkney by a company from Caithness. It is taken from Gill's Bay, on the less fashionable side of the Pentland Firth, to St Margaret's Hope in South Ronaldsay, on an open deck in a road tanker. For some time that option was not available, so the company in Caithness took it in a tanker from Caithness down to Aberdeen, put it on a ferry and took it to Orkney. It was able to do all that at a price lower than that charged by the local supplier. Surely we can all now accept that whatever the reason for the increased price of fuel in my constituency, it is nothing to do with road transport.

The Minister made two more points in her letter. I hope that she will explain the basis of her thinking, because what we see in these letters is not a reference to the substantial work that we were promised, but merely the politics of assertion. She wrote that a fuel duty rebate was

"likely to increase the amount of duty lost through fraud"

I must say that I am less than impressed with the slight to my constituents—

"by creating greater opportunities and incentives for false accounting or fuel smuggling."

The Minister offered no evidence in support of that assertion, although she had five and a half months in which to come up with it. When she responds to the debate, will she undertake to place the evidence that she acquired over those five and a half months in the House of Commons Library? We shall wait to hear what she has to say.

The second point that the Minister made in her letter was:

"Having different duty rates in different areas could well create perverse incentives for motorists to drive further in order to fill up on 'low-duty' fuel, both distorting the fuel market and resulting in an increase in CO_2 emissions, contrary to the Government's policy of seeking to reduce polluting emissions."

I consider that to be the most illuminating example of Treasury thinking that we have seen so far. The Minister honestly presents to us, and expects us to take seriously, the proposition that someone will embark on a 12-hour ferry journey from Aberdeen to Shetland in order to buy petrol that will still be about 10p dearer than it would have been in Aberdeen. That is obviously the way the Treasury's mind works, and when we understand that, we understand why the economy is in the mess that it is in today.

My hon. Friend the Member for Inverness, Nairn, Badenoch and Strathspey (Danny Alexander)—who, unfortunately, is no longer in the Chamber—referred to the impact of high fuel costs on prices, which I think is widely accepted. There is, however, an even wider impact. The higher prices paid by people in our communities make living in those communities that much more difficult. As a consequence of the increased costs, we see the continuation of population drift—and if there is a single threat to my communities that is greater and more immediate than the high cost of fuel, it is a declining population.

Mr. MacNeil: The hon. Gentleman is making a very good case. People—certainly people in my constituency—recognise that we have had no joy whatever from the Treasury, which fails to realise that tax on a litre of petrol is actually higher. However, my disappointment with the Treasury is matched only by my disappointment with the Office of Fair Trading. I think that, like me, the hon. Gentleman has met representatives of the OFT in the past year. When told of the two types of contract between the island and the mainland, they did not want to investigate at all.

Mr. Carmichael: I have been to the Office of Fair Trading, and its representatives have come to see me. I can tell Members that the only thing one can be sure about is that the Office of Fair Trading is an office. It understands nothing about trading, and it certainly has no concept of fairness. That, however, is a debate for another day, although I could cheerfully hold forth on it for another 20 minutes without drawing breath. I promise that I will not do that, Mrs. Heal. *[Interruption.]* If the hon. Member for Stockport (Ann Coffey) wants me to do it, I will cheerfully do it—no, she is more interested in her BlackBerry. Very wise.

The point about population decline is that, in the present economic circumstances, communities in the highlands and islands, especially the islands, become particularly vulnerable, and the problem becomes particularly acute. As I have indicated already to the hon. Member for South-West Hertfordshire and to others, I am a forgiving man, so I am prepared to offer the Minister one more opportunity tonight—unnecessarily perhaps and perhaps it is unwise to be so generous, but that is the sort of man I am. She can take the proposal seriously. If she has massive problems with defining where to draw lines on maps, let her take the lines that nature has drawn for her. She can start with a scheme that applies to island communities only. Then we will know the truth about the assertions about people driving great distances to get cheap fuel, which costs them more. Then we will know the truth about fraud and duty evasion, and then we will know the truth about the extra costs of transport. Give us a pilot scheme that applies to island communities only. Let us see how that works and do something, instead of just offering the warm words that we have had in the past.

Mr. Jeremy Browne: Thank you, Mrs. Heal, for giving me an opportunity briefly to contribute to this debate, which is important. I am delighted to see so many of my colleagues, who are standing up for the rural communities of the UK. It is notable, I am afraid to say, that, with the honourable exception of the hon. Member for Stroud (Mr. Drew), who has been here for part of our deliberations, no Conservative or Labour MPs feel that it is worth their while defending the interests of rural communities. That is a source of some regret.

I will not rehearse the arguments that have been advanced for amendment 5, because those have been advanced powerfully and passionately by a number of my hon. Friends. I congratulate my hon. Friend the Member for Argyll and Bute (Mr. Reid) on again raising this important subject and my colleagues representing constituencies in Scotland, England and Wales, who have all championed the interests of their constituents so persuasively and made a robust but highly considered case to the Treasury Minister.

I do not think that anyone is claiming that the amendment has every final detail in it. That is not the intention, but it provides a valuable framework by which the Treasury could progress. The Treasury would have to put its mind to how things would work in practice, but it has been ably assisted in that task by the contributions of my hon. Friend the Member for Inverness, Nairn, Badenoch and Strathspey (Danny Alexander), who spoke about how it would work in practice and even put figures on the number of people who would be able to benefit from the proposals.

My hon. Friend the Member for Caithness, Sutherland and Easter Ross (John Thurso) has spoken on the subject many times and even produced a detailed report explaining how the proposal could work in practice. We have also heard from my hon. Friend the Member for Orkney and Shetland (Mr. Carmichael), who put more

flesh on the bones, so I do not think it is fair for either Conservative Front Benchers or Treasury Ministers to claim, as they do, I am afraid, that this is an empty amendment. It inevitably provides a framework, because that is the way these proposals are often tabled, but behind it is a large amount of work that we have happily volunteered and are continuing to volunteer to the Treasury. We hope that its finest minds will be put to work to ensure that the scheme can be implemented.

For all the reasons given by my hon. Friends, this is a point of not only great economic importance but great sensitivity in rural communities throughout the UK. It is essential that all parties try to come up with a workable scheme that satisfies the legitimate requirements that have been persuasively articulated by my hon. Friends throughout the deliberations on the amendment.

Angela Eagle: We have had a passionate debate, and it is right that I should begin by acknowledging the genuine issues surrounding the fact that cars are a necessity in remote rural areas. No one in their right mind could think otherwise. Some rural areas are not served by regular bus routes, so having a vehicle, and having access to petrol with which to run it, can be seen as a necessity. I also acknowledge the worries that have been expressed about higher fuel prices, to which all the Members who have spoken in the debate clearly respond, as it comes up regularly in their contacts with their constituents. I would have expected that to be the case; the fact that I do not represent glens or remote rural areas does not mean that I do not understand that such issues come up in Members' meetings with their constituents. They rightly receive those representations and reflect in this House the frustration and anger, and worry and sense of unfairness felt by their constituents. That is them doing their job, as I would expect.

Mr. Carmichael: The hon. Lady says that we have a legitimate case. Does she not therefore think that our constituents deserve that case to be addressed better than by the rather spurious arguments put in her correspondence of which I have reminded her tonight?

Angela Eagle: I intend to deal with some of those points. By acknowledging certain issues and that the fuel price in one area might be different from the fuel price in another area, and that in some areas, particularly the islands, there are higher fuel prices because of the costs of getting petrol out to them—

Mr. Carmichael *rose—*

Angela Eagle: Let me finish my point. I have listened to what has been a long debate, and I would appreciate it if the hon. Gentleman would let me make some preliminary comments so that I can address some of the issues that have been raised. I acknowledge real issues of difficulty, but nobody is saying that fuel prices ought to be directly connected to duty rates, because although those rates have an effect on fuel prices, they are not the whole story.

It is only right that I acknowledge that fuel prices account for a higher percentage of the cost of living in remote rural areas. The hon. Member for Argyll and Bute (Mr. Reid), who moved the amendment, has proposed a reasonably specific measure, which Members representing rural areas have presented to us before over the years. As the process has gone on, we have had debates about that measure. As well as hearing from Members from Scotland and its remote rural areas or islands, we have heard from Northern Irish Members, and the hon. Member for Somerton and Frome (Mr. Heath), who has his own rural areas to represent. I acknowledge the cost issues for those who live in rural areas, but I think that other Members—particularly opposition Members—ought also to acknowledge that their solution to this is not an easy one and that it is not without its own difficulties. In a grown-up debate on the issue, I would acknowledge the problems related to the higher fuel prices and other Members would acknowledge that the solution that they are pushing is not without its problems. If we were to do that, we might have the chance of a reasonable discussion.

Mr. MacNeil: I am grateful to the Minister for giving way. Will she acknowledge that the highest fuel prices mentioned in the debate are up in Stornoway, where petrol costs £1.03 and diesel costs £1.13? Will she therefore acknowledge that people living on the islands of Scotland are paying more tax per litre of fuel in duty and VAT than those living anywhere else in the country? The argument is about tax fairness. The tax the Exchequer gets from a litre of petrol in Stornoway should be the same as it gets from a litre of petrol in London.

Angela Eagle: By definition, that can be the case only if fuel prices are exactly the same everywhere in the country—that is the logical response to the hon. Gentleman's point. Nobody is arguing that there is a direct 100 per cent. connection between the rate of fuel duty and the price. I do not know whether he is suggesting any opposite or different approach, but in the UK we leave petrol producers to decide on the price. The Government levy a duty, but there is not always an easy connection between the level of duty and the price at the pump. When there is more competition the price at the pump can be driven lower than it is when there is no competition, as has been said by several opposition Members. That much is true, but this is about whether they are arguing that we should maintain one set level of petrol price—it is almost like the universal service obligation for the post. Setting a commodity price, albeit an important one, at the UK level represents a very different approach from the one to which we have become used over the years.

7 pm

Mr. Heath: The fact is that the people who need petrol the most pay the most and can afford it least, whereas those who need it the least pay the least and can afford it most—that is the basic equation. If the Exchequer Secretary does not accept the proposal that my hon. Friend the Member for Argyll and Bute (Mr. Reid) is making, surely it is incumbent on a Government who believe in social justice and good economy to find an alternative way of dealing with that basic problem.

Angela Eagle: I was going to discuss the issue that the hon. Gentleman raises. I just wanted to make the point that it is not obvious that trying to manipulate the duty in different ways would have a predictable read-through to the price at the pump. There is no guarantee that it

[Angela Eagle]

would, without our setting an actual price for petrol. We have never done that in the UK and it may well not be legal. The amendment assumes that predictability. Nobody on the opposition Benches has questioned that, but there are big question marks around it.

It is also not necessarily the case that those who are least able to afford it pay the highest prices in all cases, because great variation in price exists across the country and sometimes from one petrol station to another. The difference in prices on the various websites demonstrates that variation. It is greater in the highlands and islands than anywhere else, but there is a lot of variation and there is no obvious logic to the prices that one pays at the pump, despite the fact that fuel duty is the same across the country. That needs to be acknowledged and it might point to the fact that trying to manipulate the fuel duty is not the answer.

John Thurso: I accept the point that the Exchequer Secretary made—solving this problem is not without its difficulties—and I, for one, am entirely ready to engage in a process with her. If her officials have read the paper that I sent them last year, they will know that every one of the points that she just made is answered. The premium is pretty constant in the north and the price varies. This proposal deals with a reduction in the premium, but the price continues to vary. The mechanism that I set out, through the supply chain, means that the money is guaranteed to go to the motorist—it cannot do anything but. May I suggest to the officials who briefed her, perhaps this evening, that they need to liaise with the officials who read the notes I submitted?

Angela Eagle: The hon. Gentleman's paper has been much prayed in aid and I pay tribute to the work that he has done to try to solve some of the practical problems. His eightfold classification would produce many tiny little pockets scattered all over Scotland, especially south Scotland, where the duty differential would apply. Not all of those areas experience higher fuel prices than the norm, within a reasonable fluctuation. Not all of them have similar prices either, as there is a wide variation. Some of that variation has to do with the normal workings of the petrol market and the fact that we do not mandate a single price for petrol across the country. Some of it may well have to do with rurality, but that is difficult to distinguish. Drawing boundaries on that basis would create many tiny little areas where fuel duty was lower than in other areas.

Another aspect of the plan produced by Opposition Members is to move the duty point from petrol distribution networks and oil companies to individual petrol stations, but that would be very difficult to achieve administratively and is not something that I would wish to do unless I could see major benefits accruing from the change. I do not believe that major benefits would accrue from that change, and that is another practical and administrative difficulty with the solution that hon. Members have produced.

I recognise the difficulties, but I remain unconvinced that these proposals are the right way to tackle them. Therefore I ask the Committee to vote against amendment 5.

Mr. Alan Reid: We have had an interesting debate—

Hywel Williams (Caernarfon) (PC): On this side of the Chamber.

Mr. Reid: The hon. Gentleman is right to point out that the debate has been concentrated in one particular corner of the Chamber—

Mr. Carmichael: Was my hon. Friend as struck as I was by the fact that the Exchequer Secretary accepted that there was a problem, but her only contribution to the debate was to highlight problems with the solution that we have suggested? She offered absolutely no solution of her own. What consequences await a party that identifies problems, but lacks the will or the guts to do anything about them?

Mr. Reid: I perhaps have a less combative style than my hon. Friend, but I share his sentiments. The Labour and Conservative parties have not come out of the debate well. My constituents and those of other hon. Members who represent the highlands and islands may be punished at the pumps, but come 4 June the Labour and Conservative candidates may well be punished at the ballot box for the approach that their parties have taken tonight.

Danny Alexander: My hon. Friend may be less combative than my hon. Friend the Member for Orkney and Shetland (Mr. Carmichael), but does he agree that it is a strange approach for Ministers to take to say that they have identified a problem, but that they refuse to lift a finger to try to solve it? That may have been the approach that they have taken to most of the economic problems facing the country, but on this occasion the Exchequer Secretary admitted that there is a problem. I suggest that pressure is applied to the Government so that they come forward with their own solution.

Mr. Reid: My hon. Friend makes an important point. The only good thing to come out of the debate was the acknowledgement from the Government that a problem exists. However, as my hon. Friend the Member for Orkney and Shetland pointed out earlier, that acknowledgement was made more than a year ago in Treasury questions. I will at least acknowledge that the Government are sympathetic and that they realise that there is a problem. However, as my hon. Friend said, it is incumbent on the Government to come forward with a solution if they do not like the solution that we have proposed.

Mr. MacNeil: The Minister and the team at the Exchequer are clever—we know that—but the wilful misunderstanding that we saw tonight would never have happened if this matter were decided in Edinburgh. My constituents will be looking on and thinking that this underlines the reasons for Scottish independence. A wilful lack of understanding such as that which is being shown tonight could not and would not happen in an independent Scotland.

Mr. Reid: I do not want to stray too far from the debate, but a brief response to that intervention is that my island constituents do not like the policies of the hon. Gentleman's Government in Edinburgh. They only benefit his constituency—

Mr. MacNeil: What about Coll and Tiree?

Mr. Reid: Other than Coll and Tiree, islanders are paying extortionately. We take no lessons from his party.

Mr. Heath: May I intervene before this becomes an entirely Scottish affair again? I must say that my constituents would not be reassured if it were left to the Government in Edinburgh to determine such matters. The complete absence of focus and ideas from those on the Treasury Bench or on the Conservative Front Bench on this issue, which affects many rural areas across the UK, underlines the fact that neither party has a clue what happens in rural Britain.

Mr. Reid: My hon. Friend is quite right. The Conservative party certainly does not have much of a clue. I want to respond to the speech made by the hon. Member for South-West Hertfordshire (Mr. Gauke). I can assure him that by breakfast tomorrow he will be a household name in the highlands and islands. I certainly worry that one or two of my constituents might have a seizure when they read the local paper tomorrow over their porridge or their cornflakes. When they read his comments about the price of beer in London, they will be absolutely outraged, and rightly so. A former Economic Secretary to the Treasury—I cannot remember his constituency, but we all know who he is—made exactly the same comment when he replied to a similar debate three or four years ago. He quickly became a household name throughout the highlands and islands and his name is still greeted with outrage. I always encourage people to visit the highlands and islands on holiday, but perhaps the hon. Member for South-West Hertfordshire would be well advised to stay away. He might well get an abusive phone call tomorrow from his fellow party members on his party's European list in Scotland.

The Conservatives offered us nothing and, despite their sympathy, the Government have offered us nothing.

John Thurso: Will my hon. Friend take this opportunity briefly to rebut the Minister's assertion that the designations on the map will lead to many pockets? If she had been able to see the research that I had undertaken, she would know that the small pockets of land have no petrol stations in them, and that it therefore does not apply to them. The big areas do have the petrol stations. If she had done what I have done, and tracked those prices, she would know that there is always a premium in all of them.

Mr. Reid: My hon. Friend is quite correct. I have the map that he produced in front of me and there are one or two pockets where, as he says, there are no petrol stations. Most of the area in the mainland that would be involved in the scheme is contiguous.

The hon. Member for South-West Hertfordshire said that our scheme was rather sketchy, but my hon. Friend the Member for Caithness, Sutherland and Easter Ross put forward a very detailed scheme in his paper. I shall not read out the whole paper—[HON. MEMBERS: "Oh, go on!"] Despite that request, I shall concentrate on the part of the scheme mentioned in paragraph 3.2 of his paper, where he gave a summary of how the scheme would be implemented.

First of all, filling stations in rural areas designated by the amendment will have to apply to be designated filling stations under subsection (3). When they do so, there will be a discussion with HMRC to establish an agreed trading margin based on VAT returns from previous years. The returns will contain both input and output tax, and so are a record of sales and costs.

Designated filling stations would then contract to use the agreed margin on all fuel sales. They would be required to keep evidence to prove conformity, which could be audited easily as part of the normal VAT checks procedure. There is plenty of detail, and the scheme is not sketchy in the way that the hon. Member for South-West Hertfordshire suggested.

Mr. Carmichael: I thank my hon. Friend for making that point. Does he agree that any sketchiness in the debate came from the Minister? Her speech lacked detail, and she had no case to make to the people of the highlands and islands.

Mr. Reid: I agree with my hon. Friend that there was no proposal from the Minister.

The hon. Member for South-West Hertfordshire said that the scheme was sketchy and would be difficult to operate, but my hon. Friend the Member for Inverness, Nairn, Badenoch and Strathspey (Danny Alexander) pointed out that several European countries successfully operate similar schemes. If they can do it, the UK Treasury is capable of drawing one up.

My hon. Friend the Member for Caithness, Sutherland and Easter Ross said that the environmental argument for high fuel taxes works only in places where there is a public transport alternative. Where there is no such alternative, he said, the scheme simply punishes people.

I want to conclude by putting forward a proposal for a pilot scheme, and it is similar to the proposal made by my hon. Friend the Member for Orkney and Shetland. I suggest that the scheme apply initially to only one island, as that would allow us to identify problems and prove that it was viable. Scotland's SNP Government have already introduced a pilot scheme for certain islands, but it misses out nearly all the ones in my constituency.

That is extremely unfair, so I suggest that the Minister choose one of the Atlantic islands in my constituency, such as Mull or Islay, as a place for a pilot of the scheme that we are proposing so that we can establish whether it is feasible. I hope that she will take that suggestion forward.

Question put, That the amendment be made.

The Committee divided: Ayes 59, Noes 301.

Division No. 126] **[7.18 pm**

AYES

Alexander, Danny	Gidley, Sandra
Barrett, John	Goldsworthy, Julia
Beith, rh Sir Alan	Hancock, Mr. Mike
Browne, Mr. Jeremy	Harris, Dr. Evan
Bruce, rh Malcolm	Heath, Mr. David
Burstow, Mr. Paul	Hemming, John
Burt, Lorely	Horwood, Martin
Cable, Dr. Vincent	Hosie, Stewart
Clegg, rh Mr. Nick	Howarth, David
Davey, Mr. Edward	Hughes, Simon
Davies, Mr. Dai	Huhne, Chris
Dodds, Mr. Nigel	Keetch, Mr. Paul
Donaldson, rh Mr. Jeffrey M.	Kennedy, rh Mr. Charles
Drew, Mr. David	Laws, Mr. David
Featherstone, Lynne	MacNeil, Mr. Angus
Foster, Mr. Don	Mason, John

McCrea, Dr. William
Moore, Mr. Michael
Öpik, Lembit
Pugh, Dr. John
Rennie, Willie
Robertson, Angus
Rogerson, Dan
Russell, Bob
Sanders, Mr. Adrian
Smith, Sir Robert
Spink, Bob
Stunell, Andrew
Swinson, Jo
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Webb, Steve
Weir, Mr. Mike
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Wilson, Sammy
Wishart, Pete
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Alan Reid and
Mr. Alistair Carmichael

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Field, rh Mr. Frank
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Mackinlay, Andrew
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffatt, Laura
Mole, Chris
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan

Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watts, Mr. Dave
Whitehead, Dr. Alan
Williams, rh Mr. Alan
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Ian Lucas and
Ms Dawn Butler

Question accordingly negatived.

Amendment proposed: 11, page 10, line 40, at end add

', provided that before this date, the Chancellor has published a report examining the costs and benefits of the introduction of an automatic fuel duty stabiliser whereby the rates set out in HODA 1979 vary inversely in comparison to oil prices.'.—*(Mr. Gauke.)*

Question put, That the amendment be made.

The Committee divided: Ayes 134, Noes 346.

Division No. 127] **[7.31 pm**

AYES

Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Bacon, Mr. Richard
Baldry, Tony
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Brokenshire, James
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Cash, Mr. William
Chope, Mr. Christopher
Clark, Greg
Clifton-Brown, Mr. Geoffrey
Curry, rh Mr. David
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Dorrell, rh Mr. Stephen
Dorries, Nadine
Duddridge, James
Duncan, Alan
Dunne, Mr. Philip
Evennett, Mr. David
Fallon, Mr. Michael
Field, Mr. Mark
Fox, Dr. Liam
Fraser, Christopher
Gale, Mr. Roger
Gauke, Mr. David
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gray, Mr. James
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hands, Mr. Greg
Harper, Mr. Mark
Hayes, Mr. John
Heald, Mr. Oliver
Hendry, Charles
Hoban, Mr. Mark
Holloway, Mr. Adam
Horam, Mr. John
Hosie, Stewart
Howell, John
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lancaster, Mr. Mark
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Mackay, rh Mr. Andrew
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mason, John
McCrea, Dr. William
McIntosh, Miss Anne
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Murrison, Dr. Andrew
Ottaway, Richard
Paterson, Mr. Owen
Penrose, John
Pritchard, Mark
Randall, Mr. John
Redwood, rh Mr. John
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Scott, Mr. Lee
Selous, Andrew
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Swayne, Mr. Desmond
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Dr. Richard
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Vara, Mr. Shailesh
Viggers, Sir Peter
Villiers, Mrs. Theresa
Walker, Mr. Charles
Waterson, Mr. Nigel
Weir, Mr. Mike
Whittingdale, Mr. John
Wiggin, Bill
Williams, Hywel
Wilson, Mr. Rob
Wilson, Sammy
Wishart, Pete
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George

Tellers for the Ayes:
Michael Fabricant and
Mr. Stephen C[illegible]

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, Danny
Alexander, rh Mr. Douglas
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barrett, John
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Beith, rh Sir Alan
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Browne, Mr. Jeremy
Bruce, rh Malcolm
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Burstow, Mr. Paul
Burt, Lorely
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Cable, Dr. Vincent
Cabom, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Carmichael, Mr. Alistair
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin

Chapman, Ben
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clegg, rh Mr. Nick
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Curtis-Thomas, Mrs. Claire
Davey, Mr. Edward
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Featherstone, Lynne
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Don
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gidley, Sandra
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goldsworthy, Julia
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hancock, Mr. Mike
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Dr. Evan
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Heath, Mr. David
Hemming, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hillier, Meg
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Hopkins, Kelvin
Horwood, Martin
Howarth, David
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Hughes, Simon
Huhne, Chris
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Keetch, Mr. Paul
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Mr. Charles
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laws, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Mackinlay, Andrew
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffatt, Laura
Mole, Chris
Moore, Mr. Michael
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Oliver, Mr. Bill
Öpik, Lembit
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, Mr. Alan
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rogerson, Dan
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Bob
Russell, Christine
Salter, Martin
Sanders, Mr. Adrian
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Mr. Gerry
Swinson, Jo
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Matthew
Thomas, Mr. Gareth
Thornberry, Emily
Thurso, John
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watts, Mr. Dave
Webb, Steve
Whitehead, Dr. Alan
Williams, rh Mr. Alan
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woodward, rh Mr. Shaun
Wooley, Mr. Phil
Wright, Mr. Anthony

Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek
Younger-Ross, Richard

Tellers for the Noes:
Ian Lucas and
Ms Dawn Butler

Question accordingly negatived.

Question put, That the clause stand part of the Bill.

The Committee divided: Ayes 299, Noes 48.

Division No. 128] **[7.46 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Cabom, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Colley, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dobbin, Jim
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Field, rh Mr. Frank
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeble, Ms Sally
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Mackinlay, Andrew
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr. Pat
McFall, rh John
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffatt, Laura
Mole, Chris
Morden, Jessica
Morgan, Julie
Morley, rh Mr. Elliot
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Brien, Mr. Mike
O'Hara, Mr. Edward
Oliver, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Salter, Martin
Sarwar, Mr. Mohammed
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheridan, Jim
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis

Stewart, Ian
Stoate, Dr. Howard
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Usher, Kitty
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watts, Mr. Dave
Whitehead, Dr. Alan
Williams, rh Mr. Alan
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Ian Lucas and
Ms Dawn Butler

NOES

Alexander, Danny
Barrett, John
Beith, rh Sir Alan
Browne, Mr. Jeremy
Burt, Lorely
Cable, Dr. Vincent
Davey, Mr. Edward
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Featherstone, Lynne
Foster, Mr. Don
George, Andrew
Gidley, Sandra
Goldsworthy, Julia
Hancock, Mr. Mike
Harris, Dr. Evan
Heath, Mr. David
Hemming, John
Horwood, Martin
Hosie, Stewart
Huhne, Chris
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Laws, Mr. David
MacNeil, Mr. Angus
Mason, John
McCrea, Dr. William
Moore, Mr. Michael
Öpik, Lembit
Pugh, Dr. John
Robertson, Angus
Rogerson, Dan
Russell, Bob
Sanders, Mr. Adrian
Spink, Bob
Stunell, Andrew
Swinson, Jo
Taylor, Dr. Richard
Thurso, John
Webb, Steve
Weir, Mr. Mike
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Wilson, Sammy
Wishart, Pete
Younger-Ross, Richard

Tellers for the Noes:
Sir Robert Smith and
Mr. Alan Reid

Question accordingly agreed to.

Clause 16 ordered to stand part of the Bill.

Clause 20

BINGO DUTY

Stewart Hosie: I beg to move amendment 14, page 12, line 15, leave out subsection (2).

The Second Deputy Chairman (Sir Michael Lord): With this it will be convenient to discuss the following: amendment 9, page 12, line 18, at end insert

'(3A) The Treasury must, before the publication of the 2009 Pre-Budget Report, prepare and lay before the House of Commons a report on the impact of the increase in bingo duty under subsection (2) on the competitiveness of licensed bingo clubs.

(3B) A Minister of the Crown must, not later than one month after the report has been laid before the House of Commons, make a motion in that House in relation to the report.'.

Amendment 15, page 12, line 19, leave out from 'effect' to end of line 20 and insert

'as the Treasury may by order provide.

(4A) An order under subsection (4)—

(a) shall be made by statutory instrument,

(b) may not be made unless a draft has been laid before and approved by resolution of the House of Commons, and

(c) may not be made until proceedings in the High Court in relation to The Commissioners for Her Majesty's Revenue and Customs vs The Rank Group plc (CH 2008/APP/0448) have concluded.'.

Stewart Hosie: The amendment seeks to introduce fair taxation for bingo, in the light of the increase in bingo duty from 15 to 22 per cent. For the gaming or gambling industry, that means that whereas online bingo, casino and poker, online sports betting, sports betting in a betting shop, football pools and betting exchanges are all taxed at 15 per cent., licensed bingo clubs, almost uniquely, are taxed at 22 per cent. I say "almost uniquely" because casino gaming duty is levied on a sliding scale between 15 and 50 per cent., but I will return to that subject later.

As many hon. Members will know—although there are almost no Members here on the Labour Benches, apart from the long-suffering Minister and a Whip—there has been an ongoing campaign for fair taxation on bingo, in order to remove the double taxation of VAT and bingo duty. What at first glance appeared to be a success, with the removal of VAT, now seems to have been merely a sleight of hand by the Government. With one hand they have given, by removing VAT, but as the industry claims—and I believe that the numbers stand up—they have taken away a great deal more by raising bingo duty to 22 per cent.

As I understand it, the Government claim that the changes will benefit the industry to the tune of some £15 million a year. My argument is that that calculation is rather flawed. That flaw is rooted in the Treasury's shortcoming in being unable to identify the VAT charged on games of bingo. As I understand it, the net effect of the changes is that Mecca Bingo alone, which represents about one third of the sector by value, will pay an extra £6 million a year to the Exchequer, with about £18 million paid across the whole industry. That is in the context of a sector that last year made an operating profit of £41.8 million.

It would be instructive to take a look at the background to the changes proposed in the Budget and the Finance Bill. In May 2008 the VAT and duties tribunal ruled that the application of VAT to interval bingo in Mecca bingo clubs was in breach of the EU principle of fiscal neutrality, which states that similar services should be taxed equally. As a consequence, Mecca Bingo and other bingo operators ceased to pay VAT on interval bingo. The benefit of the VAT abolition therefore applies only to main-stage bingo, which represents only about one third of all bingo by value. The increase in bingo duty affects all bingo, whereas the reduction in VAT benefited only one third of the revenue.

Mr. Brian Binley (Northampton, South) (Con): Does the hon. Gentleman agree that this is an iniquitous tax, being paid mostly by the elderly grandmothers and

people of that sort who frequent our bingo halls? Are the Government not being unkind to that group of people?

Stewart Hosie: I shall talk about the social costs and benefits of what was the iniquity of double taxation, and what remains the unfairness of this particular tax. I am sure that the hon. Gentleman will be able to speak to his constituents in his own way to describe how unfair these proposals are.

Mr. Don Foster (Bath) (LD): The hon. Gentleman referred earlier to the Government's claim that there would be a £15 million benefit to the industry. Anyone who has studied page 153 of the Red Book will see that the abolition of VAT on participation fees would save the industry £50 million. He has rightly pointed out that VAT is no longer charged on interval bingo. Will he ask the Minister to intervene to tell us whether the £50 million included that change in respect of interval bingo? That is the key issue.

Stewart Hosie: That is a very important question. The fundamental point is that there has been an inability to count the VAT; it has been assessed, or calculated. The industry advises us that the Treasury has overestimated the historic levels of VAT, but if the Minister would like to clarify that point, I would be delighted to give way to her.

8 pm

Angela Eagle: I can clarify the costings in the Red Book: they work from the law as it stands prior to the changes in the Budget. The law refers to the status quo of having VAT on participation fees, notwithstanding the results of the tribunal, which are still due as the considerations are ongoing. I hope that that makes it clear that the costings relate to the status quo prior to the Budget.

Stewart Hosie: I thank the Minister for that clarification; she has made the point perfectly.

In the absence of what many would consider to be accurate information—whether or not interval bingo was included—or a correct calculation of the VAT to justify the increase, my judgment would be that the principle of fairness should apply. Licensed bingo clubs should therefore be taxed at 15 per cent., which is comparable to the rate applied to the other forms of gaming that I described earlier. That is what my amendment seeks to achieve.

I seek to achieve that also for the reason that the hon. Member for Northampton, South (Mr. Binley) mentioned earlier. The importance of bingo in our communities cannot be overstated. I can think of many instances—including one in my own constituency—of licensed bingo clubs that are secure, and in which proper investment has been made providing good-quality entertainment, particularly for women and particularly in the middle of working class communities. To lose those facilities and that capacity would be devastating for social cohesion in certain communities.

Mr. Binley: In my constituency, a well-managed and organised bingo hall provides highly subsidised food for people. Many of my elderly residents go along there at 12 o'clock, have a well-prepared lunch, then stay on for the entertainment at a relatively cheap rate until 4 o'clock. That is almost a social benefit, and that should be taken into account by the Government.

Stewart Hosie: That is absolutely right. We cannot overstate the social importance to certain communities of well-run licensed bingo clubs. There is no question about that. The loss of such clubs would be devastating.

In many of these communities, the clubs provide not only entertainment and community cohesion but valuable jobs. I am sure the Minister will correct me if I am wrong, but the previous argument was that if someone who worked in a bingo club lost their job, they were likely to be absorbed into the work force elsewhere. However, at that time there were perhaps 600,000 or 700,000 vacancies on the books. Now that unemployment stands at more than 2 million and the number of vacancies on the books is shrinking, I am not convinced that that argument still holds water.

Bob Spink (Castle Point) (Ind): Timing is not the only issue. The tax is pernicious because it is a tax on elderly and frail people. The only time that my elderly mother got out of her house to meet other people during the week was when she went down to the bingo hall in Halifax, where she enjoyed a social life. That kept her in her own community, safe, off social service benefits and out of the NHS. The tax will cost the Government money in the round; it will not save them any money.

Stewart Hosie: I hear what the hon. Gentleman says. I am trying to make the fiscal case, and I hope he has not overstated his position, but I have made the point that bingo clubs are vital in many communities, particularly to women. In certain communities they provide an afternoon as well as a night-time economy. They are extraordinarily important.

I was talking about employment levels and the importance of jobs in the communities concerned. We have seen 31 bingo halls close recently. I think that one closed very recently in Montrose, in the constituency of my hon. Friend the Member for Angus (Mr. Weir). That was a loss, and it involved a loss of jobs. We have seen 4,000 jobs go from the sector in the last six years, and in many cases it was argued that that was a result of the double taxation. Goodness knows what would happen now, with this unfair taxation. We do not want any more jobs to go—certainly on that scale—in the middle of a recession. There are many, many arguments for ensuring that the tax regime is fair, and that bingo clubs stay open to provide social life, community cohesion and employment.

I said at the outset that bingo was taxed unfairly in comparison with many forms of gaming, and that casino duty was applied on a sliding scale, rather like income tax. The first £1.9 million of revenue in a six-month period is taxed at 15 per cent., the next £1.2 million is taxed at 20 per cent., and so on through the bands—30, 40 and 50 per cent. I understand that even if bingo were taxed on that basis, all clubs would pay tax at 15 per cent. I am sure that if there were a super-club making huge amounts of money the levies would be high, but it strikes me that, given that all online betting and betting shop gaming is taxed at 15 per cent., given that even if bingo were taxed on the same basis as casino duty it would be taxed at 15 per

[Stewart Hosie]

cent., and given the social importance and importance to community cohesion and jobs of bingo halls in many of our constituencies, fairness alone should dictate that the duty should not be raised to 22 per cent. I hope that the Government will view that suggestion sympathetically, not least given the difficulties over what is happening to VAT, on which they seem to be basing their calculation of any benefit conferred on the industry by the tax increase.

I am pleased that we have done away with the iniquity of double taxation. I hope that the Minister will now go a step further and, with the single tax, ensure fair taxation and fair play for bingo.

Mr. Eric Illsley (Barnsley, Central) (Lab): It is a pleasure to follow the hon. Member for Dundee, East (Stewart Hosie), who gave a very good account of the present state of bingo taxation. As he said, over the last few years attempts have been made to remove the iniquity of the double tax. He will probably recall that last year there were meetings between Members and the Prime Minister, the Chancellor and my hon. Friend the Exchequer Secretary with the aim of removing VAT on participation fees, which is where the double taxation occurred: bingo clubs were paying VAT on participation fees while also paying gross profits tax.

Last year's campaign to reduce the burden on bingo clubs was unsuccessful, although, as the hon. Member for Dundee, East pointed out, a number of clubs were closing. In my constituency, one of the Gala bingo clubs closed towards the end of last year. We lost a valuable facility, which I will come on to in a moment.

The campaign to change the double taxation started in 2003 with amendments to the Finance Bill of that year.

Mr. Hands: I think that the hon. Gentleman mentioned meetings with the Prime Minister. May I take him back? If I am not mistaken, the hon. Gentleman asked about the matter at Prime Minister's questions on 25 July 2007. The question was about the taxation of bingo. The Prime Minister agreed to meet with him and a delegation, but my understanding is that when the meeting happened no Treasury officials were there, even though there was a clear undertaking that it was about the taxation of bingo.

Mr. Illsley: We did have a meeting with the Prime Minister, but at the same time we had a meeting with the Chancellor of the Exchequer and with the Exchequer Secretary to the Treasury. We also met with the Under-Secretary of State for Culture, Media and Sport, my hon. Friend the Member for Bradford, South (Mr. Sutcliffe), because of his departmental involvement in the matter. Therefore, it is not fair to criticise the Government on the grounds that there was no Treasury involvement; there were detailed meetings with Treasury Ministers at the time of that delegation. However, the hon. Gentleman is right that the Prime Minister agreed to that meeting.

As I mentioned, this matter goes back to the Finance Bill 2003, when the Bingo Association tried to reduce the double taxation burden on the bingo industry. A combination of factors led to further problems perhaps two years ago, as we pointed out last year: the ban on smoking, the downturn in the leisure economy and people drinking at home. Beer prices, alcohol duties and supermarkets all played a part in the argument. A combination of factors led to problems experienced by bingo clubs. The largest number of closures occurred in Scotland, which suffered the greatest loss of bingo clubs as a consequence of the policy of double taxation.

I mentioned that there was a closure in my constituency last year. I recall a few years ago opening a refurbished Gala bingo club in my constituency. I was invited there. It had been redecorated; the clubs are very good in that regard. They provide a welcoming environment. They are brightly lit; they are not dingy places. They are welcoming. They provide food and entertainment. When I opened that refurbished club, I was astounded to be told that the club had 26,000 members in Barnsley—an incredible number.

It is well worth the Government thinking how many people are affected throughout the country by closures of bingo clubs. Many people use those clubs. Many people like to take part in a soft form of gambling. Many of the people who use bingo clubs are women; they are often younger women who want to go into a safe place where they can gamble a bit and have a drink in a protected environment. Not that many men frequent bingo clubs; it is mainly a female entertainment. It is sad that we seem to be putting pressure on that type of club, yet we allow other harder forms of gambling a free rein.

Mr. Drew: I agree entirely. Does my hon. Friend agree that one of the problems is that the perception is that the Government are making it hard for these clubs and their customers to continue and that that is having a knock-on effect on the voluntary sector in terms of bingo? There are all sorts of rumours at the moment about what people are going to be charged for a game of bingo and what tax will be levied. That is not a good thing. This is a good form of local entertainment, yet we are almost taking it away.

Mr. Illsley: My hon. Friend makes a valid point. Bingo is played not only in licensed bingo clubs but in places used by charities, during get-togethers and, dare I say it, in political clubs where we try to fundraise.

After a lot of hard campaigning, a lot of people thought that in this year's Budget the Government had answered the problems of the bingo operators by removing VAT on participation fees and ending the policy of double taxation. Only then did they realise that the gross profits tax had been increased from 15 to 22 per cent.—an incredible 50 per cent. increase in that rate of tax, as applied to the bingo clubs.

8.15 pm

Mr. Binley: The hon. Gentleman is very knowledgeable about these matters and is a great supporter of bingo clubs, as he is of his community generally. Does he think that that tax increase was about clawing back some of the money the Government thought they gave away by doing away with double taxation, or was there another reason?

Mr. Illsley: I am grateful to the hon. Gentleman for his kind words. I cannot answer his question; perhaps when the Minister responds, she will explain why there has been such a big increase in gross profits tax when everybody thought that the Government were going to

give a helping hand to bingo clubs at this time. The impression is that what the Government have given away with one hand they have recovered with the other, because the bingo clubs say categorically that they are paying more tax now than before the Budget and that they are going to pay much more tax; I have a brief to hand from the Gala Coral Group.

We could say, "Well, the Government have a big public sector borrowing deficit, and we must find the money to reduce our public borrowing from somewhere," but it seems to me that we are not going to make a big dent in that just by taxing the old ladies down at the bingo club; that is not going to bring in £175 billion. It seems strange that after all the pressure applied in campaigning against double taxation, we have been hit with this increase in the gross profits tax, and the bingo clubs are worse off. The only argument the Government have got is, "Everybody is worse off. We are paying more for alcohol and tobacco and so forth, as duties on them have gone up, so why not bingo?"

The important comparison, however, comes in what the hon. Member for Dundee, East said about the rates of gaming duty in clause 19. He said that the first £1.9 million is at 15 per cent. and the next £1.3 million is at 20 per cent. The bingo clubs will get nowhere near that. The online gaming and gambling companies will do so, however. I was told a few weeks ago—I will not mention any names—that the daily turnover of one of these online gaming organisations is £50 million. That is the turnover from internet betting in one day, yet we are absolutely nailing down bingo clubs with their soft form of gambling.

Kelvin Hopkins (Luton, North) (Lab): I agree very much with what my hon. Friend is saying. I have visited my local bingo club and listened to its case. This is portrayed as a tax on companies, but in fact is it not, effectively, a regressive form of taxation on people on moderate and low incomes? The Government rightly want to raise more tax to cover their current problems, but that should be done in a progressive manner, by taxing the better off rather than the poor.

Mr. Illsley: My hon. Friend is absolutely right; it is a regressive form of taxation. When I was taught economics, I was always told that one of the five or six rules of taxation is that it must be progressive. He is right that we have moved too far away from that. We could tax other areas or industries; we could find other ways of raising this amount of money than taking it from bingo clubs, where a lot of our constituents enjoy simple entertainment.

Mr. Don Foster: Does the hon. Gentleman not agree that even if we were to try to raise more money to make up for the cut in the tax on bingo, as many of us would like, we could remain within the field of gambling, because at present soft forms of gambling appear to be being taxed more heavily than harder forms? Surely we could look at a way of switching this, not least in respect of online gaming?

Mr. Illsley: I entirely agree. There are other, harder, forms of gambling. There are no VAT payments on betting shops. People simply walk into the betting shop and place their bet; there is no VAT payment, and nor is there any other taxation payment in relation to that bet. As the hon. Gentleman says, we could find other ways of getting hold of this balancing increase by turning to other, harder forms of gambling, and taking a more lenient attitude towards bingo, which is one of the softest and least damaging forms of gambling. It appeals to hundreds of thousands of our constituents—mainly females, as it is a protected environment providing soft entertainment. Why do we seem to be punishing it so hard year after year?

Mr. Hands: First, may I serve notice that we hope to have the opportunity to put our amendment 15 to the vote? We will also vote for the Scottish National party's amendment, although our reasoning is different; we seek a postponement of any changes to the duty regimes, as I shall outline.

As the Committee is aware, the Government are seeking, through this and related clauses, to remove VAT from bingo while increasing bingo duty from 15 to 22 per cent. The purpose of our amendment is to delay the implementation of the rise in duty until the High Court resolves the legal position of VAT on bingo. I ought to make it clear at the outset that if our amendment is carried, we will also seek to delay the removal of VAT. We have no wish to widen the gaping hole in the public finances. Instead, we wish to prevent the Government from pre-empting the legal process through this sudden change to the system—after all, it was the Government themselves who launched the appeal to the High Court.

The background to this change is a VAT tribunal last year, as has been mentioned, at which one of the major bingo groups, Rank, which operates the Mecca chain of clubs, successfully challenged the applicability of VAT to new, faster versions of bingo played during intervals in the traditional game. As we know, the industry as a whole has long argued that the so-called "double taxation" of duty and VAT was unfair. The tribunal found that it was also, at least in part, unlawful. As we know, Rank has not paid a penny in VAT on these games since, and Her Majesty's Revenue and Customs had to return more than £59 million in previous payments last November. As I said, it was the Government who appealed the tribunal's decision.

I wish to stress that the Opposition are not expressing a view, one way or the other, on the legal merits of Rank's case, but we think that when the High Court has already heard the evidence and is expected to make a decision within weeks it is quite wrong of the Government to rush through changes to the system. It was only in February that the Exchequer Secretary claimed

"that altering the tax regime would not be appropriate." —[*Official Report*, 25 February 2009; Vol. 488, c. 130WH.]

We are asking what the reason is for her volte-face.

Ministers have even had the cheek to suggest that bingo operators are standing behind them on this. Speaking in the Budget debate, the Financial Secretary said that

"overall, the announcements in the Budget on the taxation of bingo are welcome to the industry." —[*Official Report*, 23 April 2009; Vol. 491, c. 434.]

I have to break it to them that they could not be further from the truth. The test case in the High Court has the potential to affect every operator and every form of the game. This is not some arcane spat between Rank and HMRC; other operators confirm that they have been watching the case closely as well, and that it has already

[Mr. Hands]

altered their payment of VAT. As a result—this has been mentioned—nobody believes the estimates of VAT receipts from bingo that appear in the Red Book. Because operators have not been paying VAT on substantial parts of their business, they each believe that they will pay more if bingo duty increases. One operator, Top Ten, is not paying any VAT at all at the moment, Gala says that it will pay more tax as a result of the changes, and Rank had to issue a profits warning the day after the Budget as a direct result of the changes.

The basis for the Government's figures appears even more curious when one examines recent parliamentary answers. Perhaps there is some credible explanation for why the Exchequer Secretary estimates that £65 million was raised from VAT on bingo participation fees in 2008-09 but only £50 million would be lost by its removal in 2009-10. When VAT receipts are projected for 2010-11, with VAT back at 17.5 per cent. throughout, they are estimated at only £55 million. These estimates are all over the place; they have gone from £65 million down to £50 million and back up to £55 million. Bingo clubs have been closing, so unless the Exchequer Secretary anticipates a new wave of bingo clubs opening, how does she explain the fact that the 2011-12 figure goes up to £60 million? To make one's puzzlement complete, the estimated boost to revenue from raising duty is given as a static £35 million in each of those years, so we have severe doubts about the figures being used by the Government.

While I hope for answers on those points, the Government should at least say whether those are estimates of what the industry is actually paying or what the Government think it should pay. Those are two very different things, but the Exchequer Secretary appears to have said the latter.

The Government's measures could take on a very different complexion, depending on the outcome of the High Court appeal. As I have said, we want the court to determine the merits of the case that it has only just heard. Surely the Government can see that their proposals can be properly evaluated only after the Court's decision? I fear that the Government know that all too well. The changes in the Bill have all the hallmarks of a pre-emptive strike by the Treasury. If the Government were in any doubt about the outcome of the appeal, in revenue terms it is now heads the Government win, tails bingo loses. Given our overall position of awaiting the ruling of the High Court, we will support both amendments 14 and 9 if they are pressed.

The effect of amendment 15 would be to allow Ministers the opportunity to think again in the light of the High Court's verdict and take whatever action seems reasonable in that context at the time. Ironically, the Red Book figures suggest that the Exchequer would be better off while it waited. The industry wants to wait and, until we have the Court's ruling, the fairness of the Government's proposals must stand in question.

Mr. Jeremy Browne: Amendment 9 is in my name and that of my colleagues. The case for amendment 14 has been put very effectively, and it gets to the real nub of the issue. If it is pressed to a Division, my party will support it. Amendment 15, tabled by the Conservatives, has also been explained concisely but effectively by the hon. Member for Hammersmith and Fulham (Mr. Hands), and we would support it too. Amendment 9 is much broader and it may not be necessary to press it, but it is helpful to have the opportunity to contribute to a debate that justifiably arouses strong feelings in my constituents and those of every other right hon. and hon. Member.

It is worth briefly touching on the history of our deliberations. Bingo used to be subject to double taxation, which cost the industry some £85 million a year, because VAT was payable at 17.5 per cent. and gross profits tax at 15 per cent. Last year, I tabled a new clause to the Finance Bill to remove that double taxation and another to require the Government to report on the negative impact that double taxation was having on bingo. I am pleased that that point has been taken to heart by the Government and that the anomaly of bingo being subject to double taxation when other forms of gambling were not has been resolved. However, as the hon. Member for Barnsley, Central (Mr. Illsley) said, the problem is that while the Government have made a concession to the bingo industry with one hand, they have taken it back with the other.

The Treasury estimates that the cost will be £50 million in 2009-10 and £55 million in 2011-12, but we know that those figures are heavily disputed. Clause 20 would increase the rate of bingo duty from 15 per cent. to 22 per cent. and the hon. Member for Dundee, East (Stewart Hosie) drew effective comparisons between bingo in a club being taxed at 22 per cent. and bingo online or in a casino being taxed at 15 per cent. Sports betting online and in a betting shop is taxed at 15 per cent., as are the football pools. There is a clear anomaly. When the bingo companies won their campaign and double taxation ended, they thought that they would be treated on the same footing as other forms of betting and did not expect that concession to be offset with an increase in the gambling tax that they were required to pay.

8.30 pm

Mecca, which is the organisation that I suspect most people will be familiar with, generates about £150 million of profit a year. It will pay £10 million more because of this increase than would have been the case. Let me briefly explain the impact that that will have on individual communities. I am told that each Mecca club pays an average of £900,000 a year in taxes, national insurance contributions and local rates and that 70 per cent. of Mecca revenues come from interval bingo, which was never subject to VAT in the first place. The punishment, in effect, is all the more profound in those circumstances.

I am also told that 31 bingo clubs closed last year—I think that that number was mentioned by the hon. Member for Dundee, East—so the effect is real, with an impact on the type of people who particularly enjoy bingo. People of all backgrounds enjoy bingo, but that enjoyment is particularly concentrated among some groups of people. For example, the point was made that women in particular participate in bingo much more than they participate in other forms of gambling. There are people within the communities that we represent in the House who are particularly adversely affected by the treatment of bingo.

Let me conclude by bringing this closer to home. In the two days since Monday—it is only Wednesday, although it feels like it might be later because of the

amount of time we have spent on this Bill—I have received 109 letters from constituents who enjoy visiting Mecca bingo in Taunton up to three times a week and want to know why the Government are penalising club bingo. As the hon. Member for Northampton, South (Mr. Binley) pointed out, there are many social aspects that go with bingo. It is not just about the gambling itself, which takes a fairly modest and harmless form, but it is about the food and the social interaction, too.

Constituents who have written to me on this subject include Edith Garland, Philip Horton, Kim Lee, Mike Hill, Margaret Grundy, Clare Povey, Sandra Loveridge and others. It is also notable how many married couples and families attend bingo together. That has been my experience when I have had the good fortune to visit Mecca bingo in Taunton. I have noticed how many people enjoy going with family members or with their spouses or friends. It is a regular social activity and one that they would be very upset to lose. Of course, bingo is also played in more informal settings across my constituency and across the country.

I am pleased that the double taxation anomaly has been resolved, but I am upset on behalf of my constituents and the hundreds and thousands, if not millions, of people who enjoy bingo across the country that that has been offset by the increase in taxation that means that bingo is still penalised compared with other forms of gambling. My colleagues and I will support all three of the amendments if and when they are pressed to a Division to try to get the Government to think again on this very important matter.

Mr. Edward Timpson (Crewe and Nantwich) (Con): May I endorse the clear and strong arguments that have been articulated by Members from all parties on this issue? It is clear that the issue touches the many communities that we represent, and that is reflected in the fact that every party represented in the Chamber this evening has had a representative who has clearly articulated the view that the Government's current position is untenable and unfair and needs to be reconsidered.

I should like to declare an interest of sorts, Mrs. Heal, in that I am a member of my local Mecca bingo club in Crewe. I confess that I am a fairly new convert to the game, but my wife and I have had an exceptionally enjoyable evening there, along with many others on that occasion. The hon. Member for Barnsley, Central (Mr. Illsley) said that his local bingo club had 26,000 members. I can tell the Committee that the one in Crewe has 20,000—which amounts to almost one in four of the local residents—and that it contributes hugely to the social life of a great many people.

Before I deal with the social impact of the Government's proposals in a little more detail, I want to say something about their economic impact. We have heard that the proposals in the Red Book will lead to the Rank and Mecca organisations paying an extra £9 million in tax per year. My hon. Friend the Member for Hammersmith and Fulham (Mr. Hands) said that the Red Book makes it clear that the Treasury's estimate of the effects of the change will depend on the outcome of the High Court appeal. I therefore believe that the Government should let the legal process take its course before they consider its effect on their proposal. Only when they can see the full facts in the cold light of day will they be able to see what the industry's future is likely to be.

Although the loss of VAT on interval games has been of some benefit to bingo halls, one industry representative said that the fact that they have had to deal almost at the same time with the rise of almost 50 per cent. in bingo duty has meant that it has been something of a pyrrhic victory. Bingo halls have had a very short stay of execution in their attempt to sort out their finances and ensure a long-term future.

As we have heard, the rise in duty affects all bingo, whether it takes place in the interval or on the main stage. Both forms of the game, and especially interval bingo, will play a pivotal part in the bingo industry's future. Very many of our constituents enjoy bingo on an extremely regular basis, and for them it is often their primary leisure activity. It satisfies their need for social interaction and belonging, as one can clearly see when one goes to a bingo hall to enjoy a game.

Bingo crosses all sorts of boundaries, and it is played by young and old alike. I think that I am right in saying that an increasing number of younger people enjoy bingo on a regular basis. We need to ensure that they, and those members of the older generation with a long history of enjoying bingo, are able to enjoy the game for many years to come. The Henley Centre published a research paper entitled "Unlucky for Some: The Social Impact of Bingo Club Closures". It said that the closures are both a manifestation of, and a catalyst for, the wider breakdown of local communities, with a negative impact on society.

Bingo halls are essentially clubs for people. They love going to them and spending time with their friends. We should not deny them that opportunity in an attempt to claw back what is a minuscule amount compared to the overall deficit in the Government's finances. It is time that the Government thought again, because the bingo industry feels exasperated and betrayed.

I urge the Government to wait for legal certainty. They can then think again and ensure that the bingo industry has the future that it deserves.

Mr. Don Foster: Other hon. Members have pointed out the vital importance to many local communities of the soft form of gambling entertainment that is available in our bingo clubs. I particularly congratulate the hon. Member for Crewe and Nantwich (Mr. Timpson) in that regard. It has been noted as well that the clubs also provide an opportunity for people to come together and enjoy cheap food and so on.

It is therefore especially disappointing to hear that more than 30 bingo clubs have closed in the past year, and that more than twice as many have closed since the start of 2007. The result is that many communities have been deprived of a much-loved form of entertainment. The hon. Member for Barnsley, Central (Mr. Illsley) highlighted their importance by referring to the 26,000 members of one club in his area.

Many of us, knowing that the closures are happening, have campaigned to deal with some of the issues that we believe have caused some of the closures. The hon. Gentleman rightly said that levels of taxation were not the only problem; other factors, such as the smoking ban, have had an effect. It is worth remembering that the Bingo Association supported the smoking ban, even though it recognised that it would cause a problem for its members. I admire the association for making that decision.

[Mr. Don Foster]

Many of us knew that the real cause of concern was double taxation. Before this year's Budget was announced, the Treasury acknowledged that bingo, one of the softest forms of gambling, was also one of the most highly taxed. I pay tribute to the Government for deciding to end double taxation. As my hon. Friend the Member for Taunton (Mr. Browne) says, the Government took the right decision and they deserve credit for ending VAT on participation fees.

Angela Eagle: I wonder whether the Liberal Democrats support the Conservative amendment, which would delay the removal of VAT on participation fees.

Mr. Foster: The Minister makes a fair point, and I shall come to it shortly, but before she starts criticising me, I wish to praise her further. The Government also deserve praise for assisting the bingo industry by agreeing to an increase in the number of gaming machines allowed on premises, which will be an important source of additional revenue for clubs. I welcome that.

Given that those good moves have been made, many of us are extremely surprised that the Government are persisting in, as others have put it, giving with one hand and taking with the other, and pressing forward with a policy that leads to one of the softest forms of gambling being one of the most highly taxed. That strikes many of us as unfair and is likely to lead to problems, particularly if the Government's figures in the Red Book prove to be incorrect—if the High Court judgment goes against them.

The Minister asks why we might support the Conservative amendment. In one sense, she is right: the amendment, which was well explained by the hon. Member for Hammersmith and Fulham (Mr. Hands), is a delaying tactic, tabled in the hope that the High Court will rule in favour of the bingo industry and not of the Government. Although I think that the hon. Gentleman is right to take a punt on that, our preferred option is to support the SNP amendment, which was eloquently explained by the hon. Member for Dundee, East (Stewart Hosie)—I like to give him credit occasionally. That amendment makes it clear that the bingo industry would be subject to a fair level of taxation.

The Minister could, rightly, say that it is easy to propose a reduction in Government income, just to garner cheap popularity with bingo clubs. It is therefore incumbent on anyone making such a proposal to make direct suggestions on how the Government could recoup the loss, and I have two or three suggestions to make, which I hope the hon. Lady will consider seriously. I alluded to the basic principle of one of them when I intervened on the hon. Member for Barnsley, Central. I genuinely believe that we ought to shift to a system where the harder forms of gambling are more highly taxed than the softer forms.

It is bizarre that the duty imposed on a gaming machine on which the maximum bet is £1 is exactly the same as the duty imposed on a gaming machine that has a £100 maximum bet. I genuinely believe that the Government should consider setting differential duties, especially in the light of the Gambling Commission's prevalence studies showing that those higher-stake machines have a higher level of prevalence—in other words, they are more addictive—than lower-stake machines.

Angela Eagle: Has the hon. Gentleman noticed that we are proposing a consultation on moving towards a gross profits tax for amusement machine licence duty?

8.45 pm

Mr. Foster: I am delighted to note that the Minister is proposing that, although we have not yet got there and I am suggesting one way of dealing with the problem. I shall come back to gross profits tax at the end of my remarks, but for now let me stick with higher levels of gambling.

If we look into the higher end of gambling addiction problems, many of us know that online gambling is a particular cause for concern. The Minister will be well aware that there are about 6,500 internet gambling sites worldwide, which generate about £12.5 billion that is placed by the punters. Sadly, only about 1,000 of those internet gambling sites are regulated anywhere in the world, but it is at least pleasing to know that about 80 per cent. of all the money spent on internet gambling sites is on those regulated ones. Such gambling is extremely addictive, so it is particularly bizarre that we allow a number of internet gambling sites that are regulated outside the UK—whether they be in jurisdictions that we deem to be white-listed or in other European economic area countries—to advertise in this country. We are meant to spend money to check that their regulatory regime is fine. To date, we have made no charge on them whatever; and neither do we insist that they contribute to research, education and treatment in respect of problem gambling. I am delighted that, at long last, the Minister has given me an assurance that the Government are going to look further at this issue; it does provide another potential source of income.

The Minister also made reference to gross profits tax. Let me tell her that there is a simple way of ensuring that the Treasury recoup any loss that I may be proposing by supporting the amendments this evening—it is by using gross profits tax as the standard way of taxing gambling, and applying it to the national lottery. If such a tax were introduced in the national lottery, as many of us have advocated for many years, it would accrue significant additional income to the Treasury, but, more importantly, it would provide the additional benefit of giving significant extra funds to the lottery good causes, which have recently lost money to pay for the black hole in the Olympic budget.

Although I am delighted that the Minister has removed VAT on participation and that the Government have allowed for an increase in the number of gaming machines, I am disappointed that they are still going ahead with a higher rate of taxation for bingo than for most other forms—often more addictive forms—of gambling. There are ways in which the Government could change the system to provide for higher rates of taxation on more addictive forms of gambling.

Kelvin Hopkins: I shall be brief. I did not intend to speak, but I heard so many interesting and fine speeches on this issue that I wanted to make my own contribution. I shall visit my own local bingo club on Friday, and I shall express the same views there as I do here.

I am pleased to follow the hon. Member for Bath (Mr. Foster) and I share his concern about gambling addiction, which I believe is a very serious matter. I was

strongly against the super-casinos, which loomed large for a long time, but have now been dispensed with, I am glad to say. Bingo is a very modest form of gambling: it is easily contained; it is not addictive; people do not lose large sums of money. Furthermore, there are even health benefits, as many people who play bingo are middle-aged and might otherwise sit at home; going out and mixing with people is beneficial to health, particularly psychologically, but probably physically as well. It is the same argument that we hear about free travel on buses, as getting people out and about is beneficial to health. The issue is not just about being fair to people, as improving the health of the nation is also relevant. I say that especially since smoking in public places has been banned, which has really made a difference.

I am afraid that the provisions have the hallmark of Treasury officials all over them. I am not blaming the Exchequer Secretary, but Treasury officials, having been forced to get rid of double taxation, are getting in their little revenge by raising levels of tax in order to get their own back. But we are talking about tiny sums of money—£30 million or £40 million—compared with the £12 billion cost of reducing VAT, the £4 billion we lose as a result of tobacco smuggling, and the £37 billion we lose as a result of tax avoidance. If the Treasury wants to raise more money, as we undoubtedly need to do to pay the vast bills that have arisen from the banking crisis, it should look at those much larger sources of income, rather than adding relatively small amounts in taxation on bingo, which will have a disproportionate effect on those on modest and low incomes. I urge my hon. Friends on the Front Bench to consider more productive areas that will raise large amounts of revenue.

I am slightly worried about the presence in bingo clubs of fruit machines, which are addictive. However, bingo itself has every kind of benefit, including social, and it is not addictive as far as one can see. Habitual playing of bingo is a bit of fun every week, and is not serious gambling in the same sense as other activities. If we can encourage more people to play bingo, and fewer people to stay at home gambling online, a lot of people would be saved from addictive gambling, losing money and pain. There is everything to be said for encouraging bingo through lower taxation, and discouraging other forms of gambling through higher taxation and more regulation.

The overall tax gap between the tax that should be paid and that which is actually paid could be as large as £100 billion. If we addressed that, we could raise a lot more revenue. If we could make a 10 per cent. inroad into that, we would have £10 billion a year extra—hundreds of times more than the small amount that would be raised from taxing bingo disproportionately and unfairly. I hope that my few points register with my hon. Friend the Exchequer Secretary.

Angela Eagle: We have had a small, boutique, but extremely well proportioned debate, after many hours on the Finance Bill. I look forward to many more such debates over the next couple of months, as we vacate the Floor of the House and move upstairs.

Despite some of the comments in the debate, it is wise at this juncture to acknowledge that the effective tax rate for bingo has gone down from what was acknowledged by the Bingo Association in its Budget submission to be 24 to 25 per cent. In a press notice last November, the hon. Member for Dundee, East (Stewart Hosie) said that the effective tax rate was 28.2 per cent. Whatever our feelings, it is reasonable for all of us to acknowledge that the effective tax rate has gone down from between 24 and 25 per cent. to 22 per cent., which some have welcomed.

Mr. Hands: Will the Exchequer Secretary tell us who has welcomed the proposals?

Angela Eagle: I was saying that some who have contributed to tonight's debate have acknowledged that the Government's abolition of VAT on participation fees has reduced the effective tax rate for bingo from between 24 and 25 per cent. to 22 per cent. As 22 per cent. is lower than 24 or 25 per cent., I wanted to put it on the record that we are debating, among other things, a reduction in the effective tax rate for bingo.

Mr. Hands: I am trying to follow the Minister's argument. Presumably she is saying that the effective rate has come down, assuming that the industry is paying VAT on everything. Is that right?

Angela Eagle: No. Prior to the Budget, the effective tax rate was calculated—and widely acknowledged—to be between 24 and 25 per cent. The Bingo Association acknowledged that. Our assessment was that it was between 24 and 25 per cent., and it might be sensible to remind hon. Members at this juncture that the effective tax rate had come down from 35 per cent. in 2003, so there has been a steady decline in the effective rate of taxation on bingo. It went down from 35 per cent. in 2003 to between 24 and 25 per cent. prior to the Budget, and when the Budget is put into effect, the rate will go down to 22 per cent. Those are facts, acknowledged widely in the industry and featured in the Bingo Association's Budget representations.

Mr. Hands: Again, I thank the Minister for giving way; she is being most generous. Why, then, is every single bingo operator, as far as I am aware, saying that as a result of the changes, they will be paying more tax? Why have various City analysts issued profit warnings for the sector, due to the negative impact of the overall package of changes? She still seems to be saying that the changes are welcome overall, when the industry is saying precisely the opposite.

Angela Eagle: The industry can have any opinion that it likes about the taxation system that applies to it. I am not responsible for the opinions of the bingo industry; it can welcome the measures or not. What I am talking about is the effective tax rate. Prior to the changes that we are suggesting in the Finance Bill, the effective tax rate for bingo consisted of VAT participation fees at 17.5 per cent. and the bingo duty of 15 per cent. Removing VAT fees and increasing bingo duty to 22 per cent. means that the effective tax rate is 22 per cent., not the 24 to 25 per cent. figure that was acknowledged by all sides prior to the Budget, and that featured in the Bingo Association's Budget submission. In fact, the hon. Member for Dundee, East, quoted a 28 per cent. figure last year, but those of us who were involved with the Finance Bill last year will remember that there was widespread acknowledgement that the effective tax rate for bingo, taking the factors that I mentioned into account, was between 24 and 25 per cent.

Mr. Don Foster: The Minister is making heavy weather of the point. Most of us entirely agree with her analysis, on the assumption that the Government win the High Court case. The effective overall level of taxation that the industry would now suggest is different, because of course it has stopped paying VAT on interval betting. Surely that is the difference. Could we perhaps move on?

Angela Eagle: I was responding to the questions that I was asked by the hon. Member for Hammersmith and Fulham (Mr. Hands); I was attempting to be helpful. The hon. Member for Bath (Mr. Foster) is right that when there is a VAT tribunal in progress, and there is an interim judgment, it applies only to the case in question, not broadly across the piece. Any other companies that have somehow decided that they ought not to be liable for VAT on participation fees because of the prospect of a judgment that has not yet been made are not exactly being up front about the circumstances. Her Majesty's Revenue and Customs makes it quite clear in all VAT tribunal judgments that the judgments apply only to the case before the tribunal, and that if there is any read-across, the issue of the VAT liability of other companies is still expected to be set aside until the tribunal is fully over—and it could carry on for some time yet.

Mr. Hands: I thank the Minister again for giving way. In the Westminster Hall debate in February—that was the last time everybody had the opportunity to debate the issues—she said:

"The fact that the dispute is ongoing means that it is inappropriate for me to discuss in detail issues relating to fiscal neutrality."—[*Official Report*, 27 February 2009; Vol. 488, c. 132WH.]

Surely there has been a complete volte-face since she gave that opinion in February.

9 pm

Angela Eagle: I do not understand why the hon. Gentleman thinks that. Budgets are an opportunity to examine tax rates and arrangements in all areas, and announcements on these issues are always made at Budgets. They are certainly not made in the middle of Westminster Hall debates, when the work leading up to the Budget is still ongoing.

Our principal aim in the Budget with respect to gambling taxation has been to simplify the tax regime and bring increased clarity to the sector. Clause 20 is part of that package of reforms to gambling taxation. It has two elements. First, it increases the rate of bingo duty to 22 per cent., as has been pointed out. Secondly, it increases the money prize limit to £70, as the hon. Member for Bath was generous enough to point out, for duty-exempt small-scale bingo conducted on certain premises. The increase in the rate is part of a package of measures that includes making bingo participation fees exempt from VAT, which will be debated upstairs on clause 112. The principal aim has been to simplify bingo taxation, as the industry had requested.

The three amendments to clause 20 have different objectives, but they all relate primarily to the aspect of the clause that amends the bingo duty rate. Amendment 9 seeks to commit the Government to publish a report on the impact of changes made at the Budget. We always keep taxes under review and we take decisions at the Budget. Gambling taxes are no different, and we will continue to engage with the industry about the state of the industry and the impact of taxation and potential taxation measures. There is therefore no need for the Government to publish a report on the impact of increases in bingo duty later this year.

Amendment 14 seeks to retain bingo duty at 15 per cent. Amendment 15 seeks to delay the increase in bingo duty until after court proceedings have concluded and Parliament has again debated the taxation of the bingo industry. The hon. Member for Hammersmith and Fulham has been up front with the Committee today and said that the official Opposition will vote against clause 112 when we come to that debate, to remove participation fees from bingo as part of that package. I look forward to having that debate with him when the time comes.

Both those amendments would cost money—£35 million, on the basis of figures in the Red Book. The effective tax rate on bingo is now 22 per cent., as I said earlier, comparable to the average rates of tax on casinos, gaming machines and the lottery. It is not clear why the Government should await the conclusion of a court case before deciding on an appropriate rate of tax for the bingo industry. I therefore ask hon. Members to withdraw their amendments.

Stewart Hosie: We are pleased with the debate. The hon. Member for Barnsley, Central (Mr. Illsley) is a champion for the sector and I am delighted that he brought his experience to the debate. The hon. Member for Hammersmith and Fulham (Mr. Hands) focused on the VAT case and explained his party's anger at the Government's attitude towards it. The hon. Member for Taunton (Mr. Browne) spoke to his amendment 9, but I am delighted that he could bring his party to support my amendment 14 as well.

The hon. Member for Crewe and Nantwich (Mr. Timpson) described the current position as untenable and unfair, and described the 20,000 members of his local bingo club, which is almost a third of the entire population of the town of Crewe. That is quite phenomenal. He called on the Government to wait for legal certainty. The hon. Member for Bath (Mr. Foster) focused on the social benefits. The hon. Member for Luton, North (Kelvin Hopkins) spoke about the health benefits of socialising and also said that the clause had the hallmark of the Treasury officials all over it. I shall not comment. Perhaps he knows these things better than I do.

The Minister began by describing this as a boutique debate. The reality is rather less elegant than that sounds, but it was still a good debate. She then spoiled the mood by trying to justify the Government's position, which is still 22 per cent. against 15 per cent.

Members in every party, and every speaker apart from the Minister, want to see the unfairness removed from bingo. It is simple. The tax on online bingo is 15 per cent., on online poker and casino 15 per cent., on sports betting in a betting shop 15 per cent., on betting exchanges 15 per cent. and on football pools 15 per cent. The Government want good licensed bingo clubs to pay tax at 22 per cent. I think 15 per cent. will do, and I ask the Committee to support the amendment.

Question put, That the amendment be made.

The Committee divided: Ayes 77, Noes 278.

Division No. 129] **[9.5 pm**

AYES

Bacon, Mr. Richard	Binley, Mr. Brian
Beith, rh Sir Alan	Blunt, Mr. Crispin

Bone, Mr. Peter
Bottomley, Peter
Brazier, Mr. Julian
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burt, Lorely
Carmichael, Mr. Alistair
Chope, Mr. Christopher
Clifton-Brown, Mr. Geoffrey
Davies, Mr. Dai
Davis, rh David
Dorries, Nadine
Drew, Mr. David
Duddridge, James
Foster, Mr. Don
Gauke, Mr. David
George, Andrew
Godsiff, Mr. Roger
Goldsworthy, Julia
Goodwill, Mr. Robert
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Heath, Mr. David
Hemming, John
Hoban, Mr. Mark
Hopkins, Kelvin
Horwood, Martin
Hosie, Stewart
Howell, John
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Knight, rh Mr. Greg
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
MacNeil, Mr. Angus
Mason, John
Mercer, Patrick
Miller, Mrs. Maria
Moore, Mr. Michael
Moss, Mr. Malcolm
Murrison, Dr. Andrew
O'Brien, Mr. Stephen
Öpik, Lembit
Pugh, Dr. John
Randall, Mr. John
Reid, Mr. Alan
Robathan, Mr. Andrew
Robertson, Angus
Russell, Bob
Sanders, Mr. Adrian
Smith, Sir Robert
Spink, Bob
Stunell, Andrew
Swinson, Jo
Syms, Mr. Robert
Taylor, Matthew
Taylor, Dr. Richard
Thurso, John
Timpson, Mr. Edward
Turner, Mr. Andrew
Villiers, Mrs. Theresa
Wareing, Mr. Robert N.
Weir, Mr. Mike
Whittingdale, Mr. John
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Younger-Ross, Richard

Tellers for the Ayes:
Pete Wishart and Hywel Williams

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Cousins, Jim
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McCrea, Dr. William
McDonagh, Siobhain
McFall, rh John
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miller, Andrew
Mitchell, Mr. Austin
Moffatt, Laura
Morden, Jessica
Morgan, Julie
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick

Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheridan, Jim
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Watts, Mr. Dave
Whitehead, Dr. Alan
Williams, rh Mr. Alan
Wills, rh Mr. Michael
Wilson, Phil
Wilson, Sammy
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Chris Mole and Helen Goodman

Question accordingly negatived.

Amendment proposed: 15, page 12, line 19, leave out from 'effect' to end of line 20 and insert

'as the Treasury may by order provide.

(4A) An order under subsection (4)—

(a) shall be made by statutory instrument,

(b) may not be made unless a draft has been laid before and approved by resolution of the House of Commons, and

(c) may not be made until proceedings in the High Court in relation to The Commissioners for Her Majesty's Revenue and Customs vs The Rank Group plc (CH 2008/APP/0448) have concluded.'.—*(Mr. Hands.)*

Question put, That the amendment be made.

The Committee divided: Ayes 75, Noes 282.

Division No. 130] **[9.18 pm**

AYES

Bacon, Mr. Richard
Beith, rh Sir Alan
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Bottomley, Peter
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burt, Lorely
Carmichael, Mr. Alistair
Chope, Mr. Christopher
Clifton-Brown, Mr. Geoffrey
Davies, Mr. Dai
Davis, rh David
Dorries, Nadine
Duddridge, James
Foster, Mr. Don
Gauke, Mr. David
George, Andrew
Goldsworthy, Julia
Goodwill, Mr. Robert
Hammond, Mr. Philip
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Heath, Mr. David
Hemming, John
Hoban, Mr. Mark
Horwood, Martin
Hosie, Stewart
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Knight, rh Mr. Greg
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
MacNeil, Mr. Angus
Mason, John
McIntosh, Miss Anne
Mercer, Patrick
Miller, Mrs. Maria
Moore, Mr. Michael
Moss, Mr. Malcolm
Murrison, Dr. Andrew
O'Brien, Mr. Stephen
Öpik, Lembit
Ottaway, Richard
Pugh, Dr. John
Randall, Mr. John
Reid, Mr. Alan
Robathan, Mr. Andrew
Robertson, Angus
Russell, Bob
Sanders, Mr. Adrian
Smith, Sir Robert
Spink, Bob
Stunell, Andrew
Swinson, Jo
Syms, Mr. Robert
Taylor, Matthew
Taylor, Dr. Richard
Thurso, John
Turner, Mr. Andrew
Villiers, Mrs. Theresa
Wareing, Mr. Robert N.
Weir, Mr. Mike
Whittingdale, Mr. John
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Wishart, Pete
Younger-Ross, Richard

Tellers for the Ayes:
John Howell and Mr. Edward Timpson

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Cousins, Jim
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Dobson, rh Frank

Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hopkins, Kelvin
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Khan, Mr. Sadiq
Kidney, Mr. David
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Love, Mr. Andrew
Lucas, Ian
Mackinlay, Andrew
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McCrea, Dr. William
McDonagh, Siobhain
McFall, rh John
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miller, Andrew
Mitchell, Mr. Austin
Moffatt, Laura
Morden, Jessica
Morgan, Julie
Mudie, Mr. George
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Watts, Mr. Dave
Whitehead, Dr. Alan
Williams, rh Mr. Alan
Wills, rh Mr. Michael
Wilson, Phil
Wilson, Sammy
Winnick, Mr. David
Winterton, rh Ms Rosie
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Helen Goodman and Chris Mole

Question accordingly negatived.

Clause 20 ordered to stand part of the Bill.

The Deputy Speaker resumed the Chair.

Bill (Clauses 7, 8, 9, 11, 14, 16, 20 and 92) reported, without amendment, and ordered to lie upon the Table.

Business without Debate

EUROPEAN UNION DOCUMENTS

Motion made, and Question put forthwith (Standing Order No. 119(11)).

Climate Change Agreement

That this House takes note of European Union Document No. 5892/09 and Addenda 1 to 3, Commission Communication on Towards a comprehensive climate change agreement in Copenhagen; and believes that the Commission's suggestions therein provide a sound basis for discussion between the Government and other Member States' governments in advance of the 15th Conference of the Parties in Copenhagen in December 2009. *—(Ian Lucas.)*

Question agreed to.

Cervical Cancer Vaccination

Motion made, and Question proposed, That this House do now adjourn.—*(Ian Lucas.)*

9.32 pm

Mr. Crispin Blunt (Reigate) (Con): I am grateful for the opportunity to highlight concerns about the human papilloma virus vaccine Cervarix, which, contrary to Government assurances even yesterday, appears to be causing adverse reactions in a number of teenage girls, and to raise concerns about the cost-benefit analysis process that has led to that vaccination programme, the manner in which it is being delivered and the yellow card warning system.

I only became concerned about the possible side effects of the Cervarix vaccine—and, I confess, aware of the vaccine itself—when the experience of one of my constituents, Rebecca Ramagge, was brought to my attention. Rebecca's mother came to see me at my surgery 12 days ago and told me how her daughter had fallen ill shortly after her first injection with Cervarix. Over the full course of the injections, she has gone from being a healthy sports-loving teenager who was a high achiever at school and a tournament-level tennis player, to being crippled by chronic fatigue syndrome, unable to attend school regularly and in need of help with basic tasks such as walking and eating because of the exhaustion and the muscular and joint pain from which she is now suffering.

Despite experiencing serious joint pain and illness shortly after the initial injection in September 2008, Rebecca went on to receive the two follow-up jabs as the vaccinations were administered at school. Her family doctor was therefore unaware of the listed side effects of the drug and unable to link Rebecca's deteriorating condition to the vaccine. It was only after Rebecca was referred to a consultant paediatrician at East Surrey hospital, Dr. Jawad, that her symptoms were identified as highly consistent with a reaction to the vaccine.

The consultant in question was astonished that nurses had administered the third injection to Rebecca when she was complaining of a recognised side effect listed in the product information as a common side effect of the vaccine. That raises the wider question that I will come to shortly, of whether school is an appropriate environment in which to vaccinate children.

Rebecca's case is not an isolated one. Similar stories of severe reactions resulting in partial paralysis, seizures and chronic fatigue have been well featured in the national press. The vaccine support group JABS—Justice Awareness and Basic Support—has nine girls registered as suffering from severe adverse reactions to Cervarix. A solicitor who specialises in representing vaccine victims is representing six girls who are suing the makers of the vaccine, GlaxoSmithKline, under the Consumer Protection Act 1987. Yesterday however, the Minister gave me a parliamentary answer that included the following:

> "To date almost one million doses of Cervarix have been given in the UK and there is no evidence to suggest that Cervarix vaccine has caused chronic fatigue syndrome, paralytic disorders or any other serious or long-term side effects." [*Official Report*, 12 May 2009; Vol. 492, c. 706W.]

For any vaccine, it is always probable that there will be a small number of people who have an adverse reaction. However, there are serious questions to be raised about this vaccine and its administration, the quality of the information available about its risks, and how it has been promoted by the Government.

First, it is notoriously difficult to establish firm medical proof of a causal link between a vaccine and severe medical conditions previously unrecognised as side effects, but when a group of healthy teenagers suddenly begins to exhibit similar debilitating symptoms shortly after receiving the same vaccine, it is surely only sensible provisionally to conclude, even in the absence of concrete proof, that the common factor in all the cases—the vaccine—is the likely cause.

I was particularly disturbed to hear from the hon. Member for Bootle (Mr. Benton) about the case of a girl who collapsed in pain hours after having the Cervarix jab in school. She has been in hospital ever since. The hospital has carried out a number of tests, but has so far been unable to establish the cause of her condition. Instead of exhausting the tests available to it by carrying out the hair trace test requested by the girl's family—who have been told they will have to pay for it privately—it has concluded that the condition is all in the girl's mind, a result of mental abuse by her mother who, convinced that her daughter has reacted badly to the vaccine, is projecting her conviction on to her daughter. I am told that it is now proposing to take this girl into care, but, in light of Rebecca Ramagge's experience, I am concerned that medical professionals have resorted to accusing members of this family of suffering from psychiatric disorders while not being prepared to test their thesis exhaustively.

There is also the case referred to me by my hon. Friend the Member for Newark (Patrick Mercer) regarding his 18-year-old constituent who since having the HPV vaccination has started to suffer from frequent seizures—40 in the last nine weeks—that have left her unable to drive or to continue with her college course. Again, doctors are having difficulty diagnosing exactly what is wrong with her, and have started to hint that her problem may be mental rather than physical. There is also the case in Honiton—and my hon. Friend the Member for Tiverton and Honiton (Angela Browning) is present to listen to this debate.

I hope my constituent's experience will provoke a reassessment of these and other cases. Unless further proof emerges of another common factor between the affected girls that could have caused their condition, surely the only responsible course of action is to admit that the vaccine may have undesirable side effects for some girls, and to ensure that the public are aware of the risk, however small, they are taking when choosing to have the vaccine. In summary, the Government's current understanding—given to me yesterday by the Minister, I am quite sure in good faith—is flat wrong.

Secondly, it is my assessment that the public have not been provided with clear and accurate information about the risks associated with the Cervarix vaccine. GlaxoSmithKline's product information gives a full list of undesirable effects that the vaccine might cause. Among those listed are serious conditions such as myalgia—listed as being very common—arthralgia and paraesthesia. Legal representatives of Cervarix victims point out that in many of the cases in which they are representing them, paraesthesia is so severe that the effect should be more accurately described as partial paralysis.

The information provided to patients by the NHS, however, is much briefer and far more reassuring in tone. The NHS immunisation website lists the most common side effects as mild to moderate swelling, redness and pain at the site where the injection is given. It also lists symptoms such as slightly raised temperature, sickness, dizziness, diarrhoea and muscle aches as other mild side effects that have been reported. Without repeating the full details, I can tell the House that nowhere within this NHS information is there any indication that symptoms reported as suspected side effects have in some cases been both serious and persistent—for example, the chronic debilitating muscle and joint pain experienced by my constituent—nor does it give a full list of the symptoms. It misses out headache—although that is listed as a very common side effect—upper respiratory tract infection and paraesthesia, which are all included in the literature from GSK.

This is not just about patients and their families; general practitioners, too, rely on the NHS's information, but they are not being directed to GSK's more comprehensive data and they are therefore not looking for reactions. I know of GPs who, on the back of Rebecca's experience, have called staff meetings to alert their colleagues, and even in the past week those GPs now believe that they too are recognising symptoms. I am told that NHS Direct has no drop-down box to guide operators to ask, in the event of these symptoms being reported, whether the patient has recently had the Cervarix vaccine.

The Medicines and Healthcare products Regulatory Agency's latest figures show that they have received 1,602 reports of suspected reactions, including 161 recipients complaining about "pain in extremity" at the injection site. As I will explain, that is likely to be a serious understatement. In the light of this and the severe nature of some of the adverse reactions reported, I ask the Minister to consider as a matter of urgency changing the information that the Government provide GPs, families and NHS Direct, not only so that families and patients may make the informed choice to which they are entitled, but so that the potential symptoms are properly identified and linked. Failure to do that will open the Government to the charge of being simplistic at best and irresponsible at worst.

Thirdly, I am concerned about the Government's blanket promotion of this vaccine as a silver bullet against cervical cancer. Reservations have also been expressed by some medical professionals about the thoroughness of the clinical trials, which they have claimed were too short and did not include enough girls under the age of 16, who have been the first age group to receive this vaccine as part of the Government's national programme. Gynaecological experts such as Diane Harper, director of the gynaecologic cancer prevention research group at Dartmouth medical school, have urged for the introduction of the vaccine to be delayed, so that any future side effects have time to manifest themselves.

The Government have refused to produce any open data on the cost-benefit analysis they undertook in choosing Cervarix. Sexual health charities, such as the Terrence Higgins Trust and the Brook Advisory Service, have expressed dismay that the Government have not followed the example of nearly every other western country in choosing the rival vaccine, Gardasil, which protects against a greater variety of pre-cancerous lesions than Cervarix, and genital warts as well. The Government's only public response has been that they made their decision according to "pre-agreed criteria", which they apparently will not disclose.

The Minister of State, Department of Health (Dawn Primarolo): That is not true.

Mr. Blunt: The Minister says that that is not true. I do not know whether it is, which is why I used the word "apparently". She will have the opportunity to reply and make that position clear. I want to make it clear that I am entirely new to this matter and have had two weeks to learn and understand it, but in that period I have grown very concerned, which is why we are having this Adjournment debate.

It is open to question whether the Government have factored in to their cost-benefit analysis the savings that they might make on the cost of treatment for genital warts. It is also unclear whether there was an adequate analysis of the costs that might be incurred through compensating the victims of adverse reactions; that would apply in respect of Gardasil as well.

Another issue that I would like the Minister to address is the actual delivery of the vaccination. A school that had a number of pupils take part in the original trials of Cervarix, St. Monica's Roman Catholic high school in Manchester, has decided not to opt in to the nationwide vaccination programme, citing concerns about the effectiveness of the drug and the side effects it caused in a number of its pupils who underwent the trial. It also cited its opinion that school was not an appropriate environment in which to vaccinate children.

There will always be a handful of adverse reactions, some serious and some involving symptoms previously unrecognised as side effects. It would surely be much safer if vaccines were administered in an appropriate medical environment by a professional who had ready access to the recipient's medical history and where the potential risks and side effects had been properly evaluated and discussed. That would enable the recipient and their family to have a full understanding of the potential costs and benefits of the vaccine being offered to them. I therefore ask the Government to review their current policy of administering nationwide vaccination programmes in schools. Had such an approach been the norm, it is unlikely that my constituent would ever have been given the third dose of the vaccine, which exacerbated the side effects.

HPV is most commonly spread through sexual contact and, while I am aware that a proportion of girls are sexually active from a very young age, many are not, and some parents may feel that it is unnecessary for girls to receive this vaccine so early in their teens when they are still growing quickly and experiencing rapid hormonal change. Educating girls about the dangers of HPV, how it spreads and the measures that they can take to protect themselves against it, such as using contraception, should also play a part in combating HPV. Parents should be able to access this debate to make informed choices.

If I had more time, I would wish to raise the more general point of compensation for victims of adverse reactions. There is no doubt that vaccination brings great benefits to society at large, but it also carries an

[Mr. Blunt]

inherent risk of serious reactions that will affect a minority. The UK's compensation scheme has been described as "hopelessly flawed" by legal experts and leaves many with no option but to sue pharmaceutical companies under consumer protection legislation. This is an expensive and exhausting process for claimants and it sparks widespread and sometimes unfounded fears about the safety of vaccination programmes.

On the basis of what I know now, I suggest that we examine the US vaccine compensation scheme, which awards damages to successful claimants according to the severity of their injuries and the costs they are likely to incur as a result. That does away with both an arbitrary and insufficient award and an artificial extent of injury qualification.

I would like to finish by highlighting the inadequacies of our system for reporting adverse reactions to vaccines. The yellow card system operated by the MHRA is not mandatory so there is no obligation on medical staff to report reactions. Furthermore, the scheme has such a low public profile that many who suffer from a reaction after a vaccination are not aware that there is a system for reporting their experience. Indeed, I spoke to a school nurse today at random and she was unaware of the scheme. The yellow card scheme was described to me by a managing director of a pharmaceutical research company yesterday as

"one of the weakest in Europe".

Do the Government have any plans to strengthen the current system and make it fit for purpose?

The Government have so far been determined to push on with this blanket vaccination programme while paying little heed to the serious concerns raised about the safety of the vaccine, the quality of information readily available to those considering the treatment and the possibility that promoting alternative preventive measures may be a more suitable and less risky path for some girls. I would be grateful to hear from the Minister that the Government will not continue down this incautious path based on the alarming and inaccurate information given in the parliamentary answer to me yesterday, but will take account of the experiences of my constituent and those of other hon. Members.

9.47 pm

The Minister of State, Department of Health (Dawn Primarolo): I congratulate the hon. Member for Reigate (Mr. Blunt) on securing this debate. My thoughts are with the young people about whom he spoke. I join him and other hon. Members in wishing them a full and speedy recovery and I shall say more in a moment about the individual cases.

I shall start by sounding a caution. When we debate sensitive issues such as this, it is important to deal with the science, not the supposition, and with the evidence, not the hearsay or opinion. We should not be swayed by the lurid way in which HPV and its vaccine are sometimes portrayed in the media. We have played this game before with the MMR scare and many areas are now paying the price in an explosion in measles and mumps cases because not enough families have taken up the vaccine. I want to take this opportunity to address head on the suggestions that the HPV vaccine is not safe.

Before licensing, Cervarix was rigorously tested and found to have minimal side effects. Scientists conducted large-scale clinical trials, involving thousands of girls and young women, to assess its safety. Since then, several million doses of vaccine have been given around the world—including the best part of 1 million in the UK, as the hon. Gentleman said—with no new risks emerging.

There are, of course, side effects associated with Cervarix, as there are with all vaccines, but it is important to stress that most people do not experience any side effects whatsoever. The most common known effects from Cervarix are injection site reactions, dizziness, headache, muscle pain, nausea and upset stomach. They are normally mild and last for no more than a few days. I accept that those reactions can be unpleasant, but they are nothing compared with the symptoms of advanced cervical cancer and are a price worth paying, in my view, to save 400 lives a year.

There is a clear need to keep a watching brief, and we are continually monitoring safety so that we can quickly identify any new side-effects that might emerge. I completely reject the hon. Gentleman's proposition that somehow our regulatory and monitoring system is weak or substandard—it is one of the best. Every week, the Medicines and Healthcare products Regulatory Agency publishes online analysis of all suspected side effects reported through its yellow card scheme. We know that almost 1,700 suspected side effects have been reported since the immunisation programme was first introduced, but those figures come with a caveat. That is not my personal view as an individual; it is based on the scientific evidence and advice we are given.

The figures do not necessarily mean that the vaccine caused the medical condition, only that the reporter suspected it might have. On investigation, we find that 90 per cent. of those reports—to put it into perspective, that is about 1,500 reported cases out of 1 million, or 0.0015 per cent. of total vaccines administered—either relate to the known side effects that I have already mentioned, or they were psychogenic events: that is, symptoms linked to a fear or anticipation of the needle injection. Those psychogenic events cover a number of girls who fainted after the injection, which is a known response to all needle-based vaccinations and is running at a rate that is in line with what experts would expect.

In the remaining 10 per cent. of cases—let us remember that we are talking about 0.00017 per cent. of the total vaccines—there is good reason to think that the reported symptoms were associated with an underlying condition or illness that the person was suffering from at the time they had their vaccination. That, in fact, appears to be the most likely interpretation for the cases reported in the media recently, including the cases in the *Daily Express* and *Daily Mail* of the young girls who were reported as suffering from partial paralysis, chronic fatigue syndrome and fits since having their vaccination. The MHRA is fully aware of those cases, several of which were reported via the yellow card scheme, and is investigating them.

As we vaccinated such a large cohort of young people, it was inevitable that a few cases would come forward where other conditions were reported as suspected side-effects even if the vaccine played no part. Indeed, the MHRA's statistical analysis of paralytic disorders and chronic fatigue syndrome shows that the reported frequency

of such cases is no more than—or should I say the same as—would have been expected among a similar cohort of unvaccinated teenagers. In addition, the Government's independent advisory body, the Commission on Human Medicines, looked into the reports not just in the UK, but across the world and concluded that there are no new safety issues associated with the vaccine.

I realise that that is no consolation or comfort to the girls to whom the hon. Gentleman has drawn attention. Equally, however, it is no reason to condemn a programme that has seen more than a million teenagers receive injections with little or no reported effect.

The Government are committed to transparency and the hon. Member for Reigate can be assured that any emerging information on the possible side effects will be fully evaluated. We will take appropriate action promptly when any true side effects are detected but, alongside that transparency, we need to maintain public trust and confidence. The facts speak for themselves, and they remind us why we introduced the vaccine in the first place.

We know that at least half of all sexually active women will be infected by a strain of HPV in their lifetime. We know that the viruses are responsible for causing more than 99 per cent. of cervical cancer cases, and a range of other cancers. There are nearly 3,000 cases of cervical cancer each year, a third of which will prove fatal within five years, and we know that the HPV vaccine is effective in protecting young women against two HPV strains that are responsible for around 70 per cent. of those cancer cases. As a result, the vaccine could eventually prevent up to 400 deaths due to cervical cancer every year.

So the facts tell us that the Cervarix vaccine is a major breakthrough in public health, and the first vaccine that can directly prevent cancer. It would be a travesty if women were denied the potential that it offers because of scaremongering and supposition. The weight of evidence says that the vaccine is safe, effective and capable of saving thousands of lives in the years ahead.

The hon. Member for Reigate talked about lack of information. Tomorrow, I shall do him the service of referring him to my parliamentary answers detailing the conditions for the contract negotiations and on which the contracts were judged. I will not be able to give him any information that is commercially confidential, but the House has received a very full explanation of the matter, both in writing and in parliamentary answers to individual Members.

I believe that we should support and celebrate the saving of women's lives from a preventable illness. I advise the hon. Member for Reigate that reports that the vaccine is not safe are incorrect, as are those suggesting that it lacks the confidence of the scientific community. I assure him that the Government, like any other, will always remain vigilant in respect of the vaccination programme.

Mr. Blunt: I have heard the Minister's answer. On one level, I understand the requirement for an uncompromising public health message on the need for a vaccination programme, and I am not suggesting that there is a wider case against the vaccine. What I was hoping to hear from the right hon. Lady was that, as symptoms start to emerge and based on the evidence that I have presented this evening, the Government would start to think about whether those who are administering the vaccine are looking for reactions properly, because they have not been alerted to them. Any vaccination programme has a number of reactions associated with it, and the body of evidence emerges as more people are vaccinated. I have to say that I was disappointed by the tone the Minister took and the apparent lack of open-mindedness to the new evidence emerging.

Dawn Primarolo: I, too, saw the e-mail the hon. Gentleman sent to all Members of Parliament, asking for details of any cases. However, his case tonight is based on some conversations that he has had and some discussion with someone in a school about whether they were aware of something. Based on that, he has tried to advance the case that all the science, all the evidence and all the information that the Government have are not true. His central question to me, which I have answered, is why I believe that the vaccine is safe and why I believe it is appropriate to give that vaccine. I agree absolutely with the hon. Gentleman that any Government, regardless of their confidence now, would stay vigilant and look at all the reports on the vaccine—as we do monthly.

Question put and agreed to.

10.1 pm

House adjourned.

Deferred Division

EQUALITY BILL (CARRY-OVER)

That if, at the conclusion of this Session of Parliament, proceedings on the Equality Bill have not been completed, they shall be resumed in the next Session.

The House divided: Ayes 331, Noes 136.

Division No. 123]

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, rh Mr. Bob
Alexander, Danny
Alexander, rh Mr. Douglas
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Austin, Mr. Ian
Bailey, Mr. Adrian
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barrett, John
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Beith, rh Sir Alan
Bell, Sir Stuart
Bercow, John
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Borrow, Mr. David S.
Brake, Tom
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Browne, Mr. Jeremy
Bruce, rh Malcolm
Bryant, Chris
Burden, Richard
Burgon, Colin
Burt, Lorely
Butler, Ms Dawn
Byers, rh Mr. Stephen
Cable, Dr. Vincent
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Carmichael, Mr. Alistair
Caton, Mr. Martin
Cawsey, Mr. Ian
Challen, Colin
Chapman, Ben
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clegg, rh Mr. Nick
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Connarty, Michael
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
Davey, Mr. Edward
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobbin, Jim
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Farrelly, Paul
Featherstone, Lynne
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
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Foster, Mr. Michael *(Worcester)*
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Gardiner, Barry
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Gerrard, Mr. Neil
Gidley, Sandra
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
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Hall, Patrick
Hamilton, Mr. David
Hancock, Mr. Mike
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Dr. Evan
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Heath, Mr. David
Hemming, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hood, Mr. Jim
Hope, Phil
Hopkins, Kelvin
Horwood, Martin
Howarth, David
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Hughes, Simon
Humble, Mrs. Joan
Hunter, Mark
Hutton, rh Mr. John
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Ann
Keetch, Mr. Paul
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Mr. Charles
Khan, Mr. Sadiq
Kidney, Mr. David
Knight, rh Jim
Kramer, Susan
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Lammy, rh Mr. David
Laws, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Llwyd, Mr. Elfyn
Love, Mr. Andrew
Lucas, Ian
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
Mason, John
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonnell, Dr. Alasdair
McFadden, rh Mr. Pat
McFall, rh John
McGovern, Mr. Jim
McGrady, Mr. Eddie
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Moffat, Anne
Moffatt, Laura
Mole, Chris
Moore, Mr. Michael
Morgan, Julie
Mudie, Mr. George
Mulholland, Greg
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Hara, Mr. Edward
Oliver, Mr. Bill
Öpik, Lembit
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Mr. Ken
Purnell, rh James
Reed, Mr. Andy
Reid, Mr. Alan
Reid, rh John
Rennie, Willie
Riordan, Mrs. Linda
Robertson, Angus
Robertson, John
Robinson, Mr. Geoffrey
Rogerson, Dan
Rowen, Paul
Roy, Mr. Frank
Roy, Lindsay
Ruddock, Joan
Russell, Bob
Russell, Christine

Salter, Martin
Sanders, Mr. Adrian
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, Sir Robert
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stewart, Ian
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Swinson, Jo
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thomas, Mr. Gareth
Thomberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watts, Mr. Dave
Webb, Steve
Weir, Mr. Mike
Whitehead, Dr. Alan
Williams, rh Mr. Alan
Williams, Hywel
Williams, Mr. Roger
Willis, Mr. Phil
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wishart, Pete
Woolas, Mr. Phil
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Ancram, rh Mr. Michael
Atkinson, Mr. Peter
Baldry, Tony
Baron, Mr. John
Bellingham, Mr. Henry
Benyon, Mr. Richard
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brady, Mr. Graham
Brazier, Mr. Julian
Browning, Angela
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Cameron, rh Mr. David
Cash, Mr. William
Chope, Mr. Christopher
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, Philip
Davis, rh David
Djanogly, Mr. Jonathan
Dodds, Mr. Nigel
Donaldson, rh Mr. Jeffrey M.
Duddridge, James
Dunne, Mr. Philip
Evennett, Mr. David
Fabricant, Michael
Fallon, Mr. Michael
Field, Mr. Mark
Fox, Dr. Liam
Fraser, Christopher
Gale, Mr. Roger
Gauke, Mr. David
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Gray, Mr. James
Green, Damian
Greening, Justine
Greenway, Mr. John
Grieve, Mr. Dominic
Hague, rh Mr. William
Hammond, Mr. Philip
Hands, Mr. Greg
Harper, Mr. Mark
Hayes, Mr. John
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Hoban, Mr. Mark
Holloway, Mr. Adam
Horam, Mr. John
Howard, rh Mr. Michael
Howell, John
Hunt, Mr. Jeremy
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Liddell-Grainger, Mr. Ian
Lidington, Mr. David
Lilley, rh Mr. Peter
Luff, Peter
Mackay, rh Mr. Andrew
Main, Anne
Malins, Mr. Humfrey
Mates, rh Mr. Michael
May, rh Mrs. Theresa
McCrea, Dr. William
McIntosh, Miss Anne
Mercer, Patrick
Miller, Mrs. Maria
Mitchell, Mr. Andrew
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osborne, Mr. George
Ottaway, Richard
Paterson, Mr. Owen
Prisk, Mr. Mark
Pritchard, Mark
Randall, Mr. John
Redwood, rh Mr. John
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, rh Mr. Peter
Scott, Mr. Lee
Selous, Andrew
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, David
Simpson, Mr. Keith
Spicer, Sir Michael
Spring, Mr. Richard
Streeter, Mr. Gary
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Timpson, Mr. Edward
Turner, Mr. Andrew
Vara, Mr. Shailesh
Viggers, Sir Peter
Wallace, Mr. Ben
Waterson, Mr. Nigel
Widdecombe, rh Miss Ann
Wiggin, Bill
Wilson, Mr. Rob
Wilson, Sammy
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Yeo, Mr. Tim
Young, rh Sir George

Question accordingly agreed to.

House of Commons

Thursday 14 May 2009

The House met at half-past Ten o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

BUSINESS BEFORE QUESTIONS

LEEDS CITY COUNCIL BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Second Reading deferred until Wednesday 3 June at Four o'clock (Standing Order No. 20(2)).

NOTTINGHAM CITY COUNCIL BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Second Reading deferred until Wednesday 3 June at Four o'clock (Standing Order No. 20(2)).

READING BOROUGH COUNCIL BILL

Motion made, That the Bill be now read a Second time.

Hon. Members: Object.

Second Reading deferred until Wednesday 3 June at Four o'clock (Standing Order No. 20(2)).

Oral Answers to Questions

TRANSPORT

The Secretary of State was asked—

Track Renewals

1. **Hugh Bayley** (City of York) (Lab): How much funding his Department contributed to track renewals in the last five years; and how much it plans to contribute for such purposes in the next five years. [275285]

The Secretary of State for Transport (Mr. Geoffrey Hoon): The Government have allocated some £15 billion to the railways over the next five years. This is part of a total of £26.7 billion that Network Rail has to manage and improve the network over that period. We do not allocate funding specifically for track renewals. It is for Network Rail to decide the level of expenditure on track renewals given its overall funding, which is determined by the Office of Rail Regulation.

Hugh Bayley: The Government are right to invest in transport infrastructure during the economic downturn, but despite having more money, Network Rail this year cut its spending on track renewals, and Jarvis plc, a York-based company that does such work, had to make 450 people redundant. Would it not be better for the Government's money to be used to improve the railway, not to make redundancy payments? Will the Secretary of State press Network Rail to sign next year's contracts as soon as possible, so that some of these men can go back to work?

Mr. Hoon: My hon. Friend has consistently and conscientiously raised the position of his constituents, and I well understand why he does so. I appreciate the arguments that he puts forward, and I was grateful to him for coming to see me and raising these matters directly. I emphasise that Network Rail's total output will remain as previously planned. One reason for rephasing the work is to allow what is essentially new technology to be available in the form of modular sets of points and new equipment that will allow the work to be done more efficiently and effectively. I repeat that the total amount of work will be unchanged by the rephasing.

Mr. James Clappison (Hertsmere) (Con): Is the Secretary of State aware that the condition of the track, and particularly the points system, goes to the heart of the issues concerning the Potters Bar rail crash, which now took place more than seven years ago? I appreciate the personal interest that he has taken in this case, but does he agree that seven years is far too long to have to wait for an inquiry into these important issues?

Mr. Hoon: I am grateful to the hon. Gentleman for raising this issue, which I have taken seriously in the time that I have been in this position. I recognise the anxiety of those most directly affected by the terrible tragedy that took place, and it is important that we resolve that as soon as possible by an appropriate form of inquiry.

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): I welcome the investment in Network Rail, but is it not time that some urgency was shown in improving Network Rail's efficiency, so that major parts of the network are not closed down on bank holidays, stopping people being able to travel around the country and forcing more cars on to the roads?

Mr. Hoon: I have regular meetings with Network Rail and I can assure my hon. Friend that that is something that we regularly discuss. Network Rail is in no doubt of the importance of achieving greater efficiency in the work that it does and it recognises the problems that the kinds of stoppages she describes cause to an increasing number of passengers at weekends, when our railway is increasingly busy, so I hope Network Rail will address the matter.

Mr. Brooks Newmark (Braintree) (Con): Braintree has seen tremendous growth in the past 10 years, yet there is only a single track between Witham and Braintree. Is the Minister aware of any progress that has been made on what is known locally as the Cressing loop, which is dualling the track between Witham and Braintree?

Mr. Hoon: I am not specifically aware of the particular piece of track, but I will write to the hon. Gentleman once an appropriate answer is available. What I can say

to him is that I recognise that there are capacity questions right across our network, which is entirely the result of the remarkable success of our railways in recent years. We now carry more passengers than at any time since 1946, which necessarily means that there are capacity questions, and this Government are addressing them.

Kelvin Hopkins (Luton, North) (Lab): The fact is that track renewals under privatisation cost many times what they cost under British Rail, and the work is certainly done no better. Has my right hon. Friend investigated why that is the case, and does it not argue strongly in favour of public ownership as opposed to privatisation?

Mr. Hoon: On every occasion that I do Transport questions, I need to say that I come from a railway family. Since both my parents and my grandfather worked for the railway and were involved in British Rail, I have a natural predisposition to what my hon. Friend suggests. Unfortunately, however, the evidence is against him, and I suspect that if he examined the costs of British Rail he would not find much support for his contention.

Norman Baker (Lewes) (LD): Perhaps I should declare an interest as a former employee of British Rail. Network Rail promised a year ago to move towards a seven-day railway, yet we have seen no progress. For example, in Lewes, between 1 January and the end of March, on 11 weekends there were rail replacement buses instead of a proper train service, which is simply unacceptable. Is it not time to give Network Rail an incentive to move towards a seven-day railway, and would it not be a good idea to reduce ticket prices by, say, a third, when there are rail replacement buses?

Mr. Hoon: I am sure that British Rail regretted the loss of the hon. Gentleman's service, and I hope that he can make a contribution to the future of the railways in his current position. I accept that it is important that we move towards a seven-day railway, and that, as I said in answering the previous question, we find ways to co-operate with Network Rail on weekend journeys, because so many more passengers are using the railway at weekends. That means looking at innovative ways of attracting passengers on to the railway. Weekend and off-peak prices are very competitive these days, but I am confident that his suggestions will be looked at seriously by the train operating companies.

Cyclist Safety

2. **Mr. Andrew Robathan** (Blaby) (Con): What recent assessment he has made of the adequacy of measures to ensure the safety of cyclists. [275289]

The Secretary of State for Transport (Mr. Geoffrey Hoon): While local highway authorities are directly responsible for assessing the effectiveness of cycle safety measures, the Department for Transport is strongly involved in promoting the safety of cyclists. The Department has commissioned a cycle safety research project that will assess the effectiveness of various measures, including road user safety and cycling data, cycling infrastructure, attitudes and behaviour, and cycle helmets.

Mr. Robathan: I am sure that the Secretary of State knows that I used to be the chairman of the all-party cycling group—until I was deposed in a very new Labour putsch in 1997, which installed the right hon. Member for Norwich, South (Mr. Clarke), as an excellent chairman. I think I am still the vice-chairman, but I am not sure.

The Secretary of State may know of the Cyclists' Touring Club "Safety in numbers" campaign, which makes the valid prognosis that cycling becomes safer when more people do it, not only because motorists have to slow down, but because cyclists like me know when driving a car how dangerous cycling is. In his project, will he ensure that local authorities realise that the more cyclists there are, the safer cycling becomes, and that they should not simply try to get cyclists out of the way?

Mr. Hoon: I am sorry that 12 years on, the hon. Gentleman still feels such personal resentment about the operation of democracy in the House, but it is a clear testament to his commitment to cycling. I hope that every day when he thinks about that terrible injustice, he will nevertheless reflect on the great success of the all-party cycling group in promoting cycling. No doubt, he will continue to play a part in that.

More seriously, as the hon. Gentleman said, it is important that we continue to encourage cycling and, indeed, walking, and that they should be done safely and securely. I strongly support his suggestion and I take a keen interest in this area of Government activity. We want to promote cycling and we want more people to take advantage of it—safely.

Mr. David Drew (Stroud) (Lab/Co-op): As a fellow cyclist, I commend the CTC campaign. At the same time, last week an important National Audit Office report drew attention to the threat to cyclists and pedestrians. I have always worked on the basis that one out of 10 motorists does not behave safely with regard to cyclists, and that one in 10 of those is a homicidal maniac. Is it time, particularly in rural areas, that we trained motorists to be far more responsible in their treatment of cyclists? Surely the Department could take that up.

Mr. Hoon: My hon. Friend makes some important points. We welcome the findings of the NAO report and will carefully consider its contents. Concern has been expressed about the apparent recent increase in the number of cyclists killed or seriously injured, but over the trend period, the reduction is clear: cycling is becoming safer. The reasons for the very recent increase are not entirely clear to us, but we are looking into it.

It is important that we continue to promote safe cycling. We invest significant sums of public money in cycling training, which we are expanding across schools. We need to continue to support that work, so that we have safe cyclists in future.

Peter Bottomley (Worthing, West) (Con): The Secretary of State will understand that an increase in cycling can lead to a lower risk for each cyclist but a greater number of casualties among cyclists—that is one of the consequences of modal shift.

Will the Secretary of State ensure that his study, when it is published, shows both that crashes are a consequence of conflict, and that secondary protection makes a difference?

Will the Secretary of State ensure that a comparison is made between the Netherlands, where cyclists tend not to wear energy-absorbing helmets, and this country, where cyclists do tend to wear them, even though the CTC has not got around to recommending it?

Mr. Hoon: The hon. Gentleman makes some good points and I will certainly take them into account when the report is published. I would like to spend a little more time studying the success of cycling in the Netherlands. Safety is clearly important, and I believe that we should campaign to encourage people to wear cycle helmets, which can help in especially serious conflicts between cyclists and motor vehicles.

Mr. Robert Goodwill (Scarborough and Whitby) (Con): As a heavy-goods driver and a cyclist, I understand all too well the hazard caused to cyclists from the rear wheels of large vehicles, particularly at junctions. Does the Secretary of State think that the proposal from our brilliant Mayor of London, Boris Johnson, to allow cyclists to turn left on red and thus get out of the way before the lights change might improve matters?

Mr. Hoon: I am grateful for that suggestion from the multi-talented Front Bencher. I shall certainly carefully consider the proposal, although there are some concerns about the safety implications of such a relaxation. As one who has lived and worked in the United States, where turning on red lights is routine for motor vehicles, I know that the idea has been considered for motor vehicles generally in the UK. What is important is that we put the safety criteria first—we have to assess whether it can be done safely. If it can, I would certainly take a positive view of it.

Unadopted Roads (Former Coalfield Areas)

3. **Natascha Engel** (North-East Derbyshire) (Lab): If he will assess the merits of providing funding to bring unadopted roads in former coalfield areas up to adoptable standards. [275290]

The Parliamentary Under-Secretary of State for Transport (Paul Clark): Local Authorities have available to them a number of funding sources that they could use to bring unadopted roads up to the standards for adoption. They include revenue support grant, prudential borrowing, capital receipts, local transport plan funding and the neighbourhood renewal fund. It is a matter for local authorities to prioritise how their funds are allocated.

Natascha Engel: I thank my hon. Friend for that answer, but as he knows, unadopted roads are a legacy of mining, and it is both unfair and unaffordable for many local authorities to bring such roads up to adoptable standards. Many of those roads are in such a state of disrepair that they are becoming quite dangerous. Will he look into providing some national ring-fenced money for local authorities covering ex-mining areas to deal with the problem?

Paul Clark: I recognise that there is a problem in coalfield communities. The matter has been considered by the coalfields forum, which is led by my colleagues in the Department for Communities and Local Government, and by the coalfield alliance. A number of regeneration programmes have worked in former coalfield communities to look at the possibilities. Essentially, the matter is one for local authorities, but I am always ready to engage in dialogue and to listen, and I will be happy to meet my hon. Friend to discuss the subject.

Ann Clwyd (Cynon Valley) (Lab): Given the demands on local authorities to prioritise, has the Department made any estimate of: first, the number of unadopted roads, and secondly, how much it would cost to make them adoptable? I agree with my hon. Friend the Member for North-East Derbyshire (Natascha Engel) that they are a great problem in coalmining communities such as mine in Cynon Valley, where, right now, we are probably all out canvassing for the local authority or European elections. In my 25 years as a Member, the issue has been the one constant about which people who live in areas with unadopted roads have been really aggrieved. I hope that we will have some answers for them on this occasion.

Paul Clark: The assessment that was undertaken back in the 1980s found some 40,000 unadopted roads throughout the country. The estimate is that, at today's prices, it would cost £3 billion to bring them all up to adopted standards. However, I must point out to right hon. and hon. Members that, excluding London funding, £2.1 billion has been allocated up to 2010-11 for capital expenditure programmes. We must recognise the demands in a given area, and that is why it is best left to local authorities to make the decision about which roads should be adopted and considered.

Mr. Gordon Prentice (Pendle) (Lab): This is an issue not just in mining areas, however. There are thousands of miles of unadopted roads in Lancashire. They are often damaged by heavy vehicles such as council rubbish trucks, and the responsibility for repairing the road falls not on the council but on the people who have the misfortune to live in houses alongside the road. What more can be done? It is not good enough for the Minister to say that local authorities must prioritise. Surely we need ring-fenced funds, along the lines that my friend from Derbyshire suggested.

Paul Clark: My hon. Friend will be aware that our general thrust has been to ensure that local authorities have substantial funds in several areas, but that they should be able to prioritise, meeting and consulting the people whom they represent and on whose behalf they work. I reiterate that we have provided generous funds over the three years to 2011, with more than £2 billion, excluding London funding, for capital provision. The matter must be dealt with in respect of all priorities and an assessment of all needs in local authority areas.

Variable Speed Limits

4. **Mr. Greg Knight** (East Yorkshire) (Con): What recent assessment he has made of the effects on road safety of variable speed limits. [275291]

The Parliamentary Under-Secretary of State for Transport (Jim Fitzpatrick): No recent assessment of the effects on road safety of variable speed limits has been undertaken by the Department on local roads or by the Highways Agency on the strategic road network. However, the

monitoring of safety on the active traffic management section of the M42 shows the benefits that have resulted from a package of measures which includes the use of variable speed limits.

Mr. Knight: Does the Minister not agree that our roads are safer if the speed limits in force are appropriate and therefore respected? Is he aware that a number of local authorities, some of them second rate, refuse to consider the introduction of variable speed limits, simply on the ground of the extra cost of the necessary signage? Will he therefore consider instructing or at least advising local authorities that they always reflect on whether a variable speed limit is the more appropriate answer? What is wrong with having a 20 mph speed limit outside a school only when that school is in use?

Jim Fitzpatrick: The right hon. Gentleman has a point to make. As he knows, we are consulting on our post-2010 road safety strategy, and we know that 20 mph limits are popular in many areas. They are a relatively new phenomenon and we are gathering evidence on the success that has clearly resulted from the introduction of 20 mph limits or zones. He also has a point in that those local authorities that have tried variable speed limits ought to be able to supply us with data so that we can incorporate them into the consultation, because we intend to issue new, stronger guidance both on 20 mph limits and, for local authorities where there is a 60 mph limit, on dangerous rural single carriageways. It is appropriate to have them revisit the issue, and variable speed limits, looking after the motorist and promoting safety, may very well be another way forward.

Rosie Cooper (West Lancashire) (Lab): Most of the main roads in Skelmersdale do not have pavements, so people are forced to use underpasses—or often to cross the roads. In particular, there are two major secondary schools with 1,500 pupils, who, when discharged, are supposed to go through underpasses or take the back way. In reality, however, they cross the main road. A child has died, yet the local authority says—to the horror of the head teacher, the rest of the school and the parents—that because the road is a main road it cannot support a reduction in the speed limit. Can my hon. Friend's officials suggest anything to help us with traffic calming measures?

Jim Fitzpatrick: As I mentioned to the right hon. Member for East Yorkshire (Mr. Knight) a moment ago, we are going to issue new, stronger guidance on the use of 20 mph limits and on appropriate speed limits for other roads. Clearly, I am concerned to hear my hon. Friend's description of roads without pavements and the vulnerable situation of many pupils. I hope that the Department's guidance will be of use to the head teacher and parents. However, we have devolved to local authorities the decision to determine the speed limits on roads because they know their roads far better than we do at the Department. However, I hope that the guidance that is to be issued will assist my hon. Friend and her community.

Sir Alan Beith (Berwick-upon-Tweed) (LD): Is the Minister aware that in my constituency, which covers a very large area, there is strong support for strict enforcement of low speed limits in the villages, but real concern at the idea that 50 mph might become the default speed limit, given that it would apply to every road in the constituency, including large parts of the A1?

Jim Fitzpatrick: I understand the right hon. Gentleman's point. We have clarified as best we can that we are not proposing a blanket ban or reduction from 60 mph to 50 mph on single rural carriageways. However, given that 62 per cent. of fatalities occur on roads with only 40 per cent. of the traffic, we clearly believe that the 60 mph limit is inappropriate for some roads. In the consultation document that we have issued, we propose to produce annual reports on the performance of roads, indicating where there are greater dangers.

We will issue stronger guidance to say to local authorities that there is no national 60 mph limit and that there can be 50 mph limits if appropriate. Many villages on these routes would certainly want 20 mph and 30 mph limits. I go back to the point made by the right hon. Gentleman in the original question: we need flexibility to make sure that motorists are able to get from A to B as efficiently as possible. However, we also need to make sure that they do that safely, and that the communities through which they travel are protected.

Mr. Christopher Chope (Christchurch) (Con): Will the Minister condemn unequivocally those local authorities that adopt a policy of reducing speed by not repairing pot holes, thereby deliberately contributing to an increase in road danger and costing local authority council tax payers £53 million a year in compensation?

Jim Fitzpatrick: I have heard and read reports of pot holes being used as a device to reduce speed, but I cannot believe that a deliberate decision by local authorities is involved. Pot holes endanger road users because vehicles may have to veer to avoid them; furthermore, they may damage vehicles' braking and steering systems. Clearly, pot holes ought to be repaired where possible. The Government give local authorities generous grants to make sure that such matters are addressed. I do not want local authorities to use pot holes as a way of slowing down traffic.

Speed Limits

6. **Richard Ottaway** (Croydon, South) (Con): What responses he has received to his recent consultation on speed limits; and if he will make a statement. [275295]

The Parliamentary Under-Secretary of State for Transport (Jim Fitzpatrick): "A Safer Way", our road safety consultation published on 21 April, which I mentioned a moment ago, aims to reduce road deaths by a third by 2020. We make a range of proposals, two of which are carefully targeted to reduce speed. The first is that local authorities should reduce limits to 20 mph on roads of a primarily residential nature and around schools, and the second is that highway authorities should reduce limits from 60 mph on the more dangerous rural single carriageways, when the evidence supports that. We have started receiving representations. The closing date for the consultation is 14 July.

Richard Ottaway: Does the Minister accept that such worthy policy objectives bring into play the law of unintended consequences? Does he agree that this will

increase journey times, which will increase congestion, with a knock-on effect on pollution? Is he aware that the Institution of Chemical Engineers has said that in areas where the speed limit is reduced to 20 mph, there will be a 15 per cent. increase in CO_2 emissions and a 50 per cent. increase in nitrous oxide? What impact will that have on meeting his Government's emissions targets?

Jim Fitzpatrick: We are conscious of the question of emissions, and I am sure that that will be examined as part of the consultation and monitored closely by the Department of Energy and Climate Change. However, variable speeds have been shown to be able to assist in managing and reducing congestion. The consequence that we are trying to achieve as a result of the consultation document is further to progress the improvements that we have seen in road safety. Between 2002 and 2007, there was a reduction of some 36 per cent. in people killed or seriously injured on our roads. In the longer term, our ambition is to achieve the safest roads in the world. We are looking to have a further reduction of one third in casualties by the end of the next 10-year strategy. Speed reductions are part of that, because inappropriate speeds and people breaking the speed limits cause some 700 deaths and 20,000 injuries in an average year.

Mr. Russell Brown (Dumfries and Galloway) (Lab): The consultation has caused confusion in the minds of some. In a rural constituency such as mine, which has three single carriageway trunk roads, there is concern that the aim is to reduce the speed limit from 60 mph to 50 mph. Can the Minister give a guarantee to my constituents that major single carriageway trunk roads will not have that reduction imposed?

Jim Fitzpatrick: As I have been trying to outline, I cannot guarantee that there will not be reductions from 60 mph to 50 mph on some roads. We are trying to achieve a reduction in speed on roads where people are being killed and seriously injured in disproportionate numbers because the quality of the road is not as good as that of most of the A roads in the country. We are looking to make an assessment, we will produce the data, and it will then be for local authorities and highway authorities to make a determination as to the appropriate speed limit for the roads concerned. We are not proposing to introduce a blanket reduction across the country: this is targeted for best effect to ensure that vehicular traffic can get from A to B as efficiently as possible, but also safely.

Mrs. Theresa Villiers (Chipping Barnet) (Con): As of this morning, a petition against the Government's A road speed limit proposal is ranked No. 2 on the Downing street website, beaten only by one entitled with the single word, "Resign". So it is official: Labour's speed limit policy is the most unpopular thing in the country apart from the Prime Minister, though admittedly he is ahead by a comfortable margin of 30,000.

Everything that the Minister has said this morning has signalled a major retreat on the briefing on this issue given to journalists in March. Why does not he go the whole way and drop the Government proposals that are on the table?

Jim Fitzpatrick: With the greatest respect to journalists, there was no briefing to say that we were reducing the speed limit on single carriageways from 60 mph to 50 mph across the country. We signalled a clear intention to issue new guidance based on data that we will collect on an annual basis on the performance of roads to identify those that are most dangerous—where more people are being killed. As I mentioned earlier, the clear statistic in all this is that 62 per cent. of people are dying on those roads, which carry only 40 per cent. of the traffic. There is a disconnect in this regard. We need to ensure that we can assess the more dangerous roads and that they then have an appropriate speed limit. There is no retreat; the proposal has never been for a blanket ban. We are targeting where the 50 mph limit should be introduced, and we will produce guidance for local authorities, not an instruction or a blanket reduction.

Mrs. Villiers: But will the Minister not recognise that the flaw in reducing the default speed limit, which is what he is proposing to do, is that it will hit all motorists with a collective punishment for the actions of the irresponsible few, rather than target high-risk, problem drivers? Why are the Government failing on these problem drivers? Why, after a decade in charge of our roads, are they still using a test for drug-drivers that is no more sophisticated than asking them to walk in a straight line? Why is the average fine for uninsured rogue drivers less than £200, and will he admit that reduced speed limits and more speed cameras will not tackle either of those—

Mr. Speaker: Order.

Jim Fitzpatrick: I shall try to deal with the main elements of the hon. Lady's questions. First, we think that we are making progress. The road safety strategy for 2000-10 targeted a 40 per cent. reduction in deaths and serious injuries. Up to 2007, it was 36 per cent., so we should reach that. We had the lowest number of such deaths in recorded history in 2007, at 2,946. That is progress, and it is to the great credit of the police, local authorities, road safety officers and everybody else who is campaigning on road safety.

On the direction of travel, we want a further reduction and we want Britain's roads to be the safest in the world again, as they were previously. On dealing with those who are transgressing against our laws, we are dealing with uninsured drivers and those who do not have road tax. The numbers are the lowest they ever have been. We had a consultation suggesting that those who recklessly and dangerously speed should get double points on their licence, because that will bring them to book. We are ensuring that the sensible, decent, ordinary, courteous motorists are the ones whom we are trying to protect, and we believe they are on the side of stronger legislation and guidance. We want safer roads, and we want those who transgress against the laws dealt with.

Topical Questions

T1. [275304] **Mr. David Evennett** (Bexleyheath and Crayford) (Con): If he will make a statement on his departmental responsibilities.

The Secretary of State for Transport (Mr. Geoffrey Hoon): On 16 April, together with my noble and right hon. Friend the Secretary of State for Business, Enterprise and Regulatory Reform, I announced the Government's plans to promote ultra low-carbon vehicles. That will

include financial help for those who wish to purchase low-carbon cars. During the Easter parliamentary recess, my noble Friend the Minister of State, who has responsibility for rail, made a six-day, highly successful rail tour of the United Kingdom. He travelled 2,200 miles on local and national services, and has since announced the appointment of two station champions to suggest ways in which station facilities could be improved.

On 21 April, the Under-Secretary of State for Transport, my hon. Friend the Member for Poplar and Canning Town (Jim Fitzpatrick), announced the publication of the Government's new wide-ranging road safety proposals, aimed at making Britain's roads the safest in the world. Yesterday I was in Manchester to welcome an accelerated transport package for Greater Manchester, including plans for new Metrolink lines from Chorlton to East Didsbury and from Droylsden to Ashton-under-Lyne. These extensions, along with those already under way, will result in Manchester's tram network being twice the size that it is today.

The Under-Secretary of State for Transport, my hon. Friend the Member for Gillingham (Paul Clark), invited English cities to bid for up to £29 million in funding to be the country's first sustainable travel city. That follows the success of the country's three sustainable travel towns.

Mr. Speaker: Order. May I say that I try to use topical questions for the benefit of the Back Benchers? That should be borne in mind.

Mr. Evennett: Thank you, Mr. Speaker, and I thank the Secretary of State for his response.

At a time when we are encouraging more people to travel by train, is the Secretary of State not concerned about the problems faced by disabled people in endeavouring to access some station platforms? In particular, may I draw his attention to the lack of disabled access to Crayford station in my constituency, operated by Southeastern, and ask him what he can to do assist with the problem and its solution?

Mr. Hoon: This is a concern for the Government and we are addressing it. I anticipate that there will be some modest funds available to improve access for the disabled. It is important that we ensure that all our citizens, able-bodied and disabled alike, have access to the railway network.

Mr. Jim Devine (Livingston) (Lab): Should the Government really be putting billions of pounds into Network Rail when, as a result of employment practices by a director of human resources, a man who called one of his staff a black effing b—, who kissed another member of staff on the cheek when she was on the phone, who asked to see the "white bits" of a member of staff as he asked her to take her top off when she came back from holiday, and who—

Mr. Speaker: Order. I have always said right at the beginning of every Session that we must be careful as to how we use parliamentary privilege. I do not wish that the Minister should respond to this matter.

T2. [275305] **Andrew Selous** (South-West Bedfordshire) (Con): In March, I had a helpful meeting in Dunstable with officials from the Department about progressing the A5-M1 link—the vital bypass in my constituency. May I say to the Secretary of State that that is key to local economic regeneration in the whole of my constituency and beyond? Does he have any news for my constituents about how the scheme can be progressed more quickly than is currently indicated?

The Parliamentary Under-Secretary of State for Transport (Paul Clark): I am delighted that the hon. Gentleman had a useful meeting with officials, and we will always endeavour to assist in that way. He will be aware of the complications involved in the programming, together with the hard-shoulder widening in the M1 programme. We are considering various issues arising from those discussions. Work is continuing, and we will push ahead as soon as possible.

T5. [275308] **Natascha Engel** (North-East Derbyshire) (Lab): I want to ask the Minister about the welcome review of concessionary bus travel. He will be aware that there have been some problems locally, but people are very worried that they will lose the concessionary bus travel scheme. Will he confirm that the review will not jeopardise that scheme, on which many people aged 60 and over totally rely?

Paul Clark: I reassure the House that we are proud of our decisions in 2001, 2006 and 2008 to give some 11 million people access to free local bus services across the country. The current consultation is examining an improved administrative system and is looking at raising it from district authorities to county councils. I encourage all concerned to contribute to that review, but we are emphatic about keeping the facility and the provision in place.

T3. [275306] **Ann Winterton** (Congleton) (Con): Eurostar has received huge amounts of taxpayer's money in investment, yet nine years after the introduction of the pet passport scheme, which insists on strict rabies vaccine requirements, it refuses to allow passengers to take their dogs or cats on board, whereas regional railways and the tube allow that. Is that not wrong? What do the Government propose to do about it?

Mr. Hoon: I have to say that I am not entirely sure, but we will seriously investigate the matter.

T4. [275307] **John Barrett** (Edinburgh, West) (LD): There is enthusiasm in all parts of the House for a high-speed rail link, but does the Secretary of State agree that a UK-wide high-speed rail system needs a United Kingdom, and that a separate Scotland would be a hindrance to any future proposals?

Mr. Hoon: The hon. Gentleman is right. I have recently looked at Spain's high-speed network proposals, and part of its avowed intention in allowing people to travel at high speed across the whole of Spain is to pull the country together. It seems to me important that the ambition for this country should be to achieve the same.

Mr. Tom Harris (Glasgow, South) (Lab): Will the stations champion have responsibility for defending the legitimate rights of train-spotters? There is a serious civil liberties issue, as train enthusiasts have been impeded

by station staff and prevented from pursuing an interest that is at least harmless, and at best can add to the security of a station.

Mr. Hoon: There has been much over-writing about the modest changes that are likely to occur as a result of extra security in our stations. We would all welcome that extra security, and it is important that people should be free to go about their legitimate enjoyment of their private time. I know how keen some hon. Members, particularly on the Liberal Democrat Benches, are on train-spotting. I would not want enhanced facilities for security to inhibit in any way my hon. Friend's pursuit of his leisure-time activities.

T6. [275309] **Tony Baldry** (Banbury) (Con): From 2011, the increase in public spending will reduce to 0.7 per cent. a year, but many programmes, such as that of the Highways Agency, go on to 2014. How will the Secretary of State ensure that the highways building programme does not shudder to a halt in 2011? There will be considerable dismay in areas such as mine if the improvements to junction 9 on the M40, which have been promised for a long time, are affected suddenly in 2011 by everyone saying, "Terribly sorry, there is no money."

Mr. Hoon: I am quite confident that the programmes to which the Government have committed of improving our highways, railways and capacity across our transport network can be delivered within the profile of spending that has been allowed by this Government. I am much less confident that that would be the case if the Conservative party were elected and imposed serious cuts on our transport network, including by failing to commit to Crossrail.

Mrs. Ann Cryer (Keighley) (Lab): Will my right hon. Friend give a brief update on a matter of concern to me and many others regarding the rumour about the renegotiation of the franchise on the east coast main line with National Express?

Mr. Hoon: There will be no renegotiation of franchises.

T8. [275311] **Sir Nicholas Winterton** (Macclesfield) (Con): My constituent Jessica Berry attended the Muscular Dystrophy Campaign launch of its Trailblazers report. What more can the Government do to assist handicapped people, in particular young people, to access trains and buses, and to ensure that when they have accessed them they can get off where they want to, rather than sometimes having to struggle in order to reach their destination?

Paul Clark: We take seriously, obviously, the accessibility of public transport for all concerned, in particular for those with disabilities. That is why there are end dates for all buses to be Disability Discrimination Act compliant by a rolling programme of 2015-16, and that is the case for railway stock as well. Programmes such as access for all, which allow people to move on to station platforms and across from one platform to another, are equally important. Those are the programmes in which the Government are investing money to ensure that we make life much simpler for those with disabilities.

WOMEN AND EQUALITY

The Minister for Women and Equality was asked—

Flexible Working Arrangements

1. **Mrs. Sharon Hodgson** (Gateshead, East and Washington, West) (Lab): What recent discussions she has had with Ministerial colleagues on awareness among parents and carers of disabled children and adults of their right to request flexible working arrangements. [275274]

The Minister for Women and Equality (Ms Harriet Harman): We have been running a campaign since April to increase awareness among parents and carers of the right to request flexible working. This media campaign has been focused on regional radio, newspapers, parenting and lifestyle magazines and websites. We will evaluate the campaign and assess awareness in the light of its results.

Mrs. Hodgson: Flexible working is both family friendly and business friendly. Does my right hon. and learned Friend agree that those requests should always fall on open ears?

Ms Harman: My hon. Friend is absolutely right. It helps families if parents of young children, or family members who care for an elderly or disabled relative, can continue to go out to work and choose their working hours, or the days of the week on which they work, to suit their caring responsibilities. She is right that it is important that employers respond positively to such requests when they are made.

I can tell my hon. Friend and the House that when such requests are made, employers respond positively to them. I have just looked at the figures that relate to her question. For people who care for an elderly or disabled relative, 96 per cent. of requests for flexible working are agreed. For working parents with young children, 95 per cent. of requests for flexible working are agreed. The problem is that people do not make the request because they do not know their rights. Only 10 per cent. of carers knew they had the right to flexible working. That is why most of them do not make a request. Only 19 per cent. of parents with children under six know that they have the right. The problem is not employers complying; it is that people do not know they have the right, so they do not ask.

Sir George Young (North-West Hampshire) (Con): While welcoming the campaign that the right hon. and learned Lady mentioned, and the very positive response from employers, is it not the case that an enlightened employer will not only have to agree to his statutory obligations, but within the flexible working time he has agreed, he will need to be additionally flexible because, unpredictably, those people will need to leave within the flexible hours that have been agreed? Employers will need to go beyond their statutory responsibilities if they are to give the entitlement referred to in the question.

Ms Harman: That is true. However, once employers and managers move from a strict "everyone working nine to five, five days a week" system and start responding

to such requests, they find it much easier to comply with them that they thought, and that they can be even more accommodating than the law requires them to be.

Over the next two decades the number of people over 85 is expected to double, and the care given to them by their families will be every bit as important as—if not more important than—the care provided by social services departments and health authorities. We do not want loads of people to have to give up their work because they are providing that important family care, so the question of their ability to work and employers' ability to respond flexibly is a huge one for the future.

Mr. Lindsay Hoyle (Chorley) (Lab): My right hon. and learned Friend knows as well as I do that we owe a big debt to carers, who lift the burden from the NHS and social services. She has rightly drawn attention to the number of carers who are not aware of their rights. How can we help them to become aware of those rights, and also help employers through difficult times so that they do not punish carers?

Ms Harman: My hon. Friend has raised many times in the House the question of what happens if people are made to work short time. There are a number of reasons why working practices are changing. According to recent research I have seen, most people who work part time - the majority of whom are women—would prefer to work full time. The position has changed. We have tended to assume in the past that women work part time because that suits them and their family responsibilities, but now most part-time work is involuntary: people would work full time if they could. Increasingly, employers are trying to make people work part time or short time in order to manage until the economy picks up. In that context, awareness of the availability of tax credits is essential. It is also essential for employers to know that they can defer payment of tax to help them with their cash flow.

Gender Reassignment (Equality Bill)

2. **Hugh Bayley** (City of York) (Lab): Whether the protected characteristic of gender reassignment proposed in the Equality Bill will protect transgendered people who choose not to seek medical advice or to change their physiological attributes. [275276]

The Solicitor-General (Vera Baird): Yes, the Bill provides an amended definition of gender reassignment which removes the reference to a person's being under medical supervision that exists in the current anti-discrimination law. In the Bill, the protected characteristic of gender reassignment covers transsexual people who take steps to enable them to live permanently in the opposite gender to the one assigned to them at birth. There is no requirement for them to seek medical advice or undergo any surgery or other medical intervention.

Hugh Bayley: Some transgendered people seek gender reassignment while others do not, but they all face a potential risk of discrimination at work or elsewhere. The Bill makes clear that protection is given to transsexuals, but do the Government intend all transgendered people, including those who do not seek gender reassignment, to be protected?

Sir Patrick Cormack (South Staffordshire) (Con): God preserve us!

Hugh Bayley: You do not need preservation.

The Solicitor-General: Once again, the Tory party has shown how up to date and understanding it is.

One way or another, my hon. Friend the Member for City of York (Hugh Bayley) has made a good point. We will find that most people in that position are protected. As well as the protection I have already described, there is protection by association or by perception, which applies to gender reassignment as well and should cover the people to whom my hon. Friend has referred. I think that the cover is reasonably comprehensive.

Lynne Featherstone (Hornsey and Wood Green) (LD): Is the Minister aware that transsexuals face an NHS lottery? There are heavy restrictions in, for instance, Oxfordshire, where they can only get part of what they need done. That is akin to the position in the 1960s, when people were forced to go to Morocco or the Netherlands for surgery. Does the Minister agree that that is an appalling situation for them to find themselves in, and will she commit herself to lobbying the Secretary of State for Health to ensure that people who are diagnosed with gender dysphoria need not face such dreadful circumstances?

The Solicitor-General: As the hon. Lady says, that is really a matter for the Department of Health. However, the Equality Bill places a duty on all public sector bodies to ensure that they end discrimination and promote the well-being of all the protected strands. That will be a useful weapon, and will help to ensure that services are spread more evenly across the country.

Cohabitation Bill

3. **Mary Creagh** (Wakefield) (Lab): If she will make an assessment of the merits of the provisions in the Cohabitation Bill [*Lords*]. [275277]

The Parliamentary Secretary, Government Equalities Office (Maria Eagle): I am happy to do so, and I am grateful to my hon. Friend for bringing this to my attention. The intention behind the Bill is to provide financial obligations to support children on the breakdown of cohabiting relationships. The Government have considered the financial recommendations of the Law Commission's 2007 report and are considering further what the best approach is for England and Wales.

Mary Creagh: I thank my hon. Friend for that reply. She will be aware that there are more than 2 million cohabiting couples in the UK, and in 2006 a fifth of all children were born to people in a cohabiting relationship. Does she agree that the part of the Bill that states that on the breakdown of a cohabiting relationship, a judge should be able to decide what is a fair outcome and allocate support to the ex-partner for up to three years in order to seek child care and enable that person to get back into work, provides useful measures? The Government could use them to ensure that we prevent women and their children—it is usually women—from falling into homelessness and poverty when a cohabiting relationship breaks down.

Maria Eagle: My hon. Friend is again asking me to assess the merits of the Bill's provisions, and I have said that I will do so; I will certainly have a look. The Law Commission proposals were about addressing hardship. There is legislation in Scotland—the Family Law (Scotland) Act 2006—which looks more at compensating parties for losses incurred as a result of cohabitation. There are many different approaches to trying to deal with this problem. The Government are considering the matter but have not yet come to a final decision on the best way forward for England and Wales. I am, however, happy to discuss this matter further with my hon. Friend.

Miss Anne McIntosh (Vale of York) (Con): As you will know, Mr. Speaker, common law in Scotland has always recognised a man and woman living together as having a common-law marriage. Will the Minister look carefully at the Scottish situation to see what we in England and Wales can learn from it?

Maria Eagle: Indeed, we will. One reason why we have not yet come to a final conclusion in assessing the different approaches to what we accept is an important issue is that the Scottish legislation came into force in 2006 and there is ongoing research on its impact; it will be useful to have some of the research's conclusions before coming to a final decision on the best way forward. The hon. Lady is right to raise the issue of the myths associated with what is often known as common-law marriage, which, of course, does not carry any rights at all beyond the ordinary property rights and rights within law. While we are coming to a conclusion about whether legislation is appropriate in this respect, it is important that we continue to provide advice to cohabiting couples—there are 2.3 million such couples in the UK—about what the current rights are, and, perhaps more importantly, are not.

Public Sector Employment

4. **Julie Morgan** (Cardiff, North) (Lab): What plans she has to increase the number of women employed in senior positions in the public sector. [275278]

The Parliamentary Secretary, Government Equalities Office (Maria Eagle): We have made some progress in increasing the number of women in key senior public sector positions; for example, women now fill 32 per cent. of senior civil service posts and 20 per cent. of local authority chief executive posts. Those are increases of 17 per cent. and 10 per cent. respectively compared with the situation in 1997, but there is still a lot more work to do. The Equality Bill will introduce positive action provisions allowing public authorities, as employers, to address this under-representation at senior levels if they choose to do so.

Julie Morgan: I thank my hon. Friend for that response and in particular for her reference to the civil service, but is she aware that over the last three years there has actually been a decline in the number of women appointed to the most senior positions in the civil service? In 2007-08, 24 per cent. of the top 105 senior appointments were filled by women; that was down on the year before, which was down on the previous year. Therefore, there appears to be a decline in the very top civil service positions. What can we do about that?

Maria Eagle: If we look across a number of public sector organisations—of course, the position is worse in the private sector—we see a general pattern of advance, then stalling and now a slight slipping back. It is therefore clear that we need to do more and take further steps to improve the situation. May I also just emphasise that this is not all about arithmetical equality, but about using properly the talent of all our people in the top jobs in this country? It is not, therefore, about trying to get the numbers right; it is about trying to facilitate proper opportunities for talented people. We need to persuade as well as enable, and lead by example as well as exhort, and that is what we seek to do.

Mr. Peter Bone (Wellingborough) (Con): I am very encouraged by what the Minister says. Does she agree that, where there is a male in a top job and a talented female deputy has been in place for a considerable time, done a very good job and has stood in, at times, for the boss, she should automatically get the next job? Can the Minister think of anyone close to her to whom that might apply?

Maria Eagle: I think I know what the hon. Gentleman is getting at, and I do not wish to get drawn into the individual circumstances in particular workplaces—he is inviting me to walk down a very difficult path. We need to do better overall in order to use the talents of all our people, including the women.

Mrs. Theresa May (Maidenhead) (Con): First, Mr. Speaker, may I apologise unreservedly to both you and the whole House for having been a little late in arriving for women and equality questions?

In some departments there is very much a glass ceiling for women, but another issue that women face in state institutions and departments is the gender pay gap. In some public sector institutions men are being paid 25 per cent. more than women, the national average being 17 per cent. The Equality Bill specifically does not include the public sector in the provisions the Government are proposing on gender pay audits. The Minister for Women and Equality is very keen to accuse the private sector of problems regarding the gender pay gap, but what are the Government proposing to do to end the gap in the public sector?

Maria Eagle: I am glad that the right hon. Lady is, like Labour Members, concerned about the gender pay gap. The Equality Bill will put an obligation on the public sector, and a more onerous obligation where there are 150 or more employees, to produce more information than we will be asking the private sector to produce. The public sector will therefore be leading by example, and it is important that we ensure that we do. Perhaps she was a couple of minutes late into the Chamber because she was reading the Bill—the provision is in there. We will make sure that we place this obligation on the public sector. May I remind the House that the public sector generally does better than the private sector? However, having transparency—seeing what the position is in a meaningful way—is the real way, as we have all discovered over the past couple of weeks, to find out what is going on.

Business of the House

11.33 am

Alan Duncan (Rutland and Melton) (Con): May I ask the Leader of the House to give us the forthcoming parliamentary business?

The Leader of the House of Commons (Ms Harriet Harman): The business for next week will be as follows:

MONDAY 18 MAY—Opposition Day [11th Allotted Day]. There will be a debate entitled "Crisis in Funding Further Education and Training", followed by a debate on Mid Staffordshire NHS Foundation Trust. Both debates will arise on an Opposition motion.

TUESDAY 19 MAY—Remaining stages of the Policing and Crime Bill.

WEDNESDAY 20 MAY—Motion relating to the appointment of the Comptroller and Auditor General, followed by a motion relating to National Policy Statements, followed by a motion relating to the Communications (Television Licensing) (Amendment) Regulations 2009.

THURSDAY 21 MAY—Motion on the Whitsun recess Adjournment.

The provisional business for the week commencing 1 June will include:

MONDAY 1 JUNE—Second Reading of the Local Democracy, Economic Development and Construction Bill [*Lords*].

TUESDAY 2 JUNE—Second Reading of the Borders, Citizenship and Immigration Bill [*Lords*].

WEDNESDAY 3 JUNE—General debate: subject to be announced; the Chairman of Ways and Means will then name opposed private business for consideration.

THURSDAY 4 JUNE—Topical debate: subject to be announced, followed by a general debate on defence in the world.

Alan Duncan: I thank the Leader of the House for giving us the forthcoming business. May I raise again the need for a statement on the case of the 80 or more Chinese children who have disappeared from a London care centre? We were promised a report to the House two weeks ago, since when we have heard nothing. There are some things in life that really are important, and this is one of them. What will the world say about our priorities if we fail to raise in this House this scandalous, shocking and vile trade in children that is going on under our noses? The Chairman of the Home Affairs Committee has asserted that Chinese children who arrive alone at a British airport are taken into local authority care and two thirds of them vanish within a week. To put it into plain English, for God's sake what is going on? Victorian campaigners stamped out child prostitution and now, in the twenty-first century, it seems to be back.

I know that the whole House will have welcomed your statement, Mr. Speaker, and the meeting you had yesterday on mass protests in Parliament square, which often block the road and the gates to Parliament. It is my understanding that the meeting focused on the immediate disruption that has been caused by the recent demonstration by Tamils, but there is a broader issue, because the whole area is deteriorating into a permanent shambles. Legitimate protest is fine and important, but permanently disruptive protest is not. The Leader of the House has so far failed to take a lead on this. Now that you have taken action, Mr. Speaker, may I ask her when we will get a statement and a plan of action on how to address this problem?

May I also ask the Leader of the House for a clear plan of action on the two inquiries that need to be conducted into the arrest of an hon. Member and the protection of parliamentary confidences? Members are becoming somewhat exasperated by her silence. She did promise to get back to the House, but so far she has not done so. This issue will not go away. What is stopping her from referring this issue to the Committee on Standards and Privileges in a motion, so that we can take time to reflect on the lessons that need to be learned? May I have a firm commitment today from her to take conclusive action before we rise for the Whitsun recess?

May we also have a debate on the announcement about the police made by the Prime Minister earlier this week? This was his first serious speech on crime since he became Prime Minister almost two years ago. One of his suggestions was that people who felt unsafe should be escorted home by police, but we now learn that the chairman of the Police Federation wrote to the Home Secretary to seek her clarification on how many times she wants the police to arrest, charge and convict the same people before the Government do anything about it. How on earth does the Prime Minister think the police will have time to tuck people up in bed if the Government are so badly mishandling persistent offenders?

May I again request a debate on the indignity of mixed-sex wards? Yesterday it was revealed that patients in many of London's hospitals were still being forced to sleep on such wards. I have raised this issue with the Leader of the House before and she said that "progress was being made". What kind of progress is it if top hospitals in the capital are failing to provide adequate care? The Leader of the House is a London MP and the Minister for Women and Equality, so may I ask what she intends to do about the issue?

Finally, may I once again—as I have done almost every week for months—request and demand a statement from the Government on how they will properly compensate the deprived policyholders of Equitable Life?

Ms Harman: The hon. Gentleman raises the question of the protection of children and their suspected trafficking into this country. This issue was raised in Prime Minister's questions yesterday and the previous Wednesday. This is a matter of serious concern and we need to be sure that the local authorities responsible, the immigration authorities and the police work together to ensure that children who have travelled to this country on their own, and who are vulnerable thousands of miles away from their families, are properly protected. I understand the Home Affairs Committee is having a seminar on this issue in Portcullis House today and we look forward to seeing its report.

The hon. Gentleman talked about mass protests in Parliament square. He will know that you have made a statement on the subject this week, Mr. Speaker, and that you have also held a meeting this week involving all the organisations that have operational responsibility for allowing the right to protest and ensuring that members of the public and Members of Parliament can get to and from the House of Commons. Obviously,

this subject will form part of the discussions about the governance of Britain, including those on the Constitutional Renewal Bill.

As I have told the hon. Gentleman on previous occasions, the House agreed that there would be a Speaker's Committee to consider parliamentary privilege. I do not think it is ever worth having two Committees when one can do the job. I am sure the whole House hopes that the discussion about the number of members for the Speaker's Committee and about how we can ensure it gets on with its work to see whether it can satisfy all Members' questions will be resolved as soon as possible.

The hon. Gentleman mentioned the Prime Minister's speech on the police. I remind him that crime in this country across the board has fallen over the past 10 years. We should pay tribute not only to the work that has gone on in this House through legislation to give more powers to the police, but to the work that the police have done, working closely with local communities, to ensure that crime falls and fewer people become victims of crime. There has been a great deal of progress over the past 10 years, but the hon. Gentleman is of course right to say that a problem remains, particularly with persistent offenders. That has been the focus of Home Office concern, and he or other hon. Members can raise that point in Home Office questions next week.

I completely agree with the hon. Gentleman that the issue of mixed-sex wards is overdue for further action, and there will be further action.

Martin Salter (Reading, West) (Lab): Can the Leader of the House find time for a debate on the use— *[Interruption.]*

Ms Harman *rose—*

Mr. Speaker: I call Martin Salter.

Martin Salter (Reading, West) (Lab): Could the Leader of the House find time— *[Interruption.]*

Mr. Speaker: Order. Sorry, I thought that the right hon. and learned Lady had finished.

Ms Harman: I had, but I unfinished because I remembered that the shadow Leader of the House had asked about Equitable Life. Shall I give my answer in response to another question or should I just carry on?

Mr. Speaker: The right hon. and learned Lady should not draw breath—that is what happened, and I called someone else. Please answer, and then I will call Mr. Salter.

Ms Harman: I know that this answer will be disappointing and annoying for many hon. Members who, like all of us, are very concerned about those people who lost out because of the mismanagement by Equitable Life over a number of years and because that mismanagement was not addressed properly by the authorities with responsibility for regulating Equitable Life. That is why, following the ombudsman's serious, weighty and important report, which took four years to compile, the Chief Secretary to the Treasury came to the House to make an oral statement. She said that even though no legal obligation to compensate has been ordered by the court—that is, despite the fact that it is clear that there is no legal obligation, and that was the subject of a court case—

Sir Patrick Cormack (South Staffordshire) (Con): There is a moral obligation.

Ms Harman: A legal obligation and a moral obligation are different. I am simply stating the position in relation to a legal obligation. The Chief Secretary to the Treasury said that, notwithstanding the fact that there was no legal obligation, the Government apologised for the regulatory failures and believed that there should be financial recompense for those who had lost out. The question is how we establish a scheme to pay out to those many people who have lost out. Sir John Chadwick, who is a High Court judge, is establishing that scheme. He will shortly produce an interim report on how it will be framed, and at that point the matter will be brought back to the House for Members' information.

Mr. Speaker: Martin Salter.

Martin Salter *rose—*

Hon. Members: Not again!

Martin Salter: This had better be good! Thank you for calling me, Mr. Speaker, for the third time and I hope for many more. Will the Leader of the House find time for a debate on the use of the £35 million Short money that the Opposition have received since 1997? That debate should be seen in the light of yesterday's posturing by the Leader of the Opposition about the MPs' communications allowance, which he and 90 per cent. of all Conservative MPs have claimed but now want abolished.

Ms Harman: Short money is public money that goes to the Opposition to help them to do their work and develop policy. That is important. We should acknowledge that public money underpins the political system in respect of the Opposition as well as the Government, but we must also recognise the role of the communications allowance. We need to be in communication with our constituents and to give them information about issues of concern to them. For example, we should tell them what help is available for those who lose their jobs and are worried about losing their homes. We should give them information about the mortgage protection schemes. We should give information to small businesses in our constituencies and tell them about the possibility of deferring taxes. It is not permissible to use the communications allowance to pass on party political messages, but I hope all hon. Members will use their allowance to give constituents the information they need. I support that, and I agree with my hon. Friend.

Mr. David Heath (Somerton and Frome) (LD): I am told that today is national dance like a chicken day, which may be apposite for activities in the House over the past week. While we have been obsessing—necessarily—about what has emerged in *The Daily Telegraph*, the world has continued: people have been losing their jobs, businesses have been closing, and people have lost their homes. We need to concentrate on that as well.

[Mr. David Heath]

I understood the Leader of the House to have given a commitment a few months ago that each week there would be a debate or a Question Time on the economy. I cannot see either in next week's business or in the provisional business for the week after the recess. May I suggest that we might use one of the general debates in those weeks for a debate on unemployment? There are now 2.2 million people in this country who are unemployed, and we could discuss what we can do to address that.

I and various other hon. Members from all parties last week pointed out to the Leader of the House that only one day had been provided for the Report and remaining stages of the Policing and Crime Bill. That is clearly inadequate, and I hoped that the complaints made from all parts of the House would be recognised. We still have only one day for a Bill that is exceedingly complex, and it is almost certain that we will not reach key sections. Even at this late stage, will she look again at the timetabling of the Bill?

May we have a debate on class sizes? Departmental statistics were supposed to be released on 7 May, but they were unaccountably delayed for a week until yesterday—perhaps because they show that 29,200 children between the ages of five and seven are now taught in classes of more than 30, despite the Government's absolute pledge to do away with all classes of that size. How can that be? May we have a debate on the matter?

May we also have a debate on the state of our nation's roads? Anyone who drives around Somerset, Wiltshire and neighbouring counties will know that the roads have deteriorated very badly. They are full of potholes and there is a massive problem with the backlog of road maintenance—it is estimated that the average shortfall for each authority across the country is £6 million. The state of the roads causes danger and discomfort, especially to cyclists—I can vouch for that—and many people are concerned that money is being spent on compensation for road accident victims rather than on doing something about the cause of those accidents. May we therefore have a debate on the state of the roads?

Lastly, a while ago I caused some grief to the right hon. Member for Pontypridd (Dr. Howells) when he was the Minister dealing with the Bill that became the Licensing Act 2003. He incurred the wrath of folk singers in Somerset, including the redoubtable Wurzels, when he set out his plans for live music. The number of venues for live music, and the number of pubs and bars that provide live music, has declined, as we predicted. The Licensing Act has brought some advantages, but it has also brought about a dire state in the provision of live music in pubs, and many difficulties for voluntary bodies such as village halls. May we have a debate on the operation of the Act, so that we can explore how we can improve the situation and revitalise the music industry in this country?

Ms Harman: In respect of the Policing and Crime Bill, in business questions last Thursday, I undertook to review the decision that it should have just one day on Report following Committee, as is usual. I have done that and looked again at the matter, because I know that there were concerns about four aspects: the definition of gangs; the use of DNA; control for gain in respect of prostitution, and its definition; and lap dancing and controls on lap-dancing clubs. Those are very important issues; I do not demur from that at all. However, the provisions on control for gain and lap dancing were already in the Bill when it was brought before the House on Second Reading. The Government are bringing forward amendments as concessions on issues raised in Committee.

The provisions on gangs and DNA were new; they were brought into the Bill in Committee, and therefore were not considered by the House on Second Reading. Concessions were agreed, so it is important that on Report we focus on those issues. When it comes to a Bill getting on to the statute book, we must take account not only of business in this House but proceedings in the other House. We have to make sure that we provide time so that we can consider not only our views but Lords amendments. Looking at the business of the House ahead of us, I have not seen a possibility of making a second day available. If it were possible to do so, I would have done it, but it was for me to make a judgment. I know that there were discussions among the parties, that there was not satisfaction on the issue, and that there have been concerns about it, but I am afraid I could not really offer any assistance on that, although I tried.

We made it a priority when we came into government to reduce class sizes, particularly in primary schools. Part of the reason for our big investment in education, year after year, is to keep class sizes down, so that each child can have more individual attention. That is one of the reasons why, despite the fact that there is a global economic recession, we are this year increasing investment in education by 4.3 per cent. That is in stark contrast to the cuts proposed by the Opposition, which would affect important things such as class sizes.

The third point raised by the hon. Member for Somerton and Frome (Mr. Heath) was about the importance of the House being able to discuss and debate and hold Ministers to account on what is being done to protect businesses, jobs and people's homes. I did say that the House would have an opportunity to discuss those issues more or less every week—and it has had that opportunity in the past—because that is the No. 1 priority. This week, we have had two days of discussion on the Finance Bill. On Tuesday, debate on the Bill went on until nearly 2 o'clock in the morning, and last night I think that it went on until about 10 o'clock. I would say that that was an opportunity to debate issues that affect the economy, so the House has had those—*[Interruption.]* If Opposition Members are saying that debate on the Finance Bill does not count as debate on the economy, and they want an additional opportunity to discuss the issue, I will think about making it the subject of a topical debate.

The hon. Gentleman also spoke about people killed or injured in road accidents. He could more properly have put that question to the team of Transport Ministers, who were answering questions just before business questions. He challenged the Government on a reduction in the number of venues available for live music as a result of the licensing regime. The fact is that there was an 8 per cent. increase in premises licensed with live music authorisation between March 2007 and March 2008, so if his proposition—

Mr. Heath: The number of licences has increased, but not the number of venues.

Ms Harman: Well, most people are concerned about two things. They are concerned about whether the places that want to provide music can get a licence to do so, and the answer to that point is that more people are getting licences. They are also concerned about ensuring that when those clubs or pubs have licences, all the people who are having a great time there do not deafen neighbours, and that the neighbours do not suffer a grim time as a result. The licensing regime is important, and more premises are getting a licence, so everything is absolutely fine, contrary to what the hon. Gentleman said.

The hon. Gentleman also made a point about expenses; I suppose it was really a throw-away remark, but I know that he regards it as a very serious issue, as all hon. Members do. I do not think that anyone in any part of the House is in any doubt at all about the anger and outrage that there is on the subject. I think we all want to put things right quickly, because we all want to restore trust and confidence in Parliament. We are all united in our belief in the importance of Parliament to our democracy. This is a defining moment, and it is a huge challenge for all of us. The public who elected us, and whom we represent, expect us to sort it out. As Leader of the House, I want to say—on behalf, I hope, of the whole House—"We get it. We're going to sort it out." That goes for all of us. We are aware of the scale of anger and outrage. We all believe that the issue needs to be sorted out, and we will work together urgently to do exactly that.

Mrs. Anne McGuire (Stirling) (Lab): Earlier this morning, Lord Macdonald of Tradeston and I received a report from the Dystonia Society, highlighting the impact of that painful condition on the lives of the 40,000 or so people across the United Kingdom who suffer from it. I wonder whether my right hon. and learned Friend could find some parliamentary time for a debate in the House to highlight that little-known condition.

Ms Harman: My right hon. Friend has brought the issue to my attention and that of the House through her question. I will bring it to the attention of Health Ministers. Perhaps she should seek an Adjournment debate, or a debate in Westminster Hall, on the subject; I am sure that other hon. Members would want to participate.

Sir Patrick Cormack: May I return to the subject of Equitable Life? Does the right hon. and learned Lady accept that the reports—and they are in the plural—from the ombudsman include criticism of the Government of an unprecedented severity? It is crucial that we debate the issue very soon. We are told this week that an average of 15 Equitable Life victims die each day; that is more than 100 a week. We must debate the matter, and the Government must come up with their package. As I said earlier, the Government have a moral obligation, whatever their legal obligation, and the House expects the Government to fulfil that obligation.

Ms Harman: The hon. Gentleman is right to say that the situation in respect of Equitable Life is unprecedented. It is unprecedented in the number of people affected. It is unprecedented in the amount of money involved; a lot of people have lost considerable amounts. It is unprecedented in that it affects not only the well-off but people on very modest incomes. It is also unprecedented in respect of its complexity. Those are the issues that we are determined to address. The Government do not seek to stand on their legal obligation, and we do not need to have our moral obligation explained to us. We are concerned about the matter. We are all concerned about the people who have lost out, and we will take action to make sure that the issue is addressed. I understand that on 19 May there will be a Westminster Hall debate on it.

Mrs. Ann Cryer (Keighley) (Lab): Will my right hon. and learned Friend find time for an early debate on the future of the east coast main line franchise? There are rumours regarding the financial viability of the main operator. I have been given an assurance by my right hon. Friend the Secretary of State for Transport that there will be no renegotiation, but as a railway enthusiast who uses that line at least twice a week, I feel that the anxieties linger on.

Ms Harman: I know from the representations of a number of hon. Members representing constituents all along the east coast main line that this is an important issue. I do not know whether the matter was raised during Transport questions as I was not present throughout, but as it affects a number of hon. Members, an Adjournment debate might be appropriate.

Dr. Julian Lewis (New Forest, East) (Con): May we have a debate in Government time entitled "The fallacy of atheism"? I defy any right hon. or hon. Members to refuse to believe in the existence of God having read today's edition of *The Argus* in which the most judgmental and sanctimonious Member of the House admits to having pocketed between £20,000 and £30,000 by paying rent to himself for a constituency office in his own home.

Ms Harman: I have much admiration and respect for the hon. Gentleman, who has taken a considerable battering at the hands of the hon. Member for Lewes (Norman Baker), but I urge him to resist the temptation to hit back, because we will make no progress. The public are angry and outraged. That is not just what I think; we all know that to be the case. As grieved as we might be that we have been subjected to accusations by other Members, that gives us no prospect of a way forward. The only way forward is to say to the public loud and clear, "We understand the anger. We understand the outrage. We had already taken some steps to improve the situation and we will take further steps to do so." We must do that to ensure that the public can once again have confidence not just in one political party or another, but in all parts of the House.

Ms Sally Keeble (Northampton, North) (Lab): Will my right hon. and learned Friend, who expressed her views and gave voice to the House on the issue of the need to clean up the expenses system, urge the House authorities to provide Members on request with an electronic copy of our receipts and claims, with full access rights—not just a read-only copy—so that we can make the redactions that are indicated but not made on the electronic copy that we have? We can then put them on our websites or do what we want with

[Ms Sally Keeble]

them. Please will she ensure that that happens so that we have proper access to our own data and can manage it as we choose?[1]

Ms Harman: Many hon. Members have been asked by their local newspapers, which are read by the constituents who elected them, to put details of their own claims and the payments received in the public domain so that the local newspaper can report them. Many hon. Members want to do that because, having been elected by their constituents, they feel that their constituents are entitled to know where their Member of Parliament stands amidst all of this. The difficulty is that the information on the claims and payments made that we have been given by the House authorities in electronic form cannot be given to local newspapers because it includes all sorts of information whose release would breach the freedom of information laws. For example, if I gave out the information about my expenses to the *South London Press*, which I want to do without having to wait for the House authorities to do so, I would be putting in the public domain the bank statements of my assistant, who is not at all keen that I should do that. I understand why, and it would be breaking the law.

This morning I asked the Clerk of the House if we could have not only a read-only copy but one that we could pass on to our local paper with the genuinely personal bits crossed out, and he is discussing that with the House authorities. That is not the situation at the moment and hon. Members will just have to tell their local newspapers that they can either come in and read the hard copies, with the personal parts, such as bank account details, crossed out, or simply wait for the House of Commons to enable us to provide an electronic copy. All local newspapers should recognise that although many hon. Members would not feel obliged to respond to national newspapers, they do feel accountable to their local constituents. The local newspapers report to the local constituents and Members want to be accountable to them.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): In her reply the Leader of the House to my hon. Friend the Member for Somerton and Frome (Mr. Heath) on the Policing and Crime Bill, the Leader of the House laid down an astonishing remarkable new doctrine that the Government will decide which parts of Bills the House scrutinises—she says DNA, gangs, prostitution and lap dancing—and that it will be up to the Government to decide that we do not look at the 12 clauses on police reform, the 14 clauses on extradition, the six clauses on alcohol, the 16 clauses on proceeds of crime and other matters. There are also 41 miscellaneous clauses. Is it now the case that the Government decide that we will be allowed to scrutinise some bits on the Floor of House and some that we will not? Furthermore, has she any plans to negotiate with Front and Back Benchers over where the knives go in the limited time that we will now have to non-scrutinise this important piece of legislation?

Ms Harman: There will be consultation, as there ought to be, on the programme motion and the allocation of time for different parts of the Bill. In my comments earlier, I was trying to respond to the points that the hon. Gentleman raised in the House last week—gangs, DNA, control for gain of prostitution, lap dancing, and, additionally, alcohol. I in no way meant that those were the only issues that the House would want to debate. I was just reflecting and cognising that those were important issues that he raised last time, but certainly other issues are also important. We will have as much discussion as we can and try, if possible, to reach agreement on the allocation of time in the full day's debate on Report. I try to ensure that no statement or any other business cuts into that time.

Rosie Cooper (West Lancashire) (Lab): Will my right hon. and learned Friend consider a debate on the confidentiality of Members' correspondence, on which we have had a number of discussions in the past and on which Mr. Speaker has ruled? In one of two recent incidents a firm that was supplying a service that the county council was involved in was in some difficulty, and I wrote expressing my worries and asking what would be done to replace that service should it collapse. I was shocked to find that my correspondence and the reply was circulated to county councillors at will, breaching confidentiality. Furthermore, when a councillor raised an issue, an officer told him that I had previously written and, I am told, allowed him to see my correspondence and the response. This is outrageous. My confidentiality needs to be respected, but more importantly, so does that of my constituents.

Ms Harman: When Members of Parliament, who are democratically elected, deal with another public authority that is publicly accountable, such as a council, there needs to be a proper level of trust and respect. This is not a question of the nitty-gritty of the rules, but of those councils applying common sense and thinking things through. My hon. Friend raises an important point, which Mr. Speaker has addressed in the past, and I will consider whether any further action needs to be taken.

Mike Penning (Hemel Hempstead) (Con): May we have a debate on the crisis in NHS dentistry? Some 1.2 million people, according to Government figures, do not have access to a dentist. The Government have accepted that there is a problem, which is why they are holding an inquiry, but could we have a debate on the matter to find out why not one single Minister in the Department of Health, including the Secretary of State, has visited a dentistry in the past 12 months? How can they know what is going on in the front line of dentistry if they have never visited a surgery?

Ms Harman: One reason why we have determined to protect the health budget is that we know that although progress has been made, there is still more to do. That is why there will be an extra 5.5 per cent. in the health service budget this year, some of which will be available for continued improvements in dentistry. The policy of the hon. Gentleman's party's would be to make cuts and to say, "We can't afford this because of the recession." I cannot believe that no Minister has visited a dental surgery other than in a personal capacity—*[Interruption.]* The hon. Gentleman is holding up a parliamentary answer, which may be conclusive, in which case I will say no more.

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): May we have a debate in the House on the importance of manufacturing to this country? Unite, the union, has

1 *[Official Report, 19 May 2009, Vol. 492, c. 17MC.]*

organised for this Saturday a major march and rally in Birmingham to highlight that very point about manufacturing. All right hon. and hon. Members are welcome. Will my right hon. and learned Friend assure the House that whatever else is going on, the Government will remain committed to helping the manufacturing industry through these difficult times?

Ms Harman: I am aware of that important demonstration in support of manufacturing in Birmingham this week. It was organised by the unions, but it will involve employers from a range of organisations, not only from Birmingham, but from across the west midlands. The question of support for manufacturing was raised when the Cabinet met in Birmingham, Glasgow, Liverpool and Newcastle. The issue is raised constantly, as it is in questions to the Department for Business, Enterprise and Regulatory Reform.

Mr. Peter Lilley (Hitchin and Harpenden) (Con): Will the Leader of the House tell us when we are finally going to have an opportunity to debate the revised assessment of the costs and benefits of the Climate Change Act 2008, which was slipped out for the Secretary of State for Energy and Climate Change without a statement, as were his responses to my subsequent questions, even though it shows that the costs, at some £400 billion, will be about twice as high as we were told they would be when the measure was debated? That means that it will cost every household in the country about £20,000.

Simultaneously, the Secretary of State admitted that his predecessor had overlooked nearly £1 trillion of benefits. Those are the largest financial errors ever made by a Minister. When will we have the opportunity to debate them? They cast doubt on the whole climate change alarmism thesis. Every time the theory contradicts the facts and the figures, they simply change the figures.

Ms Harman: I will raise the matter with the Secretary of State for Energy and Climate Change and ask him to write to the right hon. Gentleman.

Mr. Lilley: I am asking for a debate.

Ms Harman: The right hon. Gentleman is calling for a debate, and I will consider whether the matter should be the subject of a topical debate.

Julie Morgan (Cardiff, North) (Lab): When can we have a debate on the UK Border Agency's treatment of urgent cases? My constituent, Dr. Anjali Shetty, who is a consultant microbiologist working in south Wales, has been trying desperately to get indefinite leave to remain and to have her passport returned from the agency. Her mother, who is very ill in India, has taken a turn for the worse, and Dr. Shetty needs urgently to return. She was told yesterday by the agency not to make any travel arrangements and that it would deal with the matter as quickly as possible. How can we send a message to the agency that it is dealing with tragic human situations, not just bits of paper? What can hon. Members do to ensure that such cases are dealt with urgently?

Ms Harman: I will bring it to the attention of the Home Office Minister responsible for immigration that my hon. Friend has raised the issue of Dr. Anjali Shetty in the House. My hon. Friend could seek a meeting with immigration Ministers, but I also remind her that Home Office questions on Monday might give her an opportunity to raise the matter with them.

Mr. Alan Reid (Argyll and Bute) (LD): Last week, the Leader of the House rejected a request by me and other hon. Members for a debate and a vote on Equitable Life, and this week she has rejected hon. Members' entirely legitimate calls for more time to debate the Policing and Crime Bill. If there is not enough time in the current Session for those important debates, why can we not add an extra week to the Session at the end of July?

Ms Harman: With respect, the hon. Gentleman has mixed up two issues that are not the same. I have not rejected anybody's concerns about Equitable Life. I explained the process: as soon as John Chadwick's interim report is ready, it will be brought to the House. I am not rejecting anybody's concerns; indeed, I share those concerns—we feel strongly about the matter and will bring it back to the House.

I have also not rejected the concerns that were raised by the hon. Member for Somerton and Frome (Mr. Heath) and others about the Policing and Crime Bill. It is not so much an issue of this House. The issue is how we make sure that the Bill completes its passage through this House, but also the House of Lords, and that we have an opportunity to deal with Lords amendments. It is not just a question of when we are in recess but what happens when the Bill goes from this House to the House of Lords and returns in time so that we can consider Lords amendments.

Barry Gardiner (Brent, North) (Lab): Many workers up and down the country are this week celebrating the 10th anniversary of the national minimum wage. Does my right hon. and learned Friend share the view of many hon. Members across the House that a Conservative Member's attempt to introduce a Bill that would enable workers to be paid less than the minimum wage is an absolute contempt?

Ms Harman: My hon. Friend illustrates well that we are united on the question of the importance of democracy precisely because there are choices to make and differences in political views and between parties. As he said, one of the most stark differences is our strong belief that there should be a minimum wage by law. The suggestion from Conservative Members, which appears in the private Member's Bill that will be debated tomorrow, that employers should simply be able to opt out would blow a hole in the national minimum wage.

Sir Nicholas Winterton (Macclesfield) (Con): The Leader of the House just talked about of democracy. In support of the hon. Member for Somerton and Frome (Mr. Heath), the Liberal Democrat spokesman, who requested a second day to debate a Bill, does she accept that the only opportunity that a Member has to participate in the passage of a Bill, if they are not called on Second Reading or if they are not appointed to the Public Bill Committee, is on Report and at remaining stages? Does she agree that Members who want to participate should be enabled to do so, and that the tight programming of Report and remaining stages of big and important Bills is unnecessary and damaging to the authority of the House in scrutinising legislation?

Ms Harman: I have said that we will have discussions to make sure that we can try to reach agreement on programming so that hon. Members are able to debate all the important parts of the Bill. I have also said that I will try to ensure that there is no oral statement on that day so that we do not lose an hour.

Kelvin Hopkins (Luton, North) (Lab): My right hon. and learned Friend will recall that the Select Committee on Public Administration published its report on lobbying in the first week of January. The report, which called for a statutory register of lobbyists, was followed by an early-day motion from my hon. Friend the Member for Pendle (Mr. Prentice), who is a fellow member of that Committee, calling for urgent legislation. The motion has been signed by 162 hon. Members.

It is customary for the Government to respond to such reports within two months. The response was deferred until after Easter, but it is now well after that time. Will my right hon. and learned Friend ask her colleagues in the Cabinet Office to respond and to come with forward with at least a reply and, I hope, legislation, as soon as possible? May I also suggest that such legislation would help to raise public esteem for Parliament once again?

Ms Harman: My hon. Friend might take the opportunity to raise that matter directly with Ministers at Cabinet Office Questions on Monday. He will know that questions that touched on the subject of lobbying were the subject of various parts of the draft constitutional renewal Bill, which was scrutinised by a Committee of both Houses.

Ann Winterton (Congleton) (Con): A debate on defence in the world is always to be welcomed, but may I ask the Leader of the House to reconsider the date on which she proposes to hold the next one, which is the date of the local and European elections? That could be perceived as lowering the priority of defence, bearing in mind that in the past week, when both politicians and the media have been over-indulging in navel gazing, four young men have lost their lives in Afghanistan and the lives of their families and friends have been changed for ever. Can we get our priorities right?

Ms Harman: Absolutely no disrespect or lack of priority is indicated by our scheduling the defence debate on that day. The subject is one on which there is so much agreement in the House, albeit a keen determination to debate it, that it will not divide the House. If elections are taking place—European elections and council elections are being held on that day—the usual practice is not to put on whipped business or business that will result in a vote. The defence debate is a general debate—such debates are keenly supported by hon. Members—and there are not such divisions that it will end in a vote. That is the explanation, although I have some sympathy with what the hon. Lady says.

Tony Baldry (Banbury) (Con): A delegation of the Chinese National People's Congress is visiting the House this week, and it would be good if the House had the ability to express concern about the fact that, yesterday, Aung San Suu Kyi was arrested—yet again—and is to be put on show trial, so that the Burmese authorities can detain her for a further period.

That is the substantive point, but will the Leader of the House consider a process point, as well? Could consideration be given to introducing a system whereby, if enough right hon. and hon. Members sign an early-day motion—250 or 300, perhaps—we could vote on it as we do in the deferred votes on Wednesdays, and, by such a mechanism, express the will of the House of Commons? People such as the Chinese Government, the Burmese authorities and others would be able to see that the House of Commons has expressed its will, without our needing to hold a full debate, followed by a resolution. We in this place, unlike those in other legislatures, are rather restricted in how we express our will.

Ms Harman: Early-day motions are important for that reason. They allow hon. Members to put their names to motions tabled to show support for a particular position.

We are all concerned about the arrest in Burma. We have always held that the detention is illegal, and that has been confirmed by a UN working group. We cannot speculate on whether the regime were behind the US swimmer incident, but they are clearly exploiting it for their political advantage. Perhaps the hon. Gentleman will find an opportunity to raise the matter again at Foreign Office questions next week.

Mr. Peter Bone (Wellingborough) (Con): I understand that the Leader of the House has come up with what can only be called a prime ministerial solution to the second home problem. I understand that she has identified a site that is rent-free and very close to Parliament and can accommodate hundreds of MPs. Is it true that, next week, she will issue hon. Members with tents and order them to camp on Parliament square?

Ms Harman: The hon. Gentleman knows the answer to that question. Of course we all support the principle that there should be probity and integrity in the system, but we also support a principle for which the Americans have a much better expression than we do—from log cabin to White House. It should not be necessary to be wealthy to become a Member of this House.

A point on which we also all agree and on which the hon. Gentleman's question touches is the importance of the constituency link. That is a uniquely important feature of the House of Commons: not only do we do our business here, but we are linked with our constituents in our individual constituencies. That is the main reason why we have the allowance. We have to sort out the system, but we must respect and support the constituency link in doing so.

John Barrett (Edinburgh, West) (LD): May we have a debate on how to ensure that the people elected to this House more accurately reflect the make-up of our society, especially people with disabilities?

Ms Harman: The Speaker's Conference is doing exactly that. It has members from both sides of the House and we look forward to its report and recommendations.

Mr. Rob Wilson (Reading, East) (Con): May we have a debate on the funding of successful, expanding sixth forms in England, such as the one at Highdown school in my constituency? Many hon. Members have already

raised the funding formula cut, which the Government have now put right, but the Learning and Skills Council is still not properly funding successful, expanding sixth forms and this is causing great concern to many parents and students in my constituency.

Ms Harman: The hon. Gentleman will know that, despite the massive increased investment in further and higher education, there have been major problems with the LSC, which have affected sixth forms and colleges in all constituencies. We shall continue to increase the budget for apprenticeships, colleges and Train to Gain, but as he rightly points out, there is still some sorting out to do in the Learning and Skills Council. The problems are causing uncertainty and we want to resolve them as quickly as possible.

Points of Order

12.26 pm

Dr. Evan Harris (Oxford, West and Abingdon) (LD): On a point of order, Mr. Speaker. Disappointingly, the Leader of the House said that only one day would be available for the Policing and Crime Bill on Report. She admitted that that would result in scrutiny only of those clauses that the Government arrange in the programme motion. I understand that programming was designed to aid scrutiny, but it is being used to stifle it and, in effect, to impose the Government's selection of amendments and new clauses. I also understand that—perhaps for procedural reasons—you do not or cannot select amendments to order of consideration motions at Report stage.

Although in this case the Leader of the House has offered to consult on the programme motion, ultimately, the Government can impose their own, as they did with the Bill that became the Human Fertilisation and Embryology Act 2008, the Coroners and Justice Bill and the Apprenticeships, Skills, Children and Learning Bill. My question to you, Mr. Speaker, is: will you consider how programming operates and—perhaps as a defender of Back Benchers' interests—how we can return to the original function of programming, which was to aid parliamentary scrutiny of Executive action? At present, the Government, not necessarily in bad faith, decide what parts of their programme we are able to scrutinise.

Mr. Speaker: I thank the hon. Gentleman for giving me notice of his point of order. He will have heard the remarks made by the Leader of the House a few minutes ago. I understand that the Procedure Committee is starting an inquiry into the subject, and that is the best way for him to take his deep concern forward. I thank him for raising the matter.

Mr. David Heath (Somerton and Frome) (LD): On a point of order, Mr. Speaker. I do not think that any hon. Member underestimates the gravity of the revelations that have appeared over the past week. It is clear that individual Members will have to account for their own actions and that we as a House are responsible for the system within which they have operated. It is appropriate for the House to reflect on the judgment of those who, in recent years, have sought to block reform of the system and increased transparency. It is that last point that I want to ask you about.

I am in no doubt that Officers of the House are being bombarded with requests for information. They have the invidious job of trying to respond to those requests. Will it be possible to share with the wider House the advice that is given to Officers on how to respond to those requests, so that we as a House can take ownership of the appropriate response to requests for transparency and so that we are not put in the same position again? Officers must have clear guidelines within which they operate and the House must be assured that we are not inappropriately blocking requests for information which should properly be given to the public.

Mr. Speaker: Those matters are being looked into by Committees of the House. It is not for me to agree to the hon. Gentleman's request. If he puts what he has just said on the Floor of the House in writing, I will reply, giving him a reasoned response.

Dr. Julian Lewis (New Forest, East) (Con): On a point of order, Mr. Speaker. May I assure you that this point of order has nothing to do with the hon. Member for Lewes (Norman Baker)?

Mr. Andrew Love (Edmonton) (Lab/Co-op): Why not?

Dr. Lewis: I think that the hon. Member for Lewes has done enough to himself.

Mr. Speaker, you have rightly drawn attention to the distinction between that information which has been released early and that information, such as Members' home addresses, ex-directory telephone numbers and bank account details, which has been stolen as a result of a criminal breach of the Data Protection Act. What guarantee is there that the same thing will not happen again with the next year's claim forms and receipts if the House insists on handling them in electronic form rather than in paper form? If the House had not handled that material in electronic form, it would have been impossible for people to steal the private data, which everyone, whatever they think about the claims—the substantive data themselves— must agree should never have been copied.

Mr. Speaker: I have to be careful about what is said on the Floor of the House regarding hon. Members' private business and that of their staff. The Clerk of the House, as the corporate officer, felt that there was a criminal matter involved, and he took it up with the police. Perhaps some clarity can be given to the issue: the Clerk felt that there was a criminal matter and, he, as the corporate officer, took it up with the police. I endorse what he had to do. Now that we have called in the police, I have to be careful about my response to the hon. Gentleman and his point of order. I know that he will appreciate that.

Sri Lanka

Topical debate

12.31 pm

The Minister of State, Foreign and Commonwealth Office (Bill Rammell): I beg to move,

That this House has considered the matter of Sri Lanka.

With the conflict between the Sri Lankan Government and the LTTE in a critical phase, it is appropriate that we again discuss events in Sri Lanka. At the outset, I must apologise to the House, however, because I shall not be present for the winding-up speeches.

As the conflict area shrinks, now covering fewer than 5 sq km, so the risk to the tens of thousands of civilians who are still trapped in that area rises. That was shockingly brought home by the latest reports of the use of heavy weapons and of very many civilian casualties, including children. My right hon. Friend the Foreign Secretary surely spoke for all Members when he said at the United Nations on Monday that he was appalled by those reports. Such actions would be deplorable at any time; they are all the more deplorable coming so soon after the Sri Lankan Government's own commitment on 27 April to cease using

"heavy calibre guns, combat aircraft and aerial weapons".

Keith Vaz (Leicester, East) (Lab): My hon. Friend mentioned the Foreign Secretary's excellent statement in New York. Is there any truth to the rumour, or, indeed, is it a fact, that Russia and China are still blocking Britain's efforts to bring the issue to the United Nations Security Council? Have the Government made an effort to place a resolution calling for a ceasefire on the agenda of the Security Council? Yes or no?

Bill Rammell: I shall come on to comment in detail about that situation, but let me reassure—unfortunately reassure—my right hon. Friend that there is still no consensus for Security Council action in terms of a resolution.

The use of heavy weapons in an area of such dense civilian occupation will inevitably result in heavy civilian casualties, making it very difficult to comply with requirements under international law to minimise civilian casualties. Let me state quite clearly up front that we would support an early investigation into all incidents that may have resulted in civilian casualties, particularly the reported shelling of hospitals, to determine whether war crimes have been committed. The UN estimate, if accurate, of more than 6,500 civilian deaths since January is truly shocking and appalling.

Mr. Andrew Dismore (Hendon) (Lab): It is quite clear that the Sri Lankan Government are impervious to anything that the rest of the world says. They have turned their back on the rest of the world; is it not time that the rest of the world turned their back on the Sri Lankan Government, isolated them and held them to account for the appalling things that are going on?

Bill Rammell: As I shall come on to say, democratic states are held to a higher standard of responsibility than other organisations, and the Sri Lankan Government, as we have repeatedly urged them, must respond to that point.

Mr. Edward Davey (Kingston and Surbiton) (LD) *rose—*

Bill Rammell: I am conscious of time, but I shall give way and then make progress.

Mr. Davey: I am grateful to the Minister for making it absolutely clear that the Government support an investigation of any allegation of war crimes. Have they made it absolutely clear to the Sri Lankan Government that that is our message and that is what we will pursue?

Bill Rammell: Emphatically, yes.

Before I say anything further about the conflict, I shall touch on the Tamil demonstrations outside the House and elsewhere. It can come as no surprise that the Tamil community in this country has been galvanized by events in Sri Lanka to march through the streets of London, and to stage protests on our doorstep, in Parliament square, and outside a number of diplomatic missions. I pay tribute to the vast majority of Tamils in the UK who make valued contributions to British society, and I assure them that we fully recognise their legitimate concerns. The right to demonstrate is fundamental to the workings of our democratic society, but demonstrations must remain within the confines of the law.

Lembit Öpik (Montgomeryshire) (LD): I am pleased to hear the Minister say that, but is he aware that the reputation of the Government and the British state is harmed in the eyes of the Tamils by pointless attempts to use terrorist legislation against individuals such as Muralee and Vithy Tharan who were found innocent of any wrongdoing in terms of consorting with the Tamil Tigers? To those people who make such strange judgments about whom to arrest and attempt to prosecute, will the Minister please pass on the message that it does not help to put innocent men in the dock and to wreck their lives for a year only to find out that they are innocent, as anybody who knew them already knew?

Bill Rammell: The hon. Gentleman knows, as I have stated, that there is a right to peaceful protest; he knows also that, on the decisions that are taken in such circumstances, there is operational independence. That is the right approach.

Returning to the conflict, I believe that two crises are unfolding in Sri Lanka. The first, and most immediately pressing, concern is the fate of the civilians who are still caught in the conflict area. The lack of independent observers makes it impossible to be certain of the facts, but the UN and the International Committee of the Red Cross estimate that there are anything between 50,000 and 100,000 civilians still trapped in an area that, to put it in context, is slightly larger than the combined area of St. James's and Green parks. There are very clear indications that the LTTE is holding many of those civilians against their will and using some of them as human shields. It shoots at civilians who try to escape, forcibly recruits those able to fight, including children, and uses others as labour to construct earthwork defences. We rightly and utterly condemn those practices, but we also have to be clear that they do not in any way, shape or form excuse any failings by the Sri Lankan Government.

As I said earlier, democratically elected Governments are rightly held to higher account by the international community. The UN has spoken of a bloodbath, which must be avoided.

Simon Hughes (North Southwark and Bermondsey) (LD): The Minister knows how supportive we are of him and his colleagues. Given the inability to establish the international presence that everyone wants in the area, are the Government willing to make representations to the Americans, who I understand have taken satellite photographs that show as much evidence as there is of activity, to make them formally available to the international community in order to seek to influence both sides, which would know that what they were doing was being seen and recorded?

Bill Rammell: The hon. Gentleman has taken a long interest in the issue, and our comprehensive view is that there is still not enough information to make an accurate assessment. However, I have listened to his point, and I shall consider it with my colleagues to see whether it represents a way forward.

We have consistently maintained that both sides must abide by their obligations under international humanitarian law and do everything possible to avoid putting civilians unnecessarily at risk. As the Foreign Secretary made clear in New York on Monday, our message is simple: the killing has to stop. The Government call on the Sri Lankan Government to stop their military campaign and allow the UN or the ICRC to facilitate a move away from danger to safety for those civilians who wish to leave. We call on the LTTE to let civilians—those same Tamils whom it claims to represent—to leave the conflict area.

Mr. Virendra Sharma (Ealing, Southall) (Lab) *rose—*

Bill Rammell: I am very conscious of the time that is available, and many Members wish to speak. I shall give way one more time and then make some progress.

Mr. Sharma: Everybody appreciates and is thankful for the Foreign Secretary's intervention, the statement from the USA and the visit of my right hon. Friend the Member for Kilmarnock and Loudoun (Des Browne), the special envoy, to Sri Lanka. However, despite the statement made on Monday, thousands of people have still been killed and the bombing is still going on; we can see the photographs today in the free papers distributed in the London underground. There is enough evidence. The communities over here are not satisfied; they are worried about, and unaware of what is happening to, their loved ones. The communities, particularly the Tamil community, would like more and more intervention in the situation.

Bill Rammell: I emphatically understand the frustration of people who want the conflict to be brought to a conclusion. The reality is that, despite our best efforts, the conflict is still going on. I say that to describe the scale of the challenge that we face, but in no way do I mean that we will stop our unstinting efforts to try to bring the conflict to a conclusion.

The civilians to whom I have referred are in constant fear for their lives; they also desperately need food, drinking water and medicines. The regular operation of

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the International Committee of the Red Cross ship, which makes deliveries and evacuates the wounded, depends fundamentally on security. That is another reason why the Sri Lankan Government must uphold their commitment to stop using heavy weapons.

The second crisis revolves around the conditions for civilians who manage to escape the fighting. We welcome the fact that more than 190,000 civilians, including more than 120,000 during the past four weeks, have been able to escape it and are now registered in the camps for internally displaced persons. The ability of the relevant agencies depends on the full co-operation of the Sri Lankan Government. Bluntly, that has not been forthcoming.

Owing to those concerns and others, my right hon. Friend the Foreign Secretary and French Foreign Minister Kouchner visited Sri Lanka on 29 April. They made it clear to the President and Foreign Minister that the protection of civilians must be paramount and that the conflict must end. Since their visit, and the welcome visit made by the cross-party group of MPs, made up of my right hon. Friend the Member for Kilmarnock and Loudoun (Des Browne)—he sends his apologies for not being here today; he is speaking elsewhere—about the Sri Lankan crisis the right hon. Member for Gordon (Malcolm Bruce), my hon. Friend the Member for Glasgow, Central (Mr. Sarwar) and the hon. Members for South Down (Mr. McGrady) and for Buckingham (John Bercow), there has been some improvement in the issuing of visas to the staff of the humanitarian agencies and in those agencies' ability to move around the country.

However, more needs to be done. We will continue to press for improved access for the humanitarian agencies to the internally displaced persons and for adequate supplies of food, water and medicines to reach those in need. We are also calling on the Sri Lankan Government to ensure that the screening of IDPs is carried out in a fully transparent way that respects human rights and the dignity of those involved.

The Sri Lankan Government also need to give free access to the international media. Let me be clear: what is needed is greater access and transparency, not less. As I have said in this place before, hon. Members across parties have been criticised and attacked by the Sri Lankan high commission for speaking out and expressing their legitimate concerns about the actions of the Sri Lankan Government. Such criticism of MPs who are doing their jobs legitimately on behalf of their constituents is wrong and unacceptable.

As hon. Members will know, the Government have led in mobilising international pressure to bring about an improvement on the ground. In January, the Prime Minister was the first world leader to call for a ceasefire, and he has since repeated that call directly to President Rajapaksa. The Foreign Secretary has made the same call in his numerous contacts with the Sri Lankan President and Foreign Minister, in public statements and in concert with others, notably the United States and France.

Mr. Andrew Love (Edmonton) (Lab/Co-op): Will my hon. Friend give way?

Bill Rammell: One last time.

Mr. Love: The Indian elections are concluding on Saturday, and we need the new Indian Government to speak out on this matter. Not only that, but both Governments must speak out clearly in condemnation of countries such as China and Russia, which are impeding the progress of the United Nations attempt to resolve the dispute.

Bill Rammell: The issue of the Indian Government is at the fore of our concerns. Concerted international pressure is of paramount importance.

In recognition of the importance of internationalising the issue, we have led the calls of the G8 for an end to the conflict and the calls of EU Ministers for a ceasefire. Two days ago, an EU troika visited Sri Lanka, and the country will feature prominently at next week's meeting of EU Foreign Ministers. We have also welcomed the engagement of the United Nations, including the personal involvement of the Secretary-General, with whom the Foreign Secretary has discussed Sri Lanka several times. My right hon. Friend has welcomed the Secretary-General's statements and made it clear that we fully support the visits to Sri Lanka made by his representatives, including Sir John Holmes, Under-Secretary-General for Humanitarian Affairs, and Walter Kälin, the Under-Secretary-General with responsibility for internally displaced persons. In the face of some opposition from others, we have also supported their subsequent briefings to members of the Security Council.

As the Foreign Secretary made clear in New York on Monday, we strongly believe that the civilian situation in Sri Lanka merits the attention of the United Nations at all levels, including formal discussions by the Security Council. We welcome the important step taken by the Security Council yesterday in issuing its first official written statement on the worsening humanitarian crisis in Sri Lanka. While he was at the UN, the Foreign Secretary had direct meetings with other members of the Security Council, UN officials and non-governmental organisations, to discuss Sri Lanka.

Despite opposition from some other members of the Security Council, we will continue to explore how to keep the Security Council actively engaged. That is the right thing to do; it will ensure that the spotlight of international attention remains focused on Sri Lanka and that the Sri Lankan Government can have no doubts about the international community's concerns. After his visit to the UN, the Foreign Secretary went to Washington, where he discussed Sri Lanka with Secretary of State Clinton and others in the Administration. We welcome President Obama's strong statement last night, which underlined again the force of international concern.

In conclusion, I should say that for the past 25 years the conflict has inflicted dreadful damage on Sri Lanka and its citizens. The fighting now has to stop and the lives of civilians have to be safeguarded. There can be no military solution to the conflict; lasting peace can come about only through an inclusive process that takes fully into account the legitimate aspirations of all communities in Sri Lanka—Sinhalese, Tamils and Muslims. How the conflict ends will have a direct bearing on the prospects for longer-term peace in the country. The Sri Lankan Government must win the peace as well as the war, and that will be the continuing focus of this Government's activity, together with international partners, in the coming days and weeks.

12.47 pm

Mr. Keith Simpson (Mid-Norfolk) (Con): This is the latest in a series of debates in the House about the worsening situation in Sri Lanka. I say straight away that what the Minister said about the fate of the refugees in the so-called no-fire zone beggars imagination. That so many people should be attempting to live in such a small area—let alone under fire—is absolutely horrific. We should bear that in mind.

The Conservative party has supported the Government's initiatives to help resolve the fighting. I commend the right hon. Member for Kilmarnock and Loudoun (Des Browne), who told me last night that he would be unable to be here. I also commend the other colleagues on their recent visit to Sri Lanka and the information that they gathered; no doubt some of them hope to catch your eye, Madam Deputy Speaker, to update the House.

Siobhain McDonagh (Mitcham and Morden) (Lab): Does the hon. Gentleman's support for UK Tamils and the British Government extend to a Member from his own party, who only on Monday suggested that water cannon be used against the Tamil demonstrators in Parliament square?

Mr. Simpson: All hon. Members must be responsible for their individual thoughts; I certainly do not support what was said at all. I say with great respect to the hon. Lady that, on the whole, there is amazing consensus on both sides of the House on this issue. Now is not the time to raise such issues; I have made the Conservative Front-Bench position perfectly clear in all the debates. Indeed, in a few minutes I shall comment on what has happened in respect of the demonstration.

Since we last debated this issue, the situation has got demonstrably worse for civilians in the no-fire zone. The Sri Lankan Government had made a commitment not to use heavy weapons, but the recent bombardment of the last hospital appears to show that that commitment has been breached.

As I am sure that hon. Members will recognise, the use of heavy weapons includes close air support, artillery and mortars. In a battle zone, the use of high-velocity firearms—self-loading rifles and pistols—is bad enough, let alone artillery fire. I press the Minister to say what independent evidence there is to place in front of the Sri Lankan Government, who appear to be in denial. I recognise that in a war zone, as this is, it is possible to make mistakes; we have seen that on occasions involving NATO forces in Afghanistan. However, I think that most people believe that this was a clear breach by the Sri Lankan Government, who should be told that not only the military commanders but the political leaders may well be held to account, as they should be, in the international court of opinion and, indeed, international law.

John McDonnell (Hayes and Harlington) (Lab): The hon. Gentleman emphasised the small parameters within which refugees are located. Surely it is absolutely reckless, and leads towards allegations of war crimes, to use those sorts of weapons in such a small area, where it is inevitable that innocents will be injured, maimed and killed.

Mr. Simpson: It is not only morally wrong, but stupid. If one has surrounded an area, there is a fair chance that if one starts lobbing artillery shells around one will get overshooting and might kill and injure some of one's own troops. Without being facetious, it is, as Talleyrand might have said, more than a crime—it is a mistake. Sadly, it is one of many mistakes that the Sri Lankan Government have made.

As the Minister said, in excess of 140,000 civilians are now in IDP camps. Although the conditions in those camps are not as bad as in some that hon. Members have visited in other parts of the world, such as Darfur, they are not good, and they are not open to proper international inspection or to the media. What evidence do the Government have as regards the accusation made by several people who have had access to the camps that the Sri Lankan Government are weeding out young Tamils, not only directly because they are thought to have been active on the military side, but because they are young men, and they have gone into a category that I can only call "the disappeared"? Are we any closer to being able to persuade the Sri Lankan Government to respond to the request by the United Nations, the UK Government and other Governments for greater access to the camps?

On the demonstration in Parliament square by the British Tamil community, I would like to support the Minister's comments. I think, on the whole, that although they have inconvenienced large parts of London, they have been within the natural bounds of such demonstrations. Given that many of them have relatives who have been killed, injured or wounded, or are under threat of all three, there is a natural emotion there.

Following the demonstrations, the debates that we have had in this House, and the formal requests made by the Government to the Sri Lankan Government, is there any evidence that the Sri Lankan Government have in any way moderated any of their policies? I said in our last debate, although I did not wish to be a Jonah, that I feared that they are not open to any persuasion at all. Indeed, I get the impression from colleagues who have recently returned from Sri Lanka that, if anything, they become even more intransigent in having these legitimate points put to them—although that is not a reason for us not to do it. The House should recognise—this is not to undermine the activities that have been undertaken—that, sadly, there seems to be no evidence that the Sri Lankan Government are prepared to moderate their policies. I suspect that that is because they still believe that in a matter of days or weeks they will have gained a military victory over the LTTE. However, as the Minister and other hon. Members have said, they will win the narrow military war but lose the peace; this will rebound on them.

Mr. Love: Should it not also be incumbent on Government, this Parliament and the international community to communicate to the Sri Lankan Government that even when the conflict is over, people will be held to account for what happened during it?

Mr. Simpson: The hon. Gentleman makes a fair point. I am pleased that the Minister stated formally at the Dispatch Box that the Government have support for potential war crimes investigations. The Sri Lankan Government will obviously have to live with that. I

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would add that members of the LTTE, who are using civilians in the war zone and executing people who want to leave, also face the prospect of international prosecution.

What further effective pressure can we bring to bear in the immediate future on the Sri Lankan Government and, interestingly, on the LTTE? Does any country or organisation have any influence over the LTTE?

Stephen Hammond (Wimbledon) (Con): Does my hon. Friend think that a representation to the Indian Government following the result of the general election in India will result in their possibly being able to exercise more influence on the Sri Lankan Government?

Mr. Simpson: I recognise that this is a matter of judgment for our Government, but I would like to think that, with the general election effectively over, there may be an opportunity for the British Government to make representations to the Indian Government, who, as my hon. Friend rightly said, may be able to have some influence on the situation.

The Minister referred to the welcome news that, crab-like, the United Nations Security Council has moved from a position whereby several members were effectively saying that what was going on in Sri Lanka was an internal matter to a hardening up of that position. Do the Government intend to have any further discussions or conversations with individual members of the Security Council? On the question of whether we should put down a resolution, I accept that that is, again, a matter of judgment. On balance, I feel that if we were to put down a resolution knowing that it would be vetoed, that might look good in terms of publicising a negative view of one or other members of the Security Council. My view at this moment is that the Sri Lankan Government would regard that as a great plus and it would make them even more intransigent, but I accept that circumstances may change.

In broad terms, Conservative Members still actively support the Government's policy on this. We recognise that the British Tamil community are suffering greatly emotionally. Although all we can do in this House is debate the situation, we would still like to think that we are, in many respects, giving support to the people who have relatives out there suffering. I hope that the Sri Lankan Government will, little by little, recognise that they are isolated internationally and that, as a consequence of the latest United Nations resolution, they may be isolated even further.

Several hon. Members *rose—*

Madam Deputy Speaker (Sylvia Heal): Order. Mr. Speaker had imposed an eight-minute time limit on Back-Bench contributions, but since then further Members have indicated a wish to contribute to the debate. I therefore regret to say that in order to try to accommodate everyone, I will reduce Back-Benchers' speaking time to six minutes.

12.59 pm

Mr. Edward Davey (Kingston and Surbiton) (LD): I thank the Minister for his opening speech, which accurately described the situation and what needs to be done. The efforts of the Foreign Secretary, the Prime Minister and others have been leading the international community. The Minister will not be surprised to hear that we urge him to do even more; nevertheless, he and his colleagues deserve credit for what they have done.

I also thank the hon. Member for Mid-Norfolk (Mr. Simpson), whose remarks were also helpful. It is important that we make this a cross-party matter as much as possible, because this is such a serious situation. Tens of thousands of civilians are facing shelling and the prospect of being victims in a bloodbath, or of being starved to death or dying from an epidemic. We have to come together to send the loudest possible signal that the Sri Lankan Government have to act like a proper, democratic Government and abide by the rule of law.

The problem, of course, is that the Sri Lankan Government have not been listening. Despite all the efforts of the Foreign Secretary, President Obama and Secretary of State Clinton, who have made their position clear, President Rajapaksa has not been listening. So we have to work out what else we can do to prevent this human catastrophe and get them to listen.

In his intervention, the hon. Member for Hendon (Mr. Dismore) said the two key things that we have to stress time and again to the Sri Lankan Government, and it was good that the Minister confirmed that that was precisely what the Government have been doing. We must make it clear to the Sri Lankan Government that if they do not behave properly and avoid this human catastrophe, they will be isolated, and that we will work the hardest to isolate them both as a Government and as individuals. On the hon. Gentleman's second point, we must also make it clear that we will hold them to account. They have to hear that message from everybody.

It would be a lot better if the whole world—the United Nations—were coming together to make that statement. We have had that debate, and to be honest I have probably shifted my position. We probably should not table a resolution until we know that it is not going to be vetoed. However, I should like to know—I do not know whether the Under-Secretary of State for International Development, the hon. Member for Worcester (Mr. Foster), will feel free to answer this when he responds to the debate—what pressure we are putting on China in particular. The more I have examined the matter, the more I have found that it is the Chinese who are the real block, although they were hiding behind the Russians earlier. The Chinese have a massive vested interest because, as I said in a previous debate, China is now the biggest donor of aid to Sri Lanka, and while India and western Governments have refused to sell weapons to the Colombo Government, it has been the Chinese who have been supplying those weapons.

We have had many debates on tragedies around the world—Zimbabwe, Darfur—in which China has been on the side of despotic Governments. We have to find a way to make China listen and take its responsibilities, over and above its economic interests, rather more seriously. This is not about domestic politics in China. The Chinese Government get terribly worried when we mention Tibet, and one can debate whether it is right for them to be so sensitive about it, but at least we can understand why they might be. They have to understand that if China is to join the world community and be accepted properly, as it deserves to be on the basis of its

huge significance in the world, it has to act responsibly. Even if it wants to veto a resolution, why is it not using its weight and clout to bring President Rajapaksa to heel?

The figures on arms sales and aid show that the President or Premier of China could pick up the phone and really exercise some influence over Sri Lanka. I should like to know whether the British Government are exercising their influence, and getting the Americans to exercise theirs, on the Chinese Government. That is one thing that we need to focus on, because it could really unlock some doors.

Simon Hughes: Does my hon. Friend accept that whereas the Chinese might, for historic reasons, be concerned that by either abstaining or supporting a resolution they might be supporting the case for an independent Tamil homeland, and worry about the implications of that in China, there has actually always been a strong Tamil voice, including from the LTTE, that accepts that that is not the only and necessary option? At the moment, that is not the main issue. The main issue is getting the peace, the ceasefire and other things, and the Chinese and potentially Russia should at least see the merit of abstaining, even if they are not able to support a resolution.

Mr. Davey: I strongly agree with my hon. Friend, and we also need to go further within the European Union. It was good to hear in the Minister's opening remarks that the EU is going to discuss the matter in the next few days, and I hope that the Government will be pressing for trade sanctions on Sri Lanka. The idea that we should give the Sri Lankan Government preferential trade benefits at the moment beggars belief.

In the less than one minute that remains to me, I add that what will happen after this immediate situation is resolved is difficult to foretell. We clearly need massive humanitarian assistance and support, but we also need to ensure that the message continues to be sent to the Sri Lankan Government that we are watching them. Not only must they act magnanimously to try to win the peace, and recognise Tamil rights and aspirations, but they need to keep the Tamil people around the island secure, including those living in Colombo. I fear that there could be repercussions on Tamil civilians living all over the island, but particularly in Colombo. The Sri Lankan Government must recognise that they need to keep all Tamil people safe throughout the island, and that they have to act responsibly as a democratic Government.

1.6 pm

Mr. Neil Gerrard (Walthamstow) (Lab): I suspect that there will be a lot of agreement in this debate—virtual unanimity—as there has been in earlier debates on this subject. I am one of quite a number of Members who have been accused of being supporters of the LTTE when we have spoken up in these debates. I hold no brief for the LTTE. I know that many Tamils regard them as freedom fighters, but I know something of their history and hold no brief for them. The Government of Sri Lanka need to understand that we are criticising them not because we are supporters of the LTTE but because what they are doing is totally and completely unacceptable from any Government.

I am supporting the Tamil people, who for years and years have been denied political rights in Sri Lanka and have suffered from human rights abuses such as the disappearances and extrajudicial killings that have gone on, and the assassination of journalists who have said anything critical of the Government. I am supporting people in my constituency who have friends and relatives about whom they are desperately worried. They are fearful about what has happened to them and cannot get in touch with them. They fear that they are trapped in Vanni, among the civilians who are still being shelled by the Sri Lankan army.

Civilians are entitled to protection from Governments. It is no good trying to draw equivalence between the Government and the LTTE, because Governments have duties under international law and conventions. To give one example, the protection of hospitals and medical care is one of the cornerstones of the Geneva conventions to which Governments sign up, but it is being totally and completely ignored at the moment.

The key question is what we should do. It seems crystal clear that, as has been said this afternoon, the Government of Sri Lanka are simply not interested in a ceasefire at the moment. They believe that this is their opportunity to crush the LTTE once and for all. That is why they will not allow international observers and international organisations into the area. They believe that this is a war that they are about to win and that will be the end of the LTTE. The fact is, I do not believe that they can win this war.

Even if the Sri Lankan Government manage to take the last bit of land that is currently occupied by LTTE, I am not convinced that that will mean the end of the LTTE. I am absolutely convinced that it will not mean the end of the problems, because nothing will solve them in the longer term except a political solution. That solution has to mean the recognition of the political and human rights of Tamil people in the whole of Sri Lanka. We must try to ensure that the people responsible for some of the criminal acts that have gone on and are still going on are brought to justice. I cannot see any move towards that at the moment within Sri Lanka.

As long as the Government of Sri Lanka believe that they can act with impunity and continue to deny access to international organisations, the international media and international observers, they will continue to do exactly what they are doing now. The only way in which that will change is through international pressure. I know that the Foreign Secretary and other Ministers have been doing what they can, but we simply need to do more. We must try to get a resolution through the UN. We should be considering suspension of Sri Lanka from the Commonwealth. We should make sure that Sri Lanka does not get money from the International Monetary Fund.

The hon. Member for Kingston and Surbiton (Mr. Davey) referred to isolation, which is an important sanction, but until the Government of Sri Lanka feel that they are being isolated, they will not significantly change their policies. They must realise that they will not be supported, through arms sales, international finance and trade, as long as the killing continues and people in Sri Lanka are denied basic human and political rights.

1.11 pm

Mr. Lee Scott (Ilford, North) (Con): We have had numerous debates in the Chamber and in Westminster Hall on Sri Lanka. The Prime Minister has been deeply involved in the matter, the Foreign Secretary has paid visits to Sri Lanka and a recent delegation has just got back from there. The House is unanimous in its disgust at what the Sri Lankan Government are doing daily to innocent people. Although our words are worthy, they will not save one life among the relatives of my constituents and those of other Members. More people are dying every day.

The Sri Lankan Government seem to hold everyone and everything in utter contempt. They could not care less what any of us say. I welcome what the President of America said yesterday, and what Hilary Clinton has said, but I am not convinced that the Sri Lankan Government could care less what they say.

What can we do to make a difference and to act as the voice for people who do not have one at present? As the hon. Member for Walthamstow (Mr. Gerrard) said, and as I have said in previous debates, the only thing we can do is to suspend Sri Lanka from the Commonwealth now. Sanctions must be taken against Sri Lanka so that it hears loud and clear that the world will not accept what it is doing to innocent people.

I have heard no one on either side of the House speak up for any terrorist act, and nor would we. However, I have seen some of the photographs on the internet taken by the American satellite—they were mentioned by the hon. Member for Kingston and Surbiton (Mr. Davey)—that show the terrible conditions in which people are being asked to live. In 2009, how can we stand by and let that happen? How can the world stand by and let it happen? But that is what we are doing.

In the previous debate on this matter, I said that we should hang our heads in shame if nothing is done. It is not that we are not trying, because everyone in the Chamber is trying to do everything that they can, but when a democratic Government—I use the term loosely—condemn each and every one of us, call us white Tigers, as they have done on a website today, cannot take criticism and have no morals at all, action must be taken. They should not be given any money from the International Monetary Fund. They should know that the whole world is united in condemning what they are doing. There must be an immediate ceasefire now. Humanitarian aid must be allowed in, as should non-governmental organisations. The media should be allowed in.

In the longer term, when people are no longer dying every day, we can consider how a political solution can be found to the problem. I believe—I emphasise that this is my own view, and I have not discussed it with those on my Front Bench—that autonomy might be the only way forward. I apologise to those on my Front Bench if that was a shock, but it is my view.

Many Members want to speak in the debate, and I do not intend to prolong my contribution. However, we must help, and we must help now, or I for one will not be able to look Tamil constituents in the face and say that we are doing everything that we can. I pledge to continue to do everything in my limited power to stop the genocide that is happening in Sri Lanka today.

1.15 pm

Keith Vaz (Leicester, East) (Lab): It is always a pleasure to follow the hon. Member for Ilford, North (Mr. Scott). No Conservative Member has done more for the Tamil cause than him. I pay tribute to him not only for his speech and his work, but for clearly putting the shopping list to the Government: we should not give any more money from the IMF; ensure that we get a resolution before the Security Council insisting on a ceasefire; and call for suspension from the Commonwealth. I would go one stage further. Why are we even considering allowing Sri Lanka to host the next Commonwealth conference in 2011? We should make it very clear to Sri Lanka that we will not be present if that happens.

I have three emotions today: pride, anger and despair. The pride is in what the Government have done. I am grateful to the Foreign Secretary for all his meetings with Members on both sides of the House, to the Prime Minister, who has met the all-party delegation twice, to the Minister of State, Foreign and Commonwealth Office, my hon. Friend the Member for Harlow (Bill Rammell), for his work on the matter, and to the Under-Secretary of State for International Development, my hon. Friend the Member for Worcester (Mr. Foster). Ministers have been prepared to take calls from Members who are concerned about the matter at all times of the day or night. I rang the Under-Secretary at five o'clock in the morning. I thought he was in Worcester; he was actually in Indonesia, but he still took my call.

My concern is that we are still not doing enough. To paraphrase my hon. Friend the Member for Mitcham and Morden (Siobhain McDonagh), who has become a mini-diplomat in her own right, visiting all the countries that are on the Security Council, and encouraging us all to attend, the Foreign Secretary is our friend as are all those on our Front Bench—and Labour Back Benchers do not check their speeches with those on their Front Bench—but from friends we expect more. I thought that the Minister of State gave us a Foreign Office speech today. I know, because I have been a Foreign Office Minister. The Foreign Office is full of wonderful people, it is the best in the world, and the greatest diplomatic service anywhere, but the speech was still couched in diplomatic terms. This House wants more.

The eloquent speeches of the hon. Member for Mid-Norfolk (Mr. Simpson) and the hon. Member for Kingston and Surbiton (Mr. Davey) indicate that my hon. Friend has the united will of the House behind him. He has political cover, but his speech was not enough. What is the point of this great, wonderful country of ours, which I love and which I came to as a first-generation immigrant—I chose to come here, I was not born here—and which has so many values that are followed by Parliaments and peoples all over the world, sitting on the Security Council? What is the point of hearing condemnations here and there, which of course we welcome, if we do not get something done?

We intervened in Kosovo. I accepted the dossier presented to the House by the previous Prime Minister, and I voted to intervene in Iraq. I say that we cannot stand aside. The hon. Member for Ilford, North said that he cannot face his Tamil constituents if we do nothing. I cannot face coming to this place if our wonderful Government, who have done so much, will

not take the next step. What is the point of the UN if we do not take effective action to stop what is happening? There is a ship off the coast of Sri Lanka with tons of food that should be delivered to innocent people who are dying and being killed by their own Government, who are committing genocide against their own people, and the world stands by and issues statements. People have had enough. They want firm action to be taken. If the United States, Britain and India—they have all condemned the genocide—cannot act together to stop the genocide, nobody can.

Mr. Love: I am listening carefully to my right hon. Friend's speech. He touched on the role of the Indian Government now that the elections have been concluded. Does he believe that it is critical for countries such as the United Kingdom and India to put the enormous pressure that they can bring to bear on the Sri Lankan Government?

Keith Vaz: My hon. Friend is absolutely right. India cannot do it on its own, but going through the statements made by all the Foreign Ministers and Prime Ministers, India, the United Kingdom and the United States speak with one voice. But speaking with one voice and condemning is not enough when genocide is being committed. I know that my hon. Friend the Minister had to read his speech. I know that he has put a lot of work into it. I know that it is probably very different from the speech that he was given originally and that he has added his own words, but it is not as we would like to hear it. We want more.

I am pleased that the special envoy went to Sri Lanka. I thank the hon. Member for Buckingham (John Bercow), the right hon. Member for Gordon (Malcolm Bruce), my hon. Friend the Member for Glasgow, Central (Mr. Sarwar) and other colleagues for going to Sri Lanka at short notice. I look forward to hearing what they have to say. The fact remains, however, that there is a Government who are not only committing genocide and arresting British journalists—the Channel 4 reporters—because they happen to be reporting truthfully from the war zone, but separating people from their families so that they may never see each other again and causing such despair.

The Minister walks into that Foreign Office every day. He cannot possible want to go in there another day and feel that we are not doing more. We cannot stand by and in five years' time realise that the Sri Lankan Government have wiped out a whole people. We have to do something now.

I remember the fabulous speech that our Prime Minister made to the US Congress only a few months ago. He stood before it and talked about a young man who had died in Rwanda. His name was David. He said that on his tombstone were the words "David. Occupation"—what he wanted to be, because he was only a young man—"a lawyer", and also his last words, "Don't worry. The UN will come for us." Let us not allow the Tamil people to say of us that in the moment of their darkest hour, we stood by, we passed a lot of resolutions, we had a lot of meetings, but we did not do anything effective. I say to the Government, to the Minister of State and to the Under-Secretary of State, we want more—more because we expect more and more because we do not want any more deaths—and we urge them to act immediately.

1.22 pm

Malcolm Bruce (Gordon) (LD): I come to the debate with some trepidation because I am fresh to the topic. On the other hand, I was a member of the delegation led by the right hon. Member for Kilmarnock and Loudoun (Des Browne) which was in Sri Lanka last week. I hope to share with the House something of what we saw and heard.

It is fair to say that the stance of the Sri Lankan Government can be described as aggressive defence. When we met the President, at one point in our engagement he indulged in what I can only describe as a hissy fit, saying, "We're not a former colony." It was the usual response. Indeed, in response to the hon. Member for Buckingham (John Bercow) who quoted United Nations evidence, the President denounced the UN as infringing the sovereignty of Sri Lanka by trying to monitor and observe what was going on. He protested vigorously, as Ministers of the Sri Lankan Government are doing to this day, that no heavy artillery of any kind was being used within the war zone. If that is the case and that is the Sri Lankan Government's position, the best response is to allow international observers to see what is happening. If that does not happen, they can hardly be surprised if people draw the wrong conclusions.

We did not go to the war zone. Hardly anyone has tried to. It is a very dangerous place, and none of us knows what is going on or who is doing what. We do know, however, that tens of thousands of people are trapped there, clearly in a desperate situation, which everyone wants brought to an end as quickly as possible. Nevertheless, it is important to share some of the things that we did observe.

It is interesting that the media were denied the access that we were given. That in itself is a problem for the Sri Lankan Government. Apart from myself and the right hon. Member for Kilmarnock and Loudoun, the delegation included the hon. Members for Buckingham, for Glasgow, Central (Mr. Sarwar) and for South Down (Mr. McGrady). We were flown into Vavuniya and taken to the two newest parts of the camps there, zone 2 and zone 3, I think. Zone 3 had not existed the week before we were there; it had been forest. The Sri Lankan army had cleared the forest, put in roads, shelters, water points and sanitation, and provided some clinics and food. That is an objective fact.

There were problems because the food was not arriving at an even speed. There was pressure on water and sanitation. There were not enough medical supplies. As hon. Members have said, people were concerned about being separated from their families, not having access to them and not having information about them; they were fearful of what was happening to them. Clearly, we impressed on the Sri Lankan authorities the need to address those issues, again in good faith, if they were honestly claiming to deliver a safe environment before allowing people to return to their own areas.

The initial problem was that when the right hon. Member for Kilmarnock and Loudoun asked people to tell their stories, the crowd drew around but the military were there. The first exchanges were extremely inhibited, with a brigadier interrupting an interpreter and challenging what that interpreter was saying. We got away and asked the military to stand back, which they did, and asked people about their experiences. Many of those

[Malcolm Bruce]

people had escaped from the conflict zone at the point at which the Sri Lankan army had breached the bund that had been built around it. Something like 165,000 people were reputed to have walked out and been taken into the camps.

I can and should report what people said. They were grateful to the Sri Lankan army for giving them the opportunity to escape and were glad to be out of the conflict zone. In response to direct questions, they said they had not left earlier because the LTTE had basically said, "If you try to leave, you will be shot." They had evidence of people who had tried and who had been shot at. That is an objective fact.

However, if that is the whole story, why not let the international community in, in the numbers that are necessary, to help to deliver the supplies that are not being fully provided? Why not give the media the opportunity that we had and let them in to see and hear those stories for themselves? That is the message to the Sri Lankan Government. They cannot issue denials and protestations while keeping the country closed and expect people not to believe the counter-argument. They have lost the propaganda war. The way to justify their behaviour is to open the country up to proper public scrutiny.

Simon Hughes: Were my right hon. Friend and his colleagues able to ask whether humanitarian aid—food, medical supplies and water—could be allowed into the conflict zone now, and what the Government's objection was to that?

Malcolm Bruce: Of course, that is exactly the question we asked. Some of the supplies had been getting in. The fundamental problem, and the Under-Secretary may be able to confirm this, was that the agencies—the UN and others—experienced bureaucratic delays affecting, for example, what trucks they could take in and the visa processes. As a result, a variety of equipment and expertise was poised to go in, but not getting there. It is not true to say that nothing was there, but it was not arriving fast enough and not on the scale that was needed. Of course, it was not open to international scrutiny, which is the merit of what needs to be concluded.

Mr. Dismore: The right hon. Gentleman described the conditions in the camps, but there have been many accounts of young men—presumably considered to be LTTE suspects—being screened out from the camps even before they get there. Does he have any idea whether that is going on, and in particular what is happening to those young men and whether they are being taken away?

Malcolm Bruce: I am grateful for that intervention, because we asked that question. The local authorities conceded that several thousand people had been taken out of the camps to a nearby technical college where they were being screened and put through to rehabilitation. Apart from whatever that implies, the problem is that people were not given access or information about what was happening, which was causing more distress. To be honest, some people understood the motivations, but were not satisfied because they could not get in touch with others. One woman was in tears: she had a phone number but no access. The hon. Member for Glasgow, Central tried to facilitate that communication.

Those are the kinds of things that international agencies can help to achieve and support. The issue one has to consider is that if there is to be a long-term future for Sri Lanka as a successful democratic country, there must be proactive measures to integrate and provide support and rights for every member of the community. A passing observation was that in the north the elements of the police force and army that were visible were entirely Singhalese. There was no significant Tamil representation.

Those are the long-term solutions which should be sought, and which we wanted to discuss constructively with the Sri Lankan Government. Indeed, the right hon. Member for Kilmarnock and Loudoun has made it clear that the delegation would be willing to revisit Sri Lanka and engage in such discussions if the Sri Lankan Government were willing for that to happen. But for those who have been engaged in the debate and the conflict for decades, there is a huge legacy of bad faith and bad treatment that prevents the Sri Lankan Government's assertions about their conduct and stance from being credible.

The message is simple. If the Sri Lankan Government do not want to end up as a pariah, isolated from the international community, the answer is "Let the international community in, let the observers in, let the media in, stand by your claims in public, and then you might be rehabilitated. Your refusal to take such action will only lead people to draw the obvious conclusions that you so deeply resent."

1.31 pm

Siobhain McDonagh (Mitcham and Morden) (Lab): The Sri Lankan Government believe that we will not do anything. They believe that Governments around the world make statements but are not prepared to back them up. They believe that the United Nations will talk and not pass a resolution. They believe that the Commonwealth will talk and not suspend them, and may even allow them to hold a Commonwealth conference when it perceives all this as being over in 2011. They are not looking for our good opinion. They are not looking for all of us to be united. They want to be secure in the knowledge that we are happy to make statements and do nothing. A bully does not stop because you ask him to; a bully stops because you force him to.

We are simply seeing hundreds and thousands of people dying, starving to death on our watch. We are looking at the failure of all the institutions that Members hold dear. What is the UN worth if it can see people doubly amputated on a beach and not pick them up and remove them? What is the point of a Commonwealth that does nothing about a country that is prepared to bomb its own people and then insult everyone's intelligence by suggesting it is not doing that?

The Minister may think there is not enough evidence to prove that the Sri Lankan Government are currently bombing their own people, and he may be the only person in the world who thinks that, because we all know that it is happening. The newspapers know it is happening, and the UN knows it is happening. The point is, what are we going to do about it?

The Sri Lankan Government believe they will get their loan from the International Monetary Fund, and who here is prepared to say that when they start defaulting on their loans the IMF will not back down? They

believe that nothing will happen, and we have to prove that something will. That means that if there are demonstrations outside, we must encourage the Tamil community to take the action that they feel they need to take. It means we must not suggest that it is a good idea to use water cannon on people, or that this constitutes an inconvenience and not a priority for us.

We have responsibilities as Members, but we also have responsibilities as consumers. Why is it that a company such as Marks and Spencer, one of the most respected companies in the country, can spend a fortune using Sri Lankan suppliers, and no one says anything? How many companies in this country happily use Sri Lanka, and no one knows? How many people have shares in those companies, while making statements against the Sri Lankan Government?

We have learned from our past international endeavours that it takes peoples and individuals to stand up to some of these mighty organisations, whether we are talking about Barclays bank in the case of apartheid or about any other company. We need to come together and, argue constructively, not only with the UN and the Commonwealth but with our own companies, as consumers, about what they are continuing to do. I hope we can do that in the coming weeks.

We have to ask what is the biggest single thing we can do to cause a shock to the Sri Lankan Government. Is there any point in Britain's retaining an ambassador in Sri Lanka? What is that mission doing there? Is it saving anyone, is it protecting anyone, or it is giving succour to the Sri Lankan Government? I am absolutely confident that if the countries that have made the biggest statements—Britain, France or America—decided to remove their ambassadors, we would see change. The question is, how much do we care, and how much do we want to see change?

Several hon. Members *rose—*

Madam Deputy Speaker: Order. The debate will end in less than half an hour. I ask Members, if they all want to contribute, to try to reduce the length of their contributions even further.

1.35 pm

John Bercow (Buckingham) (Con): It is a pleasure and a privilege to follow the hon. Member for Mitcham and Morden (Siobhain McDonagh), who spoke with an integrity, passion and eloquence that will have been admired by Members on both sides of the House.

Like the right hon. Member for Gordon (Malcolm Bruce), I was a member of the five-person delegation to Sri Lanka that was led by the right hon. Member for Kilmarnock and Loudoun (Des Browne). I was pleased to be part of that, and did it on the basis that I had no previous Sri Lankan footprint. To my knowledge, I do not have a significant number of Tamils in my Buckingham constituency. What I do have is a passionate interest in international affairs, human rights and the need to avoid, or minimise, conflict. I want, very briefly, to say something abut the Sri Lankan Government, about the camps that we visited, and about the future for the country as a whole.

Let me be clear, like the right hon. Member for Gordon: the Government of Sri Lanka are still fundamentally in denial. They were given to ostentatious and bellicose denunciations of all and sundry who had dared to criticise them. They were extraordinarily rude, and inappropriately so, about the Foreign Secretary. They took umbrage at our raising critical evidence against them. For example, when I mentioned, during a meeting with the President, the UN's satellite photography, which appeared to repudiate the notion that they had stuck to their 12 February commitment not to deploy heavy weaponry, the President's response was both to complain bitterly about UN spying and to rant at me about adopting a neo-colonialist posture. The House will not be surprised to learn that I was not intimidated by the rant, or indeed impressed by it, but rant it nevertheless was, and it will not do. We are entitled to hold that Government to account.

We underlined the imperative of a ceasefire. We said that heavy weaponry must not be used. We said, "You cannot secure a military victory, and if you think you are behaving properly in the face of a considerable body of evidence to the contrary, glasnost must apply. Open up; let people witness what is taking place; allow the international aid agencies, and in particular the media, to inspect the territory and judge for themselves whether you are behaving properly."

Let me next say something about the camps. We visited two zones of a camp called Menik Farm, which had been established only about a week earlier. Tents were more or less universally provided and everyone was housed, albeit in extremely spartan conditions. There was anecdotal evidence of a reasonable number of latrines and some evidence of a decent water supply, but much more needed to be done about sanitation.

I was horrified to be told by students receiving tuition in business studies and by their tutor—this was at 4 o'clock in the afternoon—that they had not had a single thing to eat in the course of the day. That is lamentable and unsatisfactory, and must be changed without delay.

What the right hon. Member for Gordon said was true. When we asked individuals in the camps, independently of each other and in the absence of any military personnel—whom we had told, in language that would not be acceptable in Parliament, that they needed to absent themselves from the scene—why they had not escaped from the conflict zone earlier, those people, to a man and a woman, volunteered that they had been prevented from doing so by the LTTE on pain of being shot dead, and that they knew of others who had been. The position needs to be put on the record: the LTTE is a pretty poisonous force. But we were not there to stand up for the LTTE. We were there to have discussions, to observe the situation for ourselves and to challenge the Government of Sri Lanka, and we make no apology for doing that.

The third point that I wish to make concerns the future. The Government of Sri Lanka are still obsessed with complaining about people waving banners and flags in Parliament square. We explained to them the principle and practice of the operational independence of the police. I remember saying to Foreign Minister Bogollagama that the idea that just because people demonstrate or wave a flag—even of a proscribed organisation—it would be justified for the police to wade in and round them up, or fire tear gas or water cannon at them, is for the birds, as that is simply not reasonable or proportionate. There has to be a constitutional blueprint for a sustainable future for all the people of

[John Bercow]

Sri Lanka. The idea that there can be a military victory—that the LTTE can be wiped out and that the problem can be physically removed and that will be the end of the matter—is nonsense on stilts, and the Government of Sri Lanka need to be clear about that.

I went there, as others did, trying to be relatively impartial by taking note of the evidence but not seeking to take sides. However, I say to those who have much more experience on this subject than I do that since we came back the situation has got worse: the killing has continued, civilians have suffered, and there have been indiscriminate attacks. Unless the Government of Sri Lanka very quickly and in short order recognise the scale of international anger and change their behaviour, it will be inevitable that the multilateral institutions on which we depend for civilisation will assert themselves to take the strongest possible action against the regime. It is in the regime's hands to behave properly or to face the consequences.

1.41 pm

John McDonnell (Hayes and Harlington) (Lab): Like many other Members, I am here to voice the feelings of my Tamil constituents; a wave of anger, despair and almost desperation has swept over them. I have held constituency meetings, and hundreds of people have turned up. I have also received vast volumes of letters sharing examples of lost relatives, people butchered and maimed, and more now stranded on a beach and being shelled by the Sri Lankan Government. There is not a Tamil family in my constituency who have not been touched. Kandiah Mylvaganam, a friend of mine who has been pictured with me, went to Sri Lanka a few months ago to try to find a relative. He was hurt and became ill, but when he went to a medical station there were not sufficient drugs so he died—he never came back. That highlights why there is such deep anger. No wonder so many people came to Parliament square; they felt no one was listening to them. I support them; I have been out there with many Members in absolute support of that demonstration. Now, however, the world has begun to listen, and the question on the lips of all of them is: "Why can't you stop the killing? Why can't you stop the butchering that is going on?"

I pay tribute to what Ministers have done and the diplomacy, but when I go out and talk to my Tamil constituents and tell them that diplomacy takes time, that is incomprehensible to them—especially when 100,000 people are perched on a beach and being shelled by the Sri Lankan Government. I feel that now is the time for decisive action.

The Sri Lankan Government are not going to move. This is a brutal, belligerent regime that is resisting all pressure. In the United Nations, there is the usual international game playing to do with spheres of influence and future strategic and military positioning. I think we have gone beyond that stage now. As we have seen fairly recently, if we cannot get UN multinational action, we now take unilateral action. In the past, we have looked for coalitions of the willing to invade places. Well, why cannot we have a coalition of the willing for peace? Why do we not now bring together our partners and make a clear statement of offering to broker a peace deal and to give the Sri Lankan Government 48 hours? If they do not abide by that, let us start on a programme of action, which should include breaking off all diplomatic links, as talking to them is not working so what is the point of that? We should send back their representatives and bring back our diplomats. We should isolate them diplomatically, as has been said.

We should also isolate them economically. If that means imposing sanctions, then so be it, and if it comes down to sequestration of Sri Lankan money, wealth and industrial investments in this country, let us do that to show them we mean business.

I also think there is now sufficient evidence to justify an inquiry into war crimes. We should be saying to representatives of the Sri Lankan Government, "If you pass through our state, we will arrest you on suspicion of that. We believe that war crimes are taking place, and we take that so seriously that we will detain you if necessary to bring you to trial."

Creative action is needed as well. The Tamil community has made the attempt to send a ship with aid. Why do not we, as a coalition of the willing for peace, send flotillas, and send in flights and if necessary drop aid? Even if we have to perch ships from various countries carrying aid near the shore and then send in aid and assistance to the beaches, we should do that. At the same time, we should send in human rights advisers, and observers and reporters, so we can tell the world what we are doing and what is happening there.

The word "genocide" has been mentioned. Most members of my Tamil community believe genocide has taken place, and I must concur with them now because of the numbers of those who have died and been injured, and because of the targeting, in this small area, of this community. We cannot stand by. We need creative and decisive action, and we need it now.

1.45 pm

Peter Bottomley (Worthing, West) (Con): May I say four sentences? First, I pay tribute to the gentleness and courtesy of the demonstrators in Parliament square; there have been times when I have tried to get through when they have been having a big demonstration, and they have always made way and been understanding.

The LTTE must be asked to stop, which basically means they must surrender; there is no military way forward for the LTTE in the current circumstances, and I hope that the Tamil communities in Sri Lanka, India and around the world will say to it, "You have not got our support in maintaining a military resistance or offensive, and this has got to stop."

I say to the Sri Lankan Government—although I do not have the same expertise in these matters as some of my colleagues—that they will be held accountable for the way they treat those who have come out from the enclave and those who are in the enclave.

I also want to say that the Government have been treating this issue seriously and properly, and I pay tribute to them for that.

1.46 pm

Jeremy Corbyn (Islington, North) (Lab): We are meeting here while an enormous demonstration is taking place in Parliament square. I have been out there with colleagues many times and spoken to people, and I pay enormous

tribute to them for being there, for what they are saying, and for what they are trying to achieve. Sadly, many of the people I have met out there I first met in 1984 and 1985 when they came to this country as asylum seekers and I supported their application for asylum at that time. What has recently been happening to the Tamil people is not new.

What is happening to the Tamil people is the endgame of the madness of the Sri Lankan Government's idea that there is a military solution to this problem. They are going to bomb, they are going to maim, they are going to kill, and they are going to call it a victory. That victory is not possible, because the anger of the Tamil people will go on. There will therefore be an uprising of guerrilla actions in the future. There will therefore, I suspect, be forced population moves by the Sri Lankan Government against the Tamil people. The Government there are creating all the problems of tomorrow, and of all the tomorrows after that.

There has to be an absolute demand for a ceasefire. There has to be isolation of Sri Lanka because of its refusal to undertake the ceasefire. There has to be a diplomatic and political way forward that brings about that ceasefire and a process of safety. I support what my hon. Friend the Member for Hayes and Harlington (John McDonnell) said. Why cannot we have a Commonwealth mission going to Sri Lanka now that says, "We're going to the war zone as human rights observers, and we will monitor what is going on and report back to the rest of the world"? If we do not do that, are we just going to allow satellite images of this killing to go on and no further action to be taken?

There is a cry for help in the square. There is a cry for help in Sri Lanka. There is a cry for help all over the world. If the UN cannot act, shame on the UN; and if the Commonwealth cannot act, shame on the Commonwealth. If we cannot act to impose economic sanctions now on Sri Lanka, shame on us.

1.49 pm

Simon Hughes (North Southwark and Bermondsey) (LD): Like the hon. Member for Islington, North (Jeremy Corbyn), I have sought to support the Tamil community for a quarter of a century, and wished and hoped and prayed that it would never come to this. Like other colleagues, I share the anger, frustration, despair and desperation of the Tamils in the country. I join Members in all parts of the House in paying tribute to the people who, with courtesy but out of desperation, have sought to come to Parliament and to the Government and say, "You are the people we rely on; you must do more to help our families and friends."

I also give thanks to those who have received us when we have gone with members of the Tamil community to see the Government, the American Government—at the State Department and the White House—the UN, the EU at Strasbourg, and the Commonwealth. The community has put its case more effectively than we ever could and those people have listened, but the action that it needs and that we call for has not been taken. As the hon. Member for Buckingham (John Bercow) said, the situation has become worse in its implications every day. I repeat my request to the Minister for the public release of the aerial and satellite photography, which would give us—now—the independent evidence, which I know exists, because I have seen some of it, and would make clear what is going on. I repeat the call for both sides to stop fighting now—we must keep repeating that.

I also wish to put on the record what specifically has to happen—this follows on from comments made by hon. Members from across the House. There ought to be an attempt by our Government to secure an agreement within the next few hours, or within the next day, for a coalition of countries to say to the Sri Lankan Government, "Within one or two days we are going in with the relief, the aid, the food, the water and the medical aid. We are going to land and we challenge you to stop us." The international community cannot say that sovereignty takes precedence over international responsibility. We have passed that point, as the UN has accepted; the right to protect has been accepted. We have to say that we are going to implement that; we cannot wait for more diplomatic negotiations to take place.

My call to Ministers is to respond to that. Of course we can seek a resolution in the UN Security Council and we can ask the United Nations Committee on Human Rights to take action. My Liberal colleagues say that the international communities—the Commonwealth, the EU and the UN—are good because we are stronger together, but it is no good if being stronger together does not deliver any action. I ask that that now be taken. I ask that the Commonwealth take some action, because so far it has not done so and for those of us who believe in the Commonwealth, that is unsatisfactory.

John Bercow: The responsibility to protect is legally established and morally incontestable, so the Sri Lankan Government need to be clear about that. May I say to the hon. Gentleman in case this was not clear, although the point was made very powerfully by the hon. Member for Hayes and Harlington (John McDonnell), that allegations of war crimes, crimes against humanity or genocide must be investigated whenever? There can be no question of any amnesty for the Sri Lankan Government, at any time, from consideration of allegations of that kind.

Simon Hughes: I absolutely support that, and I ask the Minister to indicate in his winding-up speech that the Government have begun the work on investigating war crimes and are working with other partners—I know that the US is active on this—to ensure that the Sri Lankan Government know that that is happening so that those who are responsible are held to account.

I wish to make only two further points, because we want everybody to contribute to this debate. The first follows some of the other requests that have been made. Another way of effectively making the point to the Sri Lankan Government is for the Governments of the other Commonwealth countries, other countries in the EU and the United States simultaneously to call in the high commission ambassadors and warn them that if there is not a stop to the Sri Lankan Government's military action, there will be a peaceful but immediate intervention. That concerted sign has to be given, because all the pleas have so far fallen on deaf ears.

Lastly, I am very conscious of the fact that this House has become very united and very determined on this issue. I am grateful that the Foreign Affairs Committee looks as though it will respond to the petitions presented on behalf of our Tamil communities here by considering

[Simon Hughes]

the human rights issues in its human rights report. But this situation is a challenge to the effectiveness of our democracies and our democratic Governments, and so far, in the moment of the greatest need of any people from this country since I was elected 25 years or so ago, our democratic system has been found wanting. We have to do more if the effectiveness of our own democracy is not to be undermined and if we are not to let down people whose relatives are threatened with the prospect of not being alive tomorrow.

1.54 pm

Mr. Virendra Sharma (Ealing, Southall) (Lab): Since the previous debate in the House, things have got significantly worse in the conflict area in north-east Sri Lanka. There are about 120,000 people in a narrow strip of coastal land of only 3 sq km, and the shortage of food, water and medicine has got significantly worse, although thanks to the efforts of the Foreign Secretary and the Prime Minister's special envoy, my right hon. Friend the Member for Kilmarnock and Loudoun (Des Browne), some improvements were temporarily made. I thank them for their ongoing efforts to bring about a ceasefire and to get humanitarian aid to the Tamil civilians caught in this terrible conflict.

It is also without doubt now clear, despite their denials, that the Sri Lankan Government forces are using heavy weapons to shell this small area. The reports of the past few days of hundreds of deaths and casualties in the makeshift hospitals in the conflict area are testament to the callous indifference of the Government of Sri Lanka to innocent civilian casualties. It is clear that the Sri Lankan Government armed forces do not have the capability to avoid civilian casualties or the moral will to stop killing innocent civilians. There must be an immediate and permanent ceasefire to stop this slaughter of innocent Tamil people. The Government of Sri Lanka must also be held to account for these war crimes, and there must be proper UN investigations into any alleged war crimes.

The International Red Cross is continuing to try to get food and medical supplies into the war zone by sea, but the continuing fighting has made that very difficult. Civilians are now starving and dying from untreated injuries, as my hon. Friend the Member for Hayes and Harlington (John McDonnell) has said. Any member of the Tamil community will give thousands of examples of relatives, brothers, sisters and friends dying because of the shortage of medical aid and food, so an immediate ceasefire to allow humanitarian aid into the conflict zone is vital.

Reports from "Channel 4 News" about conditions for the 180,000 Tamil civilians in Sri Lankan Government internment camps are also very worrying. There have been reports of dead bodies left for days; sexual abuse; food, water and medical shortages; and families being split up. The Government of Sri Lanka must allow UN and international aid agencies into these camps. The Sri Lankan Government are now isolated, given their unwillingness to call a ceasefire and to allow international media into the conflict zone and the camps. I urge our Government to take the steps that other hon. Members have mentioned, because that is how we will win the confidence of the communities here and have the trust and the faith of the international communities.

1.58 pm

Barry Gardiner (Brent, North) (Lab): I wish to make just three points. On Monday, having spent many hours, and after seven separate phone numbers had been given to me, I was able finally to make representations to try, with the UK Border Agency, to block the deportation of a young woman, whom I shall simply call Laksna, aged 21. She had been sexually assaulted by the Sri Lankan security forces and had come to this country seeking asylum, but she was facing deportation. I want to put on the record my gratitude to the Foreign Secretary and the Minister for Borders and Immigration for the way in which, after I had eventually discovered that despite those representations to block the deportation that woman had been taken to Heathrow and was about to be put on the plane—that was in stark contrast to the assurances that I had been given by the UKBA—they ensured that that young woman was sent back into detention in Yarl's Wood and was not deported. Can this Minister assure me that the country assessment that the UK has now made of Sri Lanka has been communicated to the Home Office and that no further deportations of Tamil asylum seekers will be allowed?

The second point that I wish to make is that it is time that relatives of the members of the Sri Lankan regime were no longer deemed welcome in this country, whether they are here studying as students—as immediate family of the President have been—or in other ways. Diplomatic sanctions must now be imposed, and those people, including more distant relatives, should be told that they are not welcome in this country.

Finally, unless this House looks at the strategic relationship between Sri Lanka and China—a point made by the Liberal Democrat spokesman—including the investment made in the port at Hambantota, we will not see a full resolution of this conflict.

2.1 pm

The Parliamentary Under-Secretary of State for International Development (Mr. Michael Foster): In the very few seconds left to me, I undertake to write to colleagues to address the issues that have been raised—

2.1 pm

One and a half hours having elapsed since the commencement of proceedings, the motion lapsed (Standing Order No. 24A).

Jeremy Corbyn: On a point of order, Madam Deputy Speaker. I understand the problem with time, but it does no credit to this House that a debate as important as this has to be curtailed after such a short time. Is there any way in which it can be extended, even for only half an hour, to allow the few remaining hon. Members who wish to contribute to do so, and the Minister to respond? I understand that not very many Members wish to take part in the next debate.

Madam Deputy Speaker: I thank the hon. Gentleman for that point of order and I understand that many hon. Members would have liked to contribute to the last debate for longer and to have heard the Minister reply. I did my best to ensure that as many Back Benchers contributed as possible, but I regret to say that the Standing Orders do not allow for an exception to be made.

Swine Flu

2.2 pm

The Secretary of State for Health (Alan Johnson): I beg to move,

That this House has considered the matter of swine flu.

I have written to Mr. Speaker and to Opposition Front Benchers to give my apologies because I will not be able to be here for the close of this debate. I am grateful for their understanding.

The likelihood of the current outbreak of swine flu developing into a full-blown pandemic remains high. According to the latest figures, there are now 6,497 confirmed cases across the world, including 2,446 in Mexico, 3,352 in the US and 389 in Canada. Every continent has confirmed cases and there have been 60 deaths in Mexico, three in the US, one in Canada and one in Costa Rica. There are currently 78 confirmed cases in the UK—one in Northern Ireland, five in Scotland, 72 in England and none in Wales. There are cases in every region of England except Yorkshire and the Humber.

While there are still many uncertainties about this virus, scientists are learning more every day, and their findings are informing the preparations of the World Health Organisation and Governments across the world. The Scientific Advisory Group for Emergencies, chaired jointly by the chief scientific adviser, Professor John Beddington, and leading independent scientist Sir Gordon Duff, are gathering and assessing all the latest information available. This includes the work of researchers at Imperial college who have studied the evolution of the epidemic and whose findings were published earlier this week, and of course the Health Protection Agency, which has been to Mexico to study the virus in its place of origin.

Early studies indicate that this virus has pandemic potential. However, it is still a novel virus and it is difficult to say anything concrete about its severity, not least because there are many local factors that have an influence—availability of antivirals, the robustness of local health systems, standard of living and the prevalence of underlying health conditions. Currently, the virus appears to be milder than the most severe previous pandemics—notably the pandemic of 1918. But flu viruses are prone to mutation—it could become more virulent or it could lose strength over time.

Mr. Mark Field (Cities of London and Westminster) (Con): Obviously, all of us hope that this outbreak will not be as serious as the worst-case scenarios and projections. I thank the Minister for being in touch with me about one of the earliest cases in this country which affected a constituent of mine. I was grateful to be tipped off about that so early.

On 1 May the *Evening Standard* claimed that the response plan for London envisaged 94,000 deaths, with a hit list for every borough. Does the Secretary of State regard that as irresponsible, and was his Department involved in putting that press release out to that newspaper, whose Armageddon-type projections panicked people in London and beyond?

Alan Johnson: That was irresponsible, but as I have said before, the media's response has generally been responsible. That was an exception and, to its credit, the *Evening Standard* has apologised in advertisements throughout London.

We do not know enough about the virus yet. It is important to note that countries in the southern hemisphere are entering their flu season, which may mean that the disease gains a firmer global foothold during our summer period. Past flu pandemics in the UK have been light in the summer with an increase in cases in the winter. It is possible, therefore, that there will be a second wave of the virus in the autumn.

We have yet to see sustained transmission within communities in the UK—that is to say, a significant number of cases between people who have no obvious connection to each other. We have one so-called de novo case, where someone has developed the disease apparently without being exposed to any close contacts who have the virus. The containment strategy that we have adopted—supplying antivirals as a preventive measure both to those who develop the disease and to their close contacts, and in certain circumstances closing schools, where disease can spread particularly rapidly—is effective in that it is delaying the spread of the disease, and buying valuable time.

It is unlikely that we can prevent a more widespread outbreak indefinitely. But while the number of people developing this disease will certainly rise over the coming weeks, we do not expect to have to move from containment to mitigation for several weeks. None the less, everyone needs to be prepared for the next stage, in which the outbreak can no longer be contained and has spread more widely.

There are three aspects that I want to touch on today. First, as I explained to the House in my statement a week ago, when the number of cases increases beyond a certain level, we will have to keep under review to what extent we supply antivirals prophylactically—in the first instance supplying them only to immediate family and household members and, on a post-exposure basis, to health and social care workers, rather than to all contacts.

Dr. Vincent Cable (Twickenham) (LD): Has the Secretary of State considered the special case of cabin crew of airlines travelling to and from the highly affected regions? They operate in a very unhealthy environment, and the airlines, especially BA, will not at present participate in prophylactic schemes. Can he give us some guidance on that?

Alan Johnson: My understanding is that airlines are prepared to give their staff antivirals. They are part of the employer groups to which we talk all the time through the business advisory group on the pandemic. They tell us that they are seeking to do so post-exposure and if any of their cabin staff are symptomatic. There are good occupational health systems in place. If the hon. Gentleman believes that that is not the case with some airlines I would be grateful if he could let me know, so that we can talk to the people concerned.

Mr. Andrew Lansley (South Cambridgeshire) (Con): On that point, the Secretary of State will recall that on 27 April, when he made his first statement on the issue, I asked about people who necessarily had to travel to infected areas. One might argue that that now includes such a wide area—including the US—that any measures are impractical, but it is difficult for those travelling to Mexico City, for example, to access Tamiflu, even on a private prescription. Does the Secretary of State have

[Mr. Andrew Lansley]

any measures in mind to allow modest access to the Government's stockpile for people who have to make such journeys?

Alan Johnson: The hon. Gentleman's sense of the stage that we have reached is right. However, such a proposal might still be pertinent for Mexico, where there have been the most fatalities. I shall look into that. It has not been raised as an issue in the wider discussions that we have had with people who are in this situation, but I know that the hon. Gentleman has raised it before. It is a valid point.

We would expect to move away from this containment phase to a mitigation phase only when it became apparent that there was sustained community transmission at a level that made containment futile.

My second point is that there are steps that people should be taking now so that they are fully prepared for the next stage. The principal objective is to avoid those who are symptomatic spreading the illness further by continuing to move around the community. Everyone should think about identifying what we have termed as "flu friends"—neighbours, friends or relatives who live nearby and who can pick up medication and food for those who develop the disease so that they can avoid leaving the house and spreading the virus further. We should also all be thinking about friends, neighbours and family members who live on their own, and how we can best help them should they fall ill. Primary care trusts are already identifying patients they know to be vulnerable and making sure that they have someone who can help them.

An essential element of the mitigation phase will be a system for ordering and distributing antivirals. As I explained in my statement last Thursday, the flu line will be ready in the autumn. It is a ground-breaking system and the first of its kind in the world. It will be able to assess people via either the internet or telephone, it will be able to co-ordinate the distribution of antivirals and it will be fully plugged in to local health services. It will have the capacity to cope with the huge surges in demand that are likely if the virus becomes more widespread. It will have been thoroughly tested so that staff, patients and the public can have full confidence in its efficacy.

If we need to move from containment to mitigation before the flu line is ready, we will need to have arrangements in place that enable those who develop the disease to get treatment as quickly and effectively as possible without unnecessarily exposing more people to the virus. In addition, local health services will need to be able to respond to people's everyday health needs, as well as concentrating their efforts on providing specialist support to those who develop this strain of flu and are severely affected, and those who have underlying complications that make them particularly vulnerable.

The interim service that we expect to have ready shortly will consist of a phone service that the public can access through a single 0800 number, and a supporting website application. That will mean that people can have their symptoms assessed either over the phone or online. Those symptoms will be checked against an algorithm—a list of the key symptoms and factors that determine whether the patient in question has been exposed to the infection. This is a system similar to NHS Direct, which is currently used by millions of people every year.

If it is established that someone has developed swine flu, they will be issued with an authorisation number that they will then need to access antivirals. Their go-between—their flu friend—will then take that authorisation number to their nearest collection point to obtain the antivirals. That system is being thoroughly tested over the next few days, and we expect the online aspect of it to be fully operational as soon as it is needed—within a week if necessary.

Mr. Lansley: The Secretary of State says that the flu line might be available in the intended form in the autumn, but the deputy director of national influenza-pandemic preparedness told the Lords Select Committee on Science and Technology in March that it would be available in May. It is now May, and we have been told that it will not be available until the autumn. Will the Secretary of State explain?

Alan Johnson: I think that the director concerned would say that that was an over-optimistic assessment. It is a very complicated system. There was a need to ensure that it was tested thoroughly and that we did not bring it into use before it had been rigorously tested, although we could have done so in this particular pandemic. As I have said to the House before, I believe that it is best to have that system ready to come online in the autumn and to have something available. We might not need it until the autumn—we might not move to a mitigation phase by that time or be at the level of mitigation that would mean that such a distribution system would be necessary. I am confident that once the flu line is up and running it will do what it says on the tin, and will do everything that we have planned for it to do.

Finally, I want to update the House on our work to secure a vaccine. The best protection we can offer people is vaccination, because by giving people some form of immunity to the virus, even at a low level, we would achieve a significant reduction in the severity of any pandemic and, in particular, in the number of deaths or serious complications. We are now much closer to obtaining a vaccine. British scientists working for the Health Protection Agency in Colindale have already identified the genetic fingerprint of the virus. The National Institute for Biological Standards and Control in Potters Bar has now taken that isolate and is developing it into a vaccine strain.

It is a long journey from identifying the virus to making a vaccine available. It is our intention to acquire sufficient stocks to vaccinate the entire UK population. We have advance purchase agreements with manufacturers that will be activated if the World Health Organisation moves to phase 6—that is, if it declares a pandemic. We are still at phase 5 at the moment. However, we have always known that it might take four to six months before a matching vaccine becomes available, and more than a year before it can be manufactured in sufficient quantities for the entire population, given that international demand will be high.

Mr. Mark Field: Given the delay that the Secretary of State has mentioned, can he give the House some historical indication of how quickly phase 5 turns into a phase 6 pandemic? I appreciate that we are dealing with a

unique sort of influenza, but can he give some indication of whether the four to six-month delay to which he refers might be overtaken by events? When we move to a phase 6 pandemic, we need to ensure that we have gone through this phase in such a way that we will be able to mitigate at the earliest opportunity.

Alan Johnson: I cannot give any indication of that. Phase 5 means that a pandemic is imminent—it does not mean that it is inevitable. There is no historical precedent for how long we are likely to stay at phase 5. The WHO meets in Geneva at the weekend and it might decide then to move to phase 6. My feeling is that it will not and that it will be a little while yet. Nevertheless, I believe that we will get to phase 6, but I cannot give any indication of the timing.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): Will the Secretary of State clarify whether the delay is caused by scientists all around the world going flat out to devise a vaccine, or perhaps it lies in the production of the vaccine once it has been designed, because it takes so long when we use an egg-based system? Are there new systems that mean that once we get the vaccine and manufacturers allocate capacity to it—if that is the decision—it will be available, at least for the countries that buy it?

Alan Johnson: It is a mixture of the last two points. It takes a long time to produce the vaccine. We have one contract for an egg-based vaccine and another for a cell-based vaccine with Baxter. Getting the virus is a labour-intensive system. It is not like the identification; that bit has been done, but the next bit is what takes a long time. Manufacturers need to obtain sufficient quantities to manufacture, and the manufacturing then takes a long time. Given that countries in every part of the world are entitled to a proportion of the vaccine—our advance purchase agreement is good, and other countries have advanced purchase agreements, too—it would be wrong for 100 per cent. of it to be coming to the UK while people were dying in other countries.

For all those reasons, it is important to be clear to Parliament. Some of the commentary that I have heard has mixed up our saying that we will not begin to have this vaccine ready for four, five or six months with a belief that it will be ready for 100 per cent. of the population within that time scale. Our national framework always set a period of between 60 and 79 weeks for completion of the process for 100 per cent. of the population, but we are currently in negotiation with manufacturers to see whether we can obtain early supplies at this pre-pandemic phase. We hope that that will enable us to vaccinate front-line health and social care staff and vulnerable groups who prove particularly susceptible to infection, before a predicted second wave hits.

Mr. Robert Syms (Poole) (Con): On a related point, I know that masks have been ordered for NHS staff, but are there any plans to distribute them more widely? What impact do they have? When there were problems in the far east, one saw members of the public wearing masks on trains and so on. Secondly, what about hand wash? I notice that some London schools are asking parents to wash their hands as they go in and out. Is that effective? What are the Government's views on that?

Alan Johnson: We have discussed face masks before, and we are ordering 226 million surgical face masks that are coated and have a protector, as well as 34 million respirators. They are for front-line NHS and adult social care staff, not for the general public. As we have said before, the WHO and all the relevant experts have made it clear that it is fairly futile for people simply to put a strip of cloth over their mouths; indeed, that may even be counterproductive, because it can cause people to believe that other safeguards need not apply.

That leads me to the hon. Gentleman's second question about basic hygiene. Hand washing is probably the most crucial part of dealing with this infection.

Mr. Lansley: The Secretary of State said that 226 million face masks had been ordered, but when and how will they be supplied? Does the Department have some stockpiled? The normal use is 31 million a year, so there is a big difference between the target and what we have. Secondly, the Department's guidance on face masks made it clear that there is no evidence that they do much good when used by the general public—but the exception to that involved infected people who are shedding the virus. The guidance suggested that they should wear a mask if they have to leave home, because that would reduce the risk of other people being infected by the virus that they emit.

Alan Johnson: We do have stock from some suppliers, and the first supplies are due to go to the NHS this weekend. The company manufacturing the product has done extremely well, and we are expecting something like 20 million masks to be available every month. I shall check the precise figure, but that is what I recall. The total will also ramp up over time, so we are expecting our order to come through pretty quickly.

The hon. Member for South Cambridgeshire (Mr. Lansley) is absolutely right about the guidance on masks. Our supplies will be focused on front-line NHS and adult social care staff, but other people too would benefit from wearing them. They include those in the categories that he described, as well as those who for other reasons will be in close proximity to symptomatic patients.

We cannot move to a pandemic-specific vaccine and trigger our advance purchase agreements until there is a pandemic, and, as has been noted, we do not know for how long we will be at phase 5 as a precursor to phase 6. If a pandemic is declared, manufacturers would be expected to switch from production of the seasonal flu vaccine to a pandemic vaccine.

Our ambition is to secure a swine flu vaccine without jeopardising our supply of the seasonal flu vaccine. It seems likely at this stage that manufacturers can complete the production for this winter over the next month or so, and have that ready before capacity is switched entirely to the production of swine flu vaccine.

John Mason (Glasgow, East) (SNP): Will the Secretary of State clarify what he means by securing and purchasing early supplies of vaccine? Does that mean that we are somehow jumping the queue? My colleague in Edinburgh said the same thing this morning.

Alan Johnson: We are not jumping the queue, and the discussions are still going on. They are commercially sensitive, but although we cannot access our APAs until

[Alan Johnson]

we are at phase 6, we have an opportunity to make some progress before the pandemic takes hold. We are exploring how much we can produce in that period, and other countries will be doing the same. It seemed sensible to us to see what we can do, rather just waiting to activate the APAs. It is by no means certain that we will be successful, but it seems the proper thing to do, and I shall say a little more about that in a second.

Understandably, hon. Members will want to know whether a vaccine that is developed today, based on what we currently know about the virus, will be effective if the virus mutates. The immunologists, virologists and epidemiologists who advise the chief scientist and the Health Protection Agency are very clear on this point. Even on their most pessimistic estimates—that is, if the vaccine were to give only a low level of protection—that would significantly dampen the virus's severity and its ability to spread, and reduce the possibility of people developing complications.

The unanimous advice of the scientists is that we should move as quickly as we can to get as much vaccine as we can at this stage. That is what we are attempting to do, although we are not trying to deny other people the chance to get the vaccine as well.

Dr. Evan Harris: I fully support the Secretary of State's basing his decisions on scientific advice. The Phillips report showed how important such advice is, but does the right hon. Gentleman accept that, in a few aspects of vaccination policy, there will also be questions of judgment that go beyond scientific advice on the ethics? One such question—about jumping the queue—has been raised already, but others involve exactly who gets the vaccine first, and how we deal with supplies in the private sector. Although the answers to those questions can be informed by Government policy to an extent, I hope that he will accept that the wider House beyond the Front-Bench teams should be engaged, as well as civil society. We need to have those debates now, before the vaccines become necessary and the arguments rage, because that gives us a better chance of achieving consensus.

Alan Johnson: I have no problem with such ethical debates taking place. When a pandemic is declared, the whole system and all the manufacturing capacity must in effect be put at the service of the WHO, because that is how we can ensure a proper spread of vaccine. That is the important ethical point at this stage.

No single action will prevent this outbreak from becoming more widespread, but we can continue to contain the virus, using antivirals as a prophylaxis. We can make sure we have the drugs that we need to treat the virus and any complications that occur, and we can begin to vaccinate the whole of the population as soon as possible. We can keep people informed and enable them to protect themselves and their families. Finally, we can be thankful for our NHS and the people who work in it and with it. Throughout its history, and in the most critical situations, it has proved its ability to rise to any occasion.

Although the threat of a pandemic is unlikely to diminish in the weeks and months ahead, we can be reassured that our preparations are thorough and that our actions in dealing with this infection are in the hands of dedicated professionals. I commend the motion to the House.

2.28 pm

Mr. Andrew Lansley (South Cambridgeshire) (Con): May I first thank the Secretary of the State for Health and the Government for responding positively to our suggestion that we have a debate? Hopefully, it is not premature; we entirely understand all the uncertainties that remain. In truth, it is less than a month since the circulation of the virus was first identified to the World Health Organisation, so there will be uncertainties about the nature of the virus, its characteristics, how it affects humans and what we should do about it. However, it is a good time to consider how we should approach the issue, particularly with regard to vaccines, not least because the strategy is beginning to take shape. I agree with the hon. Member for Oxford, West and Abingdon (Dr. Harris), who was in the Chamber earlier, that it is also a good time to discuss prioritisation, use of resources and the ethical issues that might emerge from that if there were to be a substantial spread of the virus in the months ahead.

May I echo what the Secretary of State said about our thanks to the NHS? I thank not only NHS staff generally but, through him, those working in the Department of Health and the Health Protection Agency. In particular, the staff in pathology laboratories in heath protection units across the country have literally worked 24/7 on very large numbers of suspected cases. I know that we are dealing with 72 confirmed cases, but they have now dealt with perhaps tens of thousands of suspected cases, and pushing those cases very rapidly through the system has been a tremendous burden on them.

Mr. Syms: I know that a lot of the technical staff in the NHS who work for pathology labs have, in the past, felt a little under-appreciated, in terms of pay and conditions. Given that they are doing an excellent job, it might in future be worth reflecting on the fact that when a doctor decides to do a test, it is actually somebody in a pathology lab who carries it out.

Mr. Lansley: Since my father was, 30-something years ago, chairman of the Institute of Biomedical Sciences, I am sure that biomedical scientists will not be least among those who will appreciate what my hon. Friend says on that matter.

A debate gives us an opportunity to discuss some of the issues, as distinct from asking questions, as we have been able to do after the statements that the Secretary of State has kindly made. In particular, as we begin to discuss the nature of the virus and how it might spread, there has been a tendency on the part of many in the media to assume that even though the flu that we are discussing is very much milder than the 1918 flu, the pattern of its impact will be like that of the 1918 flu. In 1918, of course, there was an initial, relatively mild spread, in which no very large proportion of the population was affected. About three months later, there was a severe impact, with large numbers of cases and a very high fatality rate. In early 1919, there was a third wave. The assumption is that, somehow, it must happen like that.

It is important for us to bear it in mind that in 1976 in north America an H1N1 virus circulated. It was not particularly severe. It did not have a clinical attack rate on the scale of that in 1918. Quite properly, the American

Administration at the time developed a vaccine, but in the expectation that the virus would recur in a second wave, in the way it had done in 1918, they vaccinated the whole population, which, as it turned out, was an error; they should not have done so. There were significant side effects. There was not a second wave. Clearly, with the benefit of hindsight, it is clear that the proper public health response would have been to acquire the vaccine—to stockpile it—and then to see whether there was an intimation that a second wave was coming. I hope that the Secretary of State does not dissent from that.

That is not to say that we necessarily know what the strategy needs to be, but it is important that we do not make an assumption at this point about the future profile of the spread of the virus. For that matter, we do not know whether there will be sustained transmission in other countries. Clearly, from Mexico to America, between, it turns out, the middle of February to the middle of April, there were significant opportunities for the virus to spread from Mexico to America, which made it very difficult for the Americans to achieve containment. However, in many other countries, we are achieving containment. If we can continue to do so, we may find that we can delay phase 6 until we have made dramatic progress in the development of a vaccine. That is important to bear in mind.

I confess that this is entirely speculative, but when one looks at the genetic make-up of the virus—as I know will be done, not least in Mill Hill—and compares it to viruses in the past, it is interesting to see that it emerged in north America, and that H1N1 in 1976 was, to some extent, related to the outbreak in 1918 in a very limited way. It is also interesting that in Mexico, the virus has impacted on younger adults. Arguably, it is possible that some older adults in Mexico had some vestigial immunity from exposure to it in 1976. It may or may not bear some genetic relationship to the H1N1 that circulated in 1976, but if it does, that would point to it being less likely to be virulent and severe than was originally feared when it first emerged.

The Secretary of State and I share a view about how to respond to this matter. I score no points on this. The Opposition have raised issues with Ministers on 77 occasions since June 2004, and we have talked to Ministers repeatedly, including the Secretary of State's predecessors, about the importance of pandemic preparedness—admittedly in the context of H5N1, which would be a major threat. Issues such as the antiviral stockpile, the stockpile of face masks, and the need for critical care capacity and for an advanced purchase contract have all been the subject of our questions to and responses from Ministers.

My only reservation about Britain's preparedness was that the extension of the antiviral stockpile could have been initiated sooner, rather than when H1N1 emerged in Mexico. Clearly there is the issue with the national flu line, which I asked the Secretary of State about, and the Government would have achieved that sooner had it been possible to do so. As for stockpiling face masks and gloves, the French bought 200 million, from recollection, in about the latter part of 2005, so there is a gap between what we were asking about and what has been achieved. None the less, we are among the best prepared countries in the world, and I will return to what that might mean in terms of our obligations in relation to other countries.

I want to raise about half a dozen points, both to express a view and to see whether the Minister can add anything beyond what the Secretary of State has already said when she replies. The Secretary of State knows the Opposition's view on vaccine availability, because he has kindly involved us in conversations about it from time to time. By way of a brief detour, I should say we must not get this out of proportion. The Imperial college modelling talked about a central estimate of a 30 per cent. clinical attack rate, and a 0.4 per cent. fatality rate, but that was on a global basis. The virus may spread to a quarter or more of the British population in the longer term, but we have good reasons at the moment—not least because in America there have been just three fatalities compared with more than 3,000 confirmed cases—to hope that the fatality rate in this regard in a developed health economy will be low, and barely more than for seasonal flu. That being the case, it does not suggest that it is in the interests of a country such as Britain for seasonal flu vaccine production to be diverted at this point to pandemic flu vaccine production. Our view, which I expressed to the Secretary of State earlier in the week, is that we would certainly support the continuation of seasonal flu vaccine production, not least because we are probably only about two months away from the point at which, in a normal process, availability its would have been achieved. That gives us the basis on which we could move on towards pandemic vaccine production immediately.

We would support the securing of an additional supply of a vaccine for the novel H1N1 virus on a pre-pandemic basis in parallel with seasonal flu vaccine production if that is possible, as the Secretary of State says. If the seed strain is available in a matter of days, we may infer that, probably by the end of September, supplies of a vaccine would, if necessary, begin to become available for health care workers and others who are most likely to be at risk. The chances are that any second wave would be initiated by an event such as the return of children to school—schools tend to be the so-called super-spreaders and the virus tends to spread faster among young people, meaning that it could be transmitted through the population.

Mr. Syms: In recent years, there has been a lot of emphasis on GP surgeries writing to people on their lists to ask that they be vaccinated from ordinary flu. What advice ought the Government give to GPs about communicating with people who use their surgeries? Should surgeries hold back, or should they go on with the traditional campaign, which has increased the rate of vaccination quite substantially?

Mr. Lansley: I understand my hon. Friend's point. My answer—I hope the Secretary of State agrees—is that we would normally expect to invite people to come for seasonal flu vaccine in late September or early October, and I see no reason why we should do differently. The period between now and then gives us the opportunity to learn far more about the nature of H1N1 and whom it is likely to impact.

It is important to remember that we may be dealing with very different kinds of flu. Obviously, seasonal flu tends to have an impact particularly on older people, which is why they are summoned for seasonal flu vaccination, but H1N1 has an impact on younger adults,

[Mr. Lansley]

so by late autumn we may be dealing with different vaccination programmes with different population groups being targeted as priorities.

To be absolutely clear about the use of the antiviral stockpile, I think we agree that for the time being, we are devoted to containment, which requires post-exposure prophylaxis, meaning that everyone who is known to have come into contact with the virus should get the antivirals. We should sustain that for as long as we know that containment stands a chance of success. However, it is important for the public to know something about the trigger for shifting from a strategy of containment to one of mitigation. For example, when we reach 200 cases of seasonal flu per 100,000 population in a week—that is on the Royal College of General Practitioners flu line—we say that the virus is circulating in the community. Are we talking about a similar or a lower number of cases in relation to the novel H1N1 virus? Are we talking about the point at which significant numbers of people are confirmed as having the virus but we cannot identify how they contracted it? What sort of volumes are we talking about? What are the triggers to shift from containment to mitigation?

Once we are in mitigation, I cannot see, given what we know about our access to antivirals now and for the rest of the year, why we should not sustain a policy of household prophylaxis to support families by reducing the impact, and post-exposure prophylaxis for health and social care workers to keep them at work. That will not stop people getting flu, but it may well mean that large numbers of people find they are affected very little. They can then be vaccinated which, in the long run, will reduce the number of people who have to be hospitalised or, indeed, the numbers who die.

The Secretary of State did not talk about school closures, but I should like to inquire whether the Government wish to have a debate on the matter. The Americans have moved quite quickly from a policy of closing a school at the point when a case is confirmed in the school to a policy of not closing schools but carrying on, because the economic detriment is greater than the benefit to be derived from school closure and the virus is now assumed to be circulating generally in the population in America. Those are difficult judgments, because one is balancing, on the one hand, the pace of spread of a virus with a health impact on the population against, on the other, the economic, educational and other impacts of maintaining a policy of school closures. The Americans have chosen the path of stopping automatic school closures quite quickly. Clearly, in our present circumstances, it is right for us to implement school closures where cases are confirmed. The Government's contingency plan does not contemplate moving away from a closure policy, but given the American experience and the nature of the virus, is it not time for us to think about and discuss such a move?

Mr. Syms: Whose decision is it to close a school? Is it the Department of Health, the chief executive of the local authority, the education authority or an independent body? Who decides and what is the policy?

Mr. Lansley: The decision is taken by the head teacher and governors of a school, but essentially the head teacher, on the advice of the health protection unit. My assumption is that if we were experiencing a pandemic involving a virus with very severe effects, it would be possible for local education authorities to take a general decision, which clearly they would do based on advice from the chief medical officer and the Government. However, I do not think that we are contemplating anything of that nature; at present, the decisions are made by schools. I do not anticipate head teachers, where they have a confirmed case and where the health protection unit is pursuing a containment strategy, would do anything other than close the school, for at least a week and perhaps, it could be argued, for a little longer.

I should be grateful for further opportunities to discuss the policy and what the modelling might tell us about the benefits and costs of a different strategy on school closures. The original scientific modelling of a pandemic suggests that a school closure strategy with prophylaxis would have a significant benefit, but of course that modelling related to a virus that probably had more severe effects than the one we are dealing with now.

We have not previously raised this in detail with Ministers, because it seemed premature to do so, but given what the Imperial college modelling suggests about the impact of the virus, I think it is appropriate to do so now. The Americans have a 5 per cent. hospitalisation rate, so although they are handling the virus successfully, not all victims are staying at home. Our critical care capacity compared with that in other countries is therefore an important matter for us. I hope that the Minister of State will be able to tell us what measures the Government have taken to support additional critical care capacity—for example, ensuring additional ventilators are available.

The latest data on adult critical care services in a number of the most developed health economies are found in the Society of Critical Care Medicine's 2008 study. It sets out the number of adult intensive beds per 100,000 people—that is the relative measure. France has 9.3 per 100,000, Canada 13.5, the Netherlands 8.4, Spain 8.2 and the United Kingdom 3.5. The House will note the apparent substantial disparity in the availability of critical care capacity in this country and in many other countries.

Anyone who has visited critical care units recently will know that they are generally full. The ethical and prioritisation impacts of a pandemic are therefore likely be encountered rather faster in this country than in many others. Fairly quickly, we will have to turn beds that would otherwise be occupied by elective patients into beds where there is some degree of high-dependency support for patients suffering the complications of flu, because we do not have spare capacity in our critical care units.

My last point, which we have discussed during each statement that the Secretary of State has made, is about what we can and should do—alongside our primary responsibility to ensure that Britain is as well prepared as it can be for a pandemic—to support other countries. The Secretary of State will know that the Department for International Development has made additional money available to support the relevant UN unit and £5 million in special support to the World Health Organisation. When the Minister of State, the right hon. Member for Bristol, South (Dawn Primarolo), replies, however, will she say some more about our approach as time goes on, not just as a contributor of financial support to other countries, but in respect of

critical resources, particularly antiviral stockpiles and vaccines, when—later in the year, perhaps—we know that we are relatively secure against the impact of the virus while other countries may be anything but, having neither antivirals nor vaccines, poor surveillance and limited health care resources?

There are relatively few cases in Africa, but the WHO in Africa is already only too aware of the risk. To add to the risk, southern Africa in particular has large immune-compromised populations as a result of HIV. There may come a time, if the virus were to spread as a pandemic, when we have to make tough ethical decisions about the proper use of our stockpiled resources for the greater good, rather than for pure self-interest. I am grateful to the Secretary of State for giving us a further update and enabling a discussion of the issues, and I look forward to the right hon. Lady's response.

2.52 pm

John McDonnell (Hayes and Harlington) (Lab): I shall briefly raise some constituency concerns about the issue. I must apologise, however, because I am supposed to be chairing another meeting so, although I shall try to return for the ministerial response, if I cannot, I look forward to reading *Hansard* or any correspondence that I receive.

With Heathrow in my constituency, there is a particular concern about the vulnerability of its staff and the wider community. It is the largest airport in the country, so, naturally, it is potentially the country's largest entrance point for virus carriers. Concerns have been raised about cabin staff, but the issue goes wider than that, because anyone entering the country will come into contact with other passengers, cabin staff, immigration officers and staff in the wider terminal. Our concerns are that the infection could spread to the wider community and place demands on our local services.

I should welcome information, advice and assurances about the procedures that have been established to deal specifically with ports of entry. In particular, I should like assurances about the dissemination of information to staff, their training to spot the factors that they must consider regarding passengers, including the symptoms that passengers report, and the advice that staff relay to passengers about the actions that they should take. The issue is about ensuring that not just cabin staff, but a wide range of staff are properly informed and advised.

In addition, has there been any consideration about additional protection for staff members at ports of entry? There have been discussions about masks, but it is also important to bear in mind that, apart from health staff and others, staff at airports may need priority vaccination.

I am also concerned to secure assurances about the resourcing of Heathrow's health unit, because, over the years, I have made representations about its funding. The unit now comes under the Health Protection Agency, and the Government have allocated additional investment over the years, so I hope that we have resolved many of those past complaints. However, there have been some media reports about under-resourcing at the health unit at Heathrow. I would welcome assurances on that and on what discussions and consultations are taking place, particularly with staff at the unit, about the need for additional resources to cater for the virus.

The other issue for me is that if a carrier infects members of staff at Heathrow, they will in turn infect the wider local community. I welcome assurances that the situation is to be specifically monitored in my area. If we find higher incidences of infection there, what resources will there be for the local primary care trust and, in particular, for Hillingdon hospital? Over the years, the hospital has played a vital role in responding to passengers' health needs as those needs are identified at Heathrow; if a passenger becomes particularly ill, Hillingdon hospital will normally deal with them.

There might, however, be a wider incidence of infection among the local community as a result of Heathrow staff's vulnerability, so I would welcome information about what discussions have taken place with the primary care trust and Hillingdon hospital trust about planning for that situation and the additional resources required. The issue is not about raising fears and anxieties among the local community, but about reassuring airport workers that their concerns are being taken into account and that plans and consultations are taking place to ensure that they are properly protected. The wider community will also be protected as a result of such efforts.

I am not yet aware of the various structures that have been put in place. The Secretary of State referred to industry discussions; I would welcome further information on those and his assessment of how the industry and the individual companies are responding to their discussions with the Government. I am particularly interested in the response from the local primary care trust and Hillingdon hospital itself. I should like to know about what additional briefings have been provided to my local general practitioners. As I said, I do not mean to raise anxieties, but Heathrow is the largest point of entry so there is a particular vulnerability. I would welcome assurances that the issue was being specifically addressed.

Heathrow has learned lessons from various health incidents, and that has enabled the development of a robust system that has stood the test of time. However, our anxieties about the scale of the potential pandemic mean that we in the local area need to be even more assured that the Government have given attention to Heathrow, its role with regard to the virus and the additional resources which may be required and which the Government are willing to allocate.

2.58 pm

Norman Lamb (North Norfolk) (LD): I start by expressing my appreciation of the fact that this debate is taking place; it is an opportunity to discuss further the development of a potential flu pandemic. I join the hon. Member for South Cambridgeshire (Mr. Lansley) in thanking the Secretary of State for updating us between the debates in Parliament; that is appreciated, and helpful from our point of view. Finally, I pass on my thanks and appreciation to national health service staff—pathology staff, in particular; the hon. Member for South Cambridgeshire also referred to them. They are working beyond the call of duty at the moment, and that is appreciated by all. The Secretary of State gave encouraging news about a pre-pandemic vaccine. That is an encouraging development.

We face something of a difficulty at the moment in that this item has slipped off the news agenda, not only because other items relating to this place are rather

[Norman Lamb]

dominating things, but because the prevalence and virulence of the flu has so far been slight. There is therefore a danger that we are lulled into a false sense of security and people start to say, "What's all the fuss about? Hasn't there been an overreaction? People who have suffered from it have recovered very quickly." It is very important—the Secretary of State made this clear, and I share his view—that we maintain absolute focus on this, and get the message across to the public, in recognising that we do not know the implications or the extent to which the virulence will increase as the strain develops and potentially changes in character.

I was struck by a recent BBC report about what is happening in the United States, which noted that there has been a significant increase in reported cases. The numbers have gone up by 600 since last Friday, and there have been 2,532 cases. As the Conservative spokesman said, the Americans are no longer closing schools because the disease is now recognised to be in the general community. The truth is, of course, that the American health system has no mechanism for controlling or monitoring the development of this epidemic. There are genuine concerns about its potentially spreading very rapidly from the US into Europe. Of course, the amount of travel between Europe and the US is vastly greater than that between Europe and Mexico, so we have to be prepared for a rapid advance.

Mr. Lansley: Before we leave what the hon. Gentleman says about America on the record, I think, having been in the control room at the Department of Health and Human Services in Washington and discussed with people how they would respond to a pandemic, that the Americans have all the resources and legal powers that are necessary for surveillance and counter-measures to respond to a public health impact. We should not confuse the limitations of access to American medicine with limitations in the American response to public health demands.

Norman Lamb: I hear the hon. Gentleman's reassurance, but the views that I have heard expressed do not match his confidence about the American capacity to spread messages and to ensure similar concerted action to our production of a national plan that can then be implemented at all local levels. He may be right, but concern is being expressed that the system in the US makes things more difficult.

If there is to be a rapid increase in the number of cases in the US, what is the Secretary of State's advice for people travelling there—they may be planning holidays now—about whether to go and what precautions they should take when they get there? A report that appeared in *The New York Times* a couple of days ago refers to a leading American infectious disease expert who has been in Mexico helping the Mexicans to tackle the swine flu outbreak and learning the lessons from that. It reports that many people who are suffering from the disease appear to be showing no symptoms of fever, which makes screening much more difficult and increases the difficulty of controlling it. I am not sure whether the Secretary of State and the authorities in this country are fully aware of what is being discovered in Mexico, but it is critical that we rapidly learn the lessons from that. According to the report, half those with the milder cases did not at any stage develop fever.

It is also reported that 12 per cent. of patients in two Mexican hospitals are suffering from diarrhoea as one of the symptoms of their condition together with respiratory problems. The point is made in the article that there are implications for infection control, particularly in poorer countries, if diarrhoea is one of the symptoms that emerges from this strain. The advice that is reported is that stools should be tested for the presence of swine virus. When she winds up the debate, will the Minister of State say whether any such advice is coming across to the Health Protection Agency? There has been no reference so far to such testing, so has that been properly monitored?

It is also reported in the article that the expert doctor from the United States, Dr. Wenzel, suggests that there should be testing to determine whether there are people without symptoms who are still carrying the virus. The Secretary of State mentioned one case in the UK of someone who has had a confirmed diagnosis but who has had no apparent contact with anyone who has suffered from the condition. Is a possible explanation that people carrying the virus may not be showing any symptoms? That would make control much more difficult. It is also reported that an unusual feature of the Mexican epidemic is that there are apparently five different influenza viruses circulating at the same time, making it much more difficult to plan and to judge how the swine flu virus will develop.

All the things that I have mentioned from the article are happening in Mexico. Will the Minister comment on the international learning process to ensure that what we are finding out from Mexico is being fed into public health messages in this country, and that the appropriate advice is being disseminated?

It is also reported that pneumonia rates at one hospital were at 120 a week, compared with an average of about 20 a week. That is clear evidence of the complications that can emerge from flu, which the Secretary of State has previously mentioned. That significant increase in pneumonia cases reinforces the importance of preparedness for such complications. Will the Minister comment on the development of the purchase of antibiotics? I know that the Secretary of State has addressed that, but I should like to know where we have got to on that.

The final, really important, point in the report is that Mexican doctors have apparently activated a programme to allay the anxieties of health staff. The expert from the United States commented that that matter had not been sufficiently addressed in the US. It is critical to remember that there will be health and social care staff who are extremely anxious about their own health and family circumstances. The programme has been activated to provide information to staff, a hotline, psychological support—that is critical—and medical examinations. I am sure that that is part of the planning process, but can the Minister reassure us that the matter is fully recognised as an important priority?

My hon. Friend the Member for Twickenham (Dr. Cable) mentioned BA cabin crew, and the hon. Member for Hayes and Harlington (John McDonnell) raised concerns about both cabin crew and airport staff. The reports that my hon. Friend has had suggest that cabin crew working on the route between Heathrow and Mexico City have not been receiving the duty of care from BA that one might expect. It is worth making the point that the circumstances have provided a potential profit for

BA. I saw a report that single tickets from Mexico City to Heathrow are being sold at $4,000 each. There is a premium in getting out of Mexico—

John McDonnell: One-way ticket.

Norman Lamb: I note the hon. Gentleman's comment. BA has been making good money out of the situation, but BA staff have been anxious about whether they are being sufficiently protected. Professor John Oxford has expressed surprise that BA has not ensured that all cabin crew are given Tamiflu. He makes the point that toilets on board on aircraft are the focus for infection during a flight, because people sneeze, then visit the toilet, and the infection gets on to handles, taps and so on. In the Minister's closing remarks, will she confirm the specific advice being given by the Health Protection Agency to airlines to ensure that every step is taken to protect the health and safety of cabin crew and passengers on flights, particularly those flying between heavily infected areas and the UK?

Mr. Syms: The rate at which cabin air conditioning works is also an issue. When smoking was allowed on flights, the rate had to be very high, but it is turned down now that smoking is not allowed. Given the relationship between the air conditioning units and fuel, that means more germs can circulate. What advice are the Government giving to airlines?

Norman Lamb: The hon. Gentleman makes a good point. We all know that flights are a perfect breeding ground for infections, and it is important to take every step to ensure that all airlines meet the highest possible standards, and that they meet their duty of care to their staff and passengers. I have had reports that different airlines are responding differently, but the same high standards should apply to all airlines, so that all staff are protected.

Critically, the Treasury appears to have delayed the implementation of the flu line for some seven months. Under freedom of information legislation, I am seeking further documentation about why the implementation has taken so long. From newspaper reports and board minutes, we know that the NHS Direct board was getting increasingly frustrated by the apparent delays at the Treasury. Will the Minister comment on the costs incurred from the temporary arrangements that will apply until the flu line proper is in place?

The BMA makes the point that some primary care trusts are setting up their own arrangements for local flu lines. It comments that long waiting times have been experienced by people calling NHS Direct. One case was reported of a wait of eight hours, which seems fairly incredible, but that is what the BMA reports. Is there sufficient co-ordination? If local flu lines are set up at the same time as the Government introduce temporary arrangements nationally, we need to ensure that everyone knows which line to use. The BMA also states:

"The publication of the 'Manual Flu Line Algorithm' is regarded as crucial to ensure consistent messages and avoid protocols variation."

Will the Minister also deal with that point?

On Tamiflu, the BMA says:

"Formal notification that antivirals will all be distributed centrally rather than through GPs or pharmacies is still awaited."

Will the Minister clarify the position on that? It also says that there is a need for clarity on distribution protocols. It would be helpful if we could hear from her on that point too.

Last weekend, newspaper reports said that primary care trusts across the country had been making variable progress on implementing plans. The BMA complains that GPs in some areas have not been involved in the planning process locally. The reports suggested that the Department of Health was refusing to publish details of the state of preparedness of primary care trusts around the country. It seems to me that publication of where every PCT has got to would help to concentrate minds and ensure that the laggards get up to the state of preparedness of the best. I ask the Minister to consider publishing where every PCT around the country has got to in its plans on preparing for the pandemic.

The hon. Member for South Cambridgeshire raised concern about critical care capacity. That has also been raised with me. I was told by the Royal College of General Practitioners that in the last two pandemics in this country, in 1957-58 and 1968-69, more people died of conditions other than flu. There was a higher excess mortality of people suffering from other conditions who were displaced from hospital by those who went there because of the flu pandemic. I suspect many people do not recognise that. It reinforces the absolute importance of having clear guidelines on prioritisation of cases for hospital treatment during a pandemic. The communication of those guidelines to the general public is critical. There will be many cases in which people are due to go into hospital—they may well have a planned operation—but are told that they cannot because the hospital is full as a result of the flu pandemic. That will cause a great deal of anxiety for many people. The communication of that prioritisation is vital.

The briefing by the British Red Cross highlights the importance of the voluntary sector and the role that it can play in supporting statutory services in dealing with the challenge of a flu pandemic. It makes the point that it is essential that all volunteers who are participating in any way in support of statutory services get treated in the same way as staff to ensure that they are protected, given that they are giving their time voluntarily to help. The British Red Cross also makes the point that many volunteers will prepare to go overseas during a pandemic to help to make a difference in the real hot spots. It says that it is important that those people get access to medication speedily so that they are protected.

I have appreciated the opportunity to raise these issues. I recognise that the Minister may not be able to deal with all the concerns that I have highlighted, but perhaps she can respond in writing to those that she is unable to answer.

3.19 pm

Mr. Robert Syms (Poole) (Con): I thank the Secretary of State for again updating the House on progress on this very serious matter. I am glad to note that when it comes to such matters the House can be constructive, we can make suggestions to the Government, and we can learn of preparations that I consider sensible. I think it is a case of "so far so good", but as we know, it is still early days. I pay tribute, as others have done, to the staff of the national health service, who are working terribly hard, and to those who are working long hours in the pathology labs to deal with the crisis.

[Mr. Robert Syms]

I think that the national public information campaign is being run very well, and is having an impact. I presume that it will roll on in the coming weeks and months, and may be uprated if the profile of what is happening changes. It sends a very good message with regard to flu in general, and not least with regard to this very serious form of flu. However, I have a few concerns.

It is easy for those who have bins in which to chuck paper handkerchiefs and somewhere to wash their hands, but if a pandemic does develop, we shall have to make an effort to provide better hand-washing facilities in public places. Perhaps the Minister could tell us whether it has been established that there are enough of the various soap products that people use to disinfect their hands as an alternative to ordinary hand washing. When I was at Euston station the other day I noticed that it costs 20p to go into the toilets, and I know that nowadays a number of other major rail centres charge people for using public facilities. I believe that that applies at Paddington station, for instance. I hope that the Government will consider allowing such charges to be waived in the short term if the situation deteriorates, so that people can have access to hand-washing facilities.

We have already had an exchange about masks, and I understand the medical advice about them, but I think that ordering a lot more and distributing them widely would be a sensible precaution. Many people work in the public services. If someone does not turn up for work because they are ill at home, a police officer or local authority representative, for example, may have to ring the front doorbell and go in to see them. It is true that in the short term, the sight of people wearing masks on the tube will not do a great deal for the tourist trade. However, notwithstanding what was said by the Secretary of State, I think that if the pandemic becomes much more widespread, seeing people walking around wearing masks would be a good way of reminding others that there is a crisis, and that they need to take the sensible advice being issued and use a paper handkerchief, "bin it", wash their hands, and generally conduct themselves very carefully.

I have a few more questions for the Minister. So far, the scientific information is that the genetic make-up of the flu virus does not seem to be quite as virulent in north America—or, indeed, here—as it is in Mexico. Is that related to diet, or to the general health levels in the population? We know that a number of drugs are available on the internet, such as Tamiflu and Relenza. If people do not take prescribed drugs but obtain them from the internet so that they are used more widely, there is a risk that a resistant strain of the virus will develop. Have the Government any plans to try to restrict online provision?

Last week a useful leaflet about flu from the primary care trust was delivered in Bournemouth and Poole. We have heard a little about the swine flu information line; is there a plan for its capacity to be increased if the number of cases multiplies? As we have heard, in the event of a relatively rare occurrence it may be possible to get through on the line, but if thousands of people suddenly become infected, more phone lines and volunteers will be needed so that the service can be expanded rapidly rather than crashing. I welcome what the Secretary of State said about going online and setting up a website.

I would like the Minister who responds to the debate to say a little more about the role of the national director of pandemic influenza preparedness. What meetings have taken place, and how is it envisaged that the role will unfold if a crisis develops?

On the flu line, there is a difference between people phoning up about symptoms and decision makers trying to get sensible advice. In earlier exchanges, we talked about who was responsible for making decisions about whether to close a school, a place of work or a particular institution. I presume that the primary care trust would be the body to which people would refer at the local level. This is an interesting issue, however, because public health decisions will have to be made at various levels, and I wonder what the hierarchy of decision makers is. I presume that at the top will be the national director of pandemic influenza preparedness, or Richmond house, but what will be the local decision-making hierarchy in, for instance, Dorset—or around Heathrow, as we have heard about the special risks that that area of London faces? Who will be in charge? We must ensure that people make proper and informed decisions at all levels, so we do not get panic, but rather a response that is measured, proportionate and sensible.

Mr. John Gummer (Suffolk, Coastal) (Con): I too would like the Minister to elaborate on that. We in Suffolk have an extremely good operation for dealing with crises, and I would like to know how that local hierarchy will fit into this situation. In the past—for example, when we have had to deal with animal diseases—it has been hugely successful. I think the Minister will know that the Department congratulated Suffolk on what we did in the last epidemic, and we had to congratulate the Minister concerned for keeping us in touch. I wonder whether the same system will operate.

Mr. Syms: That is a good point. I wonder whether there ought to be a chart setting out who is on top of the hierarchy and who takes decisions at various different stages. That would be particularly useful for Members, who could put it up on their wall, and there might also be relevant phone numbers for their area, so if a situation developed we would know who to talk to and who to refer people to. I suspect that if the swine flu emergency line has difficulties and PCTs are overwhelmed, people will phone up Members asking for their advice. It would be useful, therefore, if the Minister were to say a little more at the end of the debate about what we can have in our offices for our staff, so that we know who to go to, and to whom to refer people in our area if a situation develops.

We must wait and see how the situation develops. History teaches us that these events can get very bad—I am thinking about the events of 1918—and it is best to take the precautionary approach and to plan for the worst. I am pleased with the preparations that the Secretary of State for Health has taken so far, and I hope that we will get a little more information from the Minister at the conclusion of the debate. Let us keep our fingers crossed and hope that this is not as bad as some people think it will be.

3.28 pm

John Mason (Glasgow, East) (SNP): I appreciate having the opportunity to speak in this debate, and I also appreciate the fact that the Secretary of State has made previous statements on this subject.

Perhaps unsurprisingly, I shall refer to Scotland in my speech. Scotland was very much the focus at the start of this outbreak, as the first two confirmed cases in the UK were in Scotland. I join other Members in expressing appreciation to NHS staff for acting rapidly and wisely in admitting the couple concerned to Monklands hospital and isolating them there. That helped to protect those people—although, fortunately, their symptoms were not serious—and it also reassured the public that the matter was being taken seriously. It helped us across the UK to study that case and understand better what had happened and how it had happened, and issues such as contacts.

It is worth noting in passing that Monklands hospital had previously been earmarked for closure, and one of the many good decisions of the current Scottish Government was to keep it open. I particularly wish to mention the way in which the Cabinet Secretary for Health and Wellbeing, Nicola Sturgeon, has been leading in the Scottish Government on this matter.

Reference has been made to the booklet that has been widely distributed. One of the advantages of having two houses is that one gets two leaflets. As far as I can tell, the one distributed to my Glasgow flat some time ago is exactly the same as the one that I received last night in Lambeth—except that the Scottish paper seems to be of a slightly higher quality. This raises the question of whether we have a guarantee that all these good-quality leaflets have been distributed. I only got mine in Lambeth last night, and as that seems a little late I wonder whether everybody else has got one. I did think that they were sensitively produced, given that they detail what the UK Governments—rather than just the UK Government—have done; again, full marks to the NHS and the Department of Health.

I understand that, as of this morning, Scotland has five definite cases—

The Minister of State, Department of Health (Dawn Primarolo): I hope that the hon. Gentleman will acknowledge in this House that we have a national health service that goes across the whole of the UK, and that the people in it are working in unison to protect all our citizens. I do not think that we should imply or make any asides to suggest that that is not happening.

John Mason: I thank the Minister for her intervention, and I agree with her. Indeed, the main point of my remarks is about the good relationship on this issue between the Governments of Scotland and the UK. Our respective countries are working extremely well on this matter, and I hope that that can be extended to other matters. We are all—those on the Government side and ourselves— committed to the NHS, although there are some differences in how we view the way ahead for it. For example, I believe that the approach of "no private GP practices" in Scotland is fundamental to the future of the NHS, whereas a different view has been taken in England.

I understand that further cases are being investigated in Greenock, which has led to the closure of a primary school and a nursery there. As I said, I wish to make my main remarks about the good relationship between Scotland and the UK on this matter. When a previous statement was made, the right hon. Member for Airdrie and Shotts (John Reid) asked about the relationship between Ministers in the two Governments and I asked about the relationship between the officials. We were both given very positive answers, and all that I have become aware of since then shows that that continues to be the case. For example, I understand that antibiotics are being procured by the Department of Health for the whole of the UK, and that as Scotland has a stockpile of some 9 million face masks, which is probably more than it needs at the moment, it has offered 1.45 million of those to England to help its supplies.

I reckon that this is one of the many situations in which the Scottish and UK Governments seem to be working well together, and that is the way we want things to be. We do not want constant bickering, people picking fights or people putting party before country. The more responsibility the Scottish Parliament is given and the less dependent we are financially on Westminster handouts, the more likely it is that our two countries can have a mature and grown-up relationship. Of course England is the larger country and it is likely to have more experts on many subjects, be it health or whatever, but that does not prevent us from respecting each other as neighbours and working together on issues such as swine flu, which clearly is no respecter of international boundaries. Perhaps one of the good things that can come out of this episode is a good and strong relationship between our countries' respective health services. I very much hope that other Departments in the London Government will follow the lead of the Secretary of State for Health.

One area in which England has been ahead of Scotland is in closing schools when there is an outbreak. I understand that the experience is that very early precautionary closure, such as occurred in Paignton, has been instrumental in disrupting the further spread of the virus. The topic has already been raised, and perhaps the Minister could confirm whether the advice continues to be that schools should be closed for seven days, whether there is some other optimum time, or whether we have to examine each case individually.

I also understand that Health Ministers are working together to secure and purchase early supplies of vaccine. That sounds encouraging, and I hope that we will be kept updated when negotiations with manufacturers are concluded. As we are talking about vaccines, I understand that our Cabinet Secretary this morning pointed out that if a pandemic is declared, global demand for a vaccine will outstrip the capacity to supply it. That point has also been made in this debate. There may be a danger in countries such as the UK and US squabbling over vaccines, but perhaps the more serious danger is that poorer countries will be left without adequate supplies. Maybe if we ourselves struggle with a shortage of resources to combat flu, it will test our resolve to help countries less fortunate than ourselves. I would be grateful for reassurance on that point from the Minister.

Finally, we have seen various reactions to this outbreak. The very word "pandemic" can be a problem. It sounds very dramatic and suggests that the outbreak is both widespread and serious. However, I understand it to mean that a disease is widespread, but is not necessarily serious. That understanding is gradually spreading. We could have what is technically a pandemic that is not serious in its effect.

[John Mason]

There is a balance to be struck between encouraging the public to be aware and careful, but not panicking. I accept that it is difficult for the WHO, and indeed all Governments, to get the balance right. The phrase "crying wolf" comes to mind, and the danger is that if something more serious comes along in a year or two, we will again call it a pandemic, but by that time no one will take us seriously. It has been suggested that it is inevitable that for every pandemic there are likely to be a dozen false alarms; I wonder whether the Minister agrees.

Perhaps one of the good results of the MPs' expenses debacle being all over the media is that it has reduced the media hype over swine flu. However, as has been said, it is better to be a little over-prepared than a little under-prepared. I liked the statement on the website of Steven Novella:

"When there is a rustling in the bushes it is appropriate to cry wolf, knowing most of the time it will just be a deer or something else. But if we wait until the wolf is at our throats, it will be too late to react."

I support the Government's action, and especially the way in which they have worked with the Scottish Government.

3.37 pm

Bill Wiggin (Leominster) (Con): This is a subject on which I do not normally speak, but I have listened to the debate and, for once and perhaps uncharacteristically, I think that much of what the Government are doing is very good. I especially like the swine flu information leaflet, which explains the risks carefully and what people should do if they have returned from Mexico or have any fears.

Like all hon. Members, I treat the safety of my constituents as paramount. I am delighted by what I have heard today about the steps the Government are taking and the work that my hon. Friend the Member for South Cambridgeshire (Mr. Lansley) has done to ensure that the Government do not neglect any area. They—and especially my colleagues on the Front Bench—are to be congratulated on doing a marvellous job on this subject. However, there is one little aspect of the debate to which I seek to draw attention, and that is the "swine" bit. I object to that name for this disease.

My constituency contains pig farmers, who are deeply worried that giving that name to this flu will have an impact on their business. I have looked up why it is called swine flu and I shall cite the definition in a moment. The concern is that the market for pig products will be affected because of public fear. That is especially unfortunate at a time when the industry faces enormous pressures. We need to ensure that this risk to our people from the current outbreak is not another nail in the pig industry's coffin. We have an opportunity to demonstrate that joined-up government is not just something that we talk about, but something that can be delivered so that the people are safe.

In the UK, there are 470,000 breeding sows producing just over 9 million pigs a year. England accounts for 82 per cent. of the UK's breeding pigs, Scotland for 4 per cent. and Wales for less than 1 per cent. About 92 per cent. of pigs are kept on modern commercial farms, of which there are about 1,400, and the rest on about 10,000 smallholdings. These pigs are well kept and not the dirty creatures that stories would make out. This is a modern and important industry, which is under pressure from red tape and bureaucracy, the outbreaks of foot and mouth disease in 2001 and 2007, and the loss of non-EU markets owing to exotic diseases. Like most industries, the pig industry is seeing increases in production costs, feed costs and fuel costs.

The average retail prices of pork and pork products have increased by 37 per cent. in a year—that is about £1.79 a kilogram—but the average price paid to farmers has increased by just 27p per kilogram. Estimates from the British Pig Executive, BPEX, show that in 2007 farmers are paid about £1.10 per kilogram even though it cost them £1.44 to produce. That led to the "Pigs are worth it!" campaign, which I thought was extremely helpful and successful. We are always, of course, subject to competition from cheaper imports.

Since 1997, the size of the English pig herd has reduced by 40 per cent. Despite the negative press for pigs and the pig industry, there remains some uncertainty about whether pigs in Mexico are the cause of this outbreak. The advice posted on the Department for Environment, Food and Rural Affairs website states:

"There is still considerable uncertainty as to the true situation in pigs in affected areas"

and that more information will be available following the completion of the OIE-Food and Agriculture Organisation mission to Mexico. I hope that the Minister will have the opportunity in her closing comments to provide us with an update on this mission and when it is likely to publish its findings.

I also wonder whether the Minister agrees that newspaper articles and internet blogs with headlines such as "Swine flu: British pig industry leaders 'reckless and selfish'", as put out by Animal Aid, and "Swine flu: is intensive pig farming to blame?", as put out by a Member of the European Parliament, Caroline Lucas, in *The Guardian*, are not only potentially misleading to the public but extremely damaging to the pig industry? Farmers in this country take biosecurity seriously and take action to keep their animals safe from disease. They have the highest standards in the world. The Government could help to support pig farmers by reassuring the pig industry that they will send out positive messages about British pork. The current outbreak cannot be transmitted by eating pork products, according to the WHO and the Food Standards Agency.

The WHO has decided to buck away from labelling this outbreak "swine flu" and instead refers to it as H1N1. That is proper and clear. The virus has elements of swine, avian and human varieties and it is yet to be determined whether pigs have caused the outbreak or not. Joseph Domenech, the chief veterinary officer in the UN Food and Agriculture Organisation in Rome, has said:

"It's not a swine influenza, it's a human influenza."

How much of that does the Minister agree with?

In view of the potential damage to the pig industry that could be associated with negative perceptions of linking pigs to the outbreak, will the Minister consider referring to the flu by some other term, including in the information guide sent out to the public? Other names could include Mexican flu or H1N1, which is what I would prefer.

There can be a risk to pigs from humans. In Canada, a farm worker reportedly infected a herd of pigs with swine flu. In Afghanistan, the only pig has been quarantined. The contingency plan for exotic animal diseases published by DEFRA and last updated in December 2008 appears to make no mention of any variety of swine flu, despite there being cases of other swine-related influenza strains previously in the UK. Will modifications be made to the plan to cover further outbreaks, especially as the virus spreads to pigs? Will antivirals be available for workers on pig farms? Will a vaccine be developed for pigs? That is a question that I do not expect the Minister to answer today, but it is one that I shall leave for DEFRA. Will there be a mass cull of pigs, as happened in Egypt?

The Secretary of State for Environment, Food and Rural Affairs has stated that the Government's

"risk assessment indicates that there is a negligible likelihood of introducing human influenza strain H1N1 to the UK by the legal import of pigs or pig products from North America."

Will the Minister reassure us that that will be kept under review, and that action will be taken to reduce the risks further?

Air travel is one way for influenza strains to spread quickly across the globe. Last year, UK airports handled about 235 million passengers. What efforts have been made to put together a list of countries where the risk of infection is higher? Does the Minister know how many carriers of this strain might be coming into the country?

Current cases in the UK appear to be linked to those who have travelled to Mexico or had contact with people from north America. The first known case of infection here, on 26 April, involved Mr. and Mrs. Askham, who had been to Cancun on their honeymoon. It was reported that the authorities had no plans to trace the other passengers on the flight, as they were not classified as "close contacts". However, a 12-year-old girl from Downend in south Gloucestershire was on the same flight as Mr. and Mrs. Askham, and she was diagnosed on 1 May.

With regard to those who have travelled to countries where there are cases of this influenza strain and who have been infected by it, will the Minister reassure the House that efforts will be made to trace people who travelled with them? In that way, they can be tested and, if necessary, treated. We need to know how the virus got into this country, what risk it poses to the population, and what the Government are doing about it.

A final word about the link to pigs: scientists have suggested that all RNA segments of the 2009 swine flu—A/H1N1—viral genome are of swine origin, and they have stated that

"this preliminary analysis suggests at least two swine ancestors to the current H1N1, one of them related to the triple reassortant viruses isolated in North America in 1998."

Given that, it must be fair not to refer to the virus as "swine flu", "pig flu" or "Mexican flu", but rather to stick to the correct term, which is H1N1. Our pig industry would be grateful for that.

I am grateful to the Government for the steps that they are taking to protect people from the illness. I hope that the predicted level 6 pandemic does not arrive, but the Secretary of State's opening remarks were deeply worrying in that regard, as he made it clear that the disease is considerably more serious than had been thought. However, let us avoid collateral damage in our food-producing sector as well.

I am grateful to the House for suffering me to talk about the pig industry. I hope that the Minister will continue to make every effort to protect my constituents.

3.48 pm

Mr. Rob Wilson (Reading, East) (Con): It is a great pleasure to follow my hon. Friend the Member for Leominster (Bill Wiggin). In his opening comments, he said he did not know much about this subject, but he showed that he is a great champion of the countryside, and of farmers in particular.

I want to ask some important questions arising from recent discussions with my local primary care trust, and I hope that the Minister will deal with them in her closing remarks. The questions are important, as swine flu has arrived in Berkshire: one case was reported in Slough and there is also a suspected case in Wokingham.

I was rather surprised to hear a so-called expert argue on the radio that we should allow the current milder form of the virus to spread widely through the population, as that would allow people to build up resistance to the more virulent strain that may arrive in the autumn. Will the Minister comment on that view? Does she believe it is a suitable response, and what are her own expert advisers telling her?

As I said, I have had discussions with my local PCT and have reviewed its pandemic plan, which I have with me this afternoon. I would like to congratulate the staff of the PCT on putting together a comprehensive and very welcome plan, but I am concerned about several issues.

First, I am not convinced that the out-of-hours GP service will be robust enough to handle the scale of a pandemic. Many areas of the country, and parts of Berkshire, have their challenges and problems with the out-of-hours service. I just hope that my local PCT will re-check the robustness of local out-of-hours GP services to ensure that those services can cope with all the circumstances that might arise. If they cannot, what contingency plans will the PCT have in place?

Bill Wiggin: My hon. Friend makes an important point. I have personal experience of the failures of out-of-hours services. When my daughter was ill on a Sunday in Herefordshire, there was no GP available for anybody in Ledbury, where we live, despite its having two GP surgeries, so we had to travel all the way to Hereford, where there was a Primecare centre, bang next door to an accident and emergency department. It totally defeats the point of having doctors spread through the community if people all end up in the county hospital at the same time. The Government have spent so much money on doctors and the health service, so I do not know why care does not reach the people who need it the most. That is perplexing. I wonder whether my hon. Friend agrees.

Mr. Wilson: My hon. Friend makes an excellent point. The out-of-hours service is particularly fragmented in countryside areas such as the one he represents. I think we would find general agreement across the House that there are significant problems.

Secondly, I am concerned that we have not heard much about so-called closed communities. I have a young offenders institution in my constituency, and I

[Mr. Rob Wilson]

am worried that robust plans may not exist for those closed communities. I would welcome the Minister's comments on whether there are any national plans, and on what advice on best practice has been given to local PCTs. Obviously, we are talking not just about prisons, but about places such as residential homes.

Finally, my PCT's local plan does not allow for prophylaxis for family members, and I believe that that is a mistake. If we are to limit and subdue the spread of the illness, such prophylaxis is particularly necessary. I understand that national guidance is moving us towards prophylaxis for family members and those in close contact with people who have the illness. Would the Minister like to comment on the advice being given to local PCTs, so that their plans might be updated in the light of that? I expressed my view to my local PCT in no uncertain terms: I told it that I think the omission is a weakness in its local plan. Having made those few comments, I look forward to the Minister's response.

3.52 pm

Mike Penning (Hemel Hempstead) (Con): Looking at the clock, it seems that the Minister of State, the right hon. Member for Bristol, South (Dawn Primarolo), and I have about an hour each in which to speak, but with the permission of the House, I will not go over much of what has already been discussed this afternoon. It has been an excellent debate, and I hope in good faith that the Minister will understand that there are questions that need to be asked on various issues, with regard to the situation both in the UK and abroad. Bearing that in mind, I hope that she accepts that the questions are asked in good faith. Front Benchers on both sides of the House have worked closely together. I know that the shadow Secretary of State, my hon. Friend the Member for South Cambridgeshire (Mr. Lansley), who is sitting beside me, is grateful for the briefings that the Secretary of State has given the Front Benchers throughout the past four weeks.

It is only four weeks since we first knew of the state of swine flu—I will call it that for the moment, but I will come on to the point made by my hon. Friend the Member for Leominster (Bill Wiggin) shortly. The debate's title is "Swine Flu", but I agree that it should not be, and there are reasons why it should not. Sadly, in the past four weeks, there have been difficult articles in the press across the country that have, at times, genuinely frightened people. I pay tribute to the *Evening Standard*, which realised that it had got things wrong; the Secretary of State mentioned the matter earlier. It advertised extensively to address the mistakes that it had made. I know that the *Evening Standard* is a large newspaper, but I wish that some of the national newspapers would address the fact that they got some of the coverage wrong. There was a degree of scaremongering.

Some of the so-called experts on the periphery of the debate have also not helped in keeping the public not only correctly aware of what is going on, but factually aware, as has been shown by some of the polling over the last few days. About 50 per cent. of the public think that the reaction of Her Majesty's Government and the NHS has been correct and proportionate, and about 50 per cent. think that there has been an overreaction. As the leaflets drop through the letterboxes and the advertising campaigns on the websites and in the national media continue, the public will be more aware of the difficult situation that we are in, particularly in Britain where our responsibilities lie, but also elsewhere. It may be necessary to move to stage 6, the pandemic situation, and if we do, the pandemic flu plan structure will be the bedrock from which we go forward.

Much of what has been proposed cannot be rigidly adhered to within the planning structure. For example, according to the pandemic flu planning documents, in the event of an outbreak in a school, that school would expect to be closed for three weeks. Most schools have decided to close for a week and assess the situation as it develops, and that is a sensible way to proceed. What we do not want is headmasters deciding to shut a school for three weeks when the situation is fine within 10 days.

We have had an excellent debate, and many new points have been made, which shows that we are all on a steep learning curve as to the effect that this will have on our communities, whether we are on the Opposition Front Bench, in the Minister's Department, or on the Back Benches. The hon. Member for Hayes and Harlington (John McDonnell) has apologised to the House for leaving to chair a Committee, but he raised some important points on behalf of his constituents. Heathrow is smack-bang in the middle of his constituency, and he was very concerned about training not just for cabin crew—a point also raised by the Liberal Democrats—but for staff within the airport infrastructure, so that they know how they can help. *[Interruption.]* I welcome the hon. Gentleman back to the Chamber.

The hon. Member for North Norfolk (Norman Lamb) made some important points. Will the Minister tell us either when she replies or later in writing how the negotiations were taken up early on and why the national flu line is completely separate from NHS Direct and NHS Choices, the online information service. That may be because the NHS deals with about 6 million calls a year and we expect the national flu line at full on-stream capacity to be dealing with about 2 million a day. Such IT and telecommunications infrastructure will require a robustness and resilience that this country has never experienced before. I listened intently when the Secretary of State told us that we were piloting and testing, but there is no way that that infrastructure could be tested to that capacity, unless it went through a similar telecommunications system. Why has NHS Direct been asked to pick up the situation now—it is doing a good job, but it is struggling—yet it was excluded from the contract for the NHS emergency flu line?

The hon. Gentleman also dealt with the assessment of people who think that they may have swine flu. Why are we not using our skilled pharmacists to asses whether patients have swine flu before giving them the drugs required. I know that my hon. Friend the shadow Secretary of State has taken that up with the Secretary of State. Those pharmacists are the biggest point of contact in our constituencies for medication and the plan is to distribute the drugs through them. For years, we have quite rightly been increasingly using the expertise of pharmacists to diagnose, take blood pressure, undertake blood tests and lots of other things, so it would seem to be logical to use them for diagnosis. Will the Minister respond to that point?

I have been slightly confused in the past couple of days as to who is in charge of handling the pandemic situation. The people in charge of producing the

November 2007 document were Professor Lindsey Davies and Mr. Bruce Mann. The former is the national director of pandemic influenza preparedness in the Department of Health, but last week, the chief executive of the NHS—completely out of the blue, because there is nothing within the document to indicate his involvement—indicated that he had appointed a national flu resilience director, Mr. Ian Dalton. Will the Minister indicate what the roles of those two people are? Has Professor Davies's role changed, and what role has Mr. Ian Dalton taken up? Who is in charge and to whom do they report? There seems to have been an important change in the protocols.

My hon. Friend the Member for Poole (Mr. Syms) raised many important issues, but hand washing is very important. We are conscious of the capacity of the influenza to spread. If we get to the pandemic stage, facilities for hand washing are absolutely imperative, especially where there are large congregations of the public, such as railway stations and airports. Hand-washing facilities therefore must be open to the public free at the point of use, which can happen at the flick of a switch. I am sure that the odd 20p that is lost to the people who operate those facilities is tiny in proportion to what we could lose.

Another important question raised by my hon. Friends the Members for Poole and for Reading, East (Mr. Wilson) is what we do about closed institutions such as prisons, secure hospitals and, especially, barracks. We know from experience that such influenza viruses move very fast through closed institutions and we have heard absolutely nothing, as far as I am aware, about what we are planning to do—that is not a criticism, but a genuine question. What are we planning to do about closed institutions? The Mount prison, which is on the edge of my constituency, has 640 inmates and most of the people who work there live in my constituency. If we go to a pandemic situation, we must have a strategic plan for those people. We have learned from experience, particularly of 1919, that flu flies through military barracks once inside.

The Secretary of State said quite a lot about the purchase of face masks—specialist face masks that can restrict the virus getting through rather than the sorts of things we saw on the streets of Mexico City. I have tried to find out from different organisations, especially in the NHS supply chain, about gloves. Within the pandemic flu protocols, disposable gloves are crucial in containing influenza, yet we do not seem to know how many have been purchased or how many are out there. It would be useful to know exactly what is happening.

The other question asked by my hon. Friend the Member for Poole is this: what happens if and when we move to the next level? Page 55 of the flu pandemic document shows that we should go to a gold command structure. The structure is quite complicated, but it is understandable. The civil contingencies committee is at the head of the structure, but who chairs that committee? I have experienced gold command in my constituency. The police tend to chair gold commands, but who will chair that committee?

Mr. Syms: I have not ploughed through the booklet, although I presume that my hon. Friend, as a health spokesman, has done so. I just think it would be useful if we had some information in our offices, particularly relating to our own area, so that we or our local authorities have the right phone numbers and know what the chain of command is.

Mike Penning: My hon. Friend is absolutely right to raise that important point. Smack-bang in the model set out in the document is the local resilience forum and strategic co-ordination group. I do not expect everyone to read the document, but it does explain the arrangements. The next step in preparing for the next stage—stage 6—is ensuring that we in our constituency offices and, more important, our communities as a whole have the information needed on what to do next; it should not be left to gossip. We will be able to work with our constituents, local councillors and others to make that sort of information is available. In addition, local authority call centres need to know whom they should pass calls on to.

I fully understand the point my hon. Friend the Member for Leominster made about pigs. We should stand up in this place and the Minister should say from the Dispatch Box that there is no danger from eating pork: as long as it is cooked correctly, pork makes wonderful eating. I agree with my hon. Friend when he says surely this strain of flu could have been given another name. In fact, it has—we do not need to call it swine flu. The World Health Organisation calls it influenza H1N1—that is the official title. It should not be called Mexican flu, either. As I was told a few minutes ago, the so-called Spanish flu of 1919 appeared in America. I think that people can understand its official title—it is in the papers often enough—and we should wean ourselves off calling it swine flu, because that has had a detrimental effect on pork sales here and in other countries. I know that we have no influence on decisions by other countries, such as Egypt, to slaughter their pigs, but, to be frank, what a waste that is of good stock.

My hon. Friend the Member for Reading, East talked about the quality of out-of-hours GP services. That topic was raised at Health questions this week and it is regularly discussed by Back Benchers and Front Benchers. The truth is that our GPs are the best people to commission the out-of-hours care that our constituents deserve, because they have the empathy, understanding and knowledge needed. In fact, the situation is a complete mess, with a postcode lottery for out-of-hours services. At a time of crisis, the last thing we need is confusion in such services.

My final point is on third world or less economically developed countries. It is possible that some such countries will suffer a pandemic outbreak and we will not. It is imperative that, with our European friends and the WHO, we have in place a structure or plan whereby we do not stockpile a vaccine here when we have not and are not likely to move to stage 6, and leave other countries to suffer because they cannot obtain supplies. Although I fully understand that we have a sleeping contract and will, we hope, get the vaccine within the next few months, if other countries, particularly third-world countries, suffer a pandemic and we do not, we will have to examine our conscience and decide how to help those countries in their hour of need.

4.9 pm

The Minister of State, Department of Health (Dawn Primarolo): I thank all hon. Members for their contributions to today's debate. It will be clear to anyone listening to

or watching the debate that all hon. Members, regardless of party, are focused on making sure that we have in place the best measures to protect our citizens, should that become necessary.

The challenges that swine flu poses in this country are real and considerable. Before I go any further, however, I should pick up on the point that the hon. Member for Leominster (Bill Wiggin) made about its name. If he turns to the leaflet that was sent out, he will see that it clearly states:

"There is no evidence of this...disease circulating in pigs in the UK"

and that scientists are investigating the origin. Linked to that, the hon. Gentleman referred to the statements that my right hon. Friend the Secretary of State for Environment, Food and Rural Affairs and the chief veterinary officer made about the safety of consuming pig products in this country, and I agree with everything that the hon. Member for Hemel Hempstead (Mike Penning) said in his closing remarks about the safe consumption of pig products.

However, I must say to both hon. Gentlemen that, from tracking public recognition and measuring public awareness, we have found that the virus is clearly fixed in people's minds as being called swine flu. Indeed, recent information shows that 75 per cent. of people agree that the Government are very well or fairly well prepared, and that 80 per cent. are satisfied with the information available. I am sure that all of us agree that awareness, clear information and transparency are of great importance to the general public, so I caution the hon. Member for Hemel Hempstead and others that changing tack and calling the virus H1N1—that snappy title—or anything else may not necessarily help in the communication of information. Nevertheless, I absolutely take his point that language is important to ensure that people are properly informed, while not causing concern elsewhere or, as he rightly and understandably pointed out, detriment to others' occupations, whether they are in the pig industry or anywhere else.

Although scientists are making progress on charting the genetic fingerprint of the virus, understanding its characteristics and tentatively assessing its impacts, there is still a great deal that we do not know about the infection and how it will develop in the weeks and months ahead. That point crucially underpins the information that we make available, and, as the hon. Member for South Cambridgeshire (Mr. Lansley) said in his opening remarks, transparency and proportionate information are crucial.

In the face of that uncertainty, it is imperative that we have the appropriate measures to protect the public and ensure continuity throughout the public services—all points, indeed, that hon. Members have addressed themselves to today. We must ensure also that when the virus becomes more established in this country, if it does, we are properly prepared and, as the hon. Member for North Norfolk (Norman Lamb) said, hope for the best but prepare for the worst.

My right hon. Friend the Secretary of State for Health made it clear that experts warn us to expect further increases in the number of cases in the short term, and we must brace ourselves for the strong likelihood of a serious pandemic in the next six to nine months. Fast, effective prophylaxis has so far helped to contain the spread of the disease in this country. I join other Members in expressing thanks to the national health service staff, health protection officers and Department of Health officials who have worked tirelessly in this containment phase. We have yet to see sustained, community-based transmission, but I reiterate that we need everyone, including the general public, to continue to do their bit. Preparing for a wholesale pandemic is important; appropriate plans and measures must be in place so that we will be ready if the virus becomes more established. That means monitoring and assessing whether and when the current policy of using Tamiflu is becoming ineffective or counter-productive as the virus becomes endemic.

In his opening remarks, the hon. Member for South Cambridgeshire posed a number of questions, as did all the other Members who spoke. When I can, I shall do my best to answer them. There is the issue of antiviral stocks and of the triggers that will move us from our current containment phase to a mitigation phase. How do we judge when that will be, given that all the current evidence is that in this country the infection is very mild and that people respond well to Tamiflu and recover? I am still taking advice and having discussions with scientists, but at this stage there are two principles. The first should be in respect of sustained community transmission. Secondly, we should consider the severity of the disease and take scientific advice at the relevant point on whether we can still contain it and whether we need to move to the next stage. We are doing a lot of work on that so that we understand precisely when that shift may be made. As the hon. Gentleman rightly said, that issue is important in respect of the impact on the antiviral stockpile and of moving to household prophylaxis as a sensible strategy in that period.

The hon. Gentleman also asked why our approach to school closures was different from that in the United States. He said that he thought that the US was now basing its considerations more on economic and educational outcomes than on the disease, and that might well have played a part in the decisions. The advice to us, however, is that the US is no longer in the containment phase; it has moved to the mitigation phase for reasons of geographical distribution and its ability to contain the viral infections. Given that, its attitude to school closures is different from ours.

Mr. Lansley: I am grateful to the right hon. Lady for giving way, but I was not asking about the difference between the position in America and that here. I entirely understand that the Americans decided that they could no longer contain the virus, which was circulating in the community; sustained community transmission was taking place. My question was different. Looking at the second principle, if we believed that there was sustained community transmission of the virus in this country, and if the virus was not severe, would we have begun the process of examining whether our advice would remain the same as that in the national contingency plan? The current advice is that a school closure should be triggered automatically when a case is confirmed. Alternatively, would we re-examine the issue? Clearly, the Americans have re-examined it and reached a different conclusion.

Dawn Primarolo: I misunderstood the hon. Gentleman's question—I hope he will forgive me. I can confirm that we are undertaking consideration of what advice would

be given and what action we should be taking if the outbreak remains mild. I am sure that the Secretary of State will want to continue to keep the hon. Gentleman and the hon. Member for North Norfolk apprised of those considerations as we move through them. This goes back to my earlier point about a better understanding of the nature of the virus and the extent of the illness that it causes here in the UK. It is about not only the current investigations into the production of a pandemic vaccine, should that be necessary, but informing the other strategies in the plan.

The hon. Gentleman asked about critical care and ventilators. Trusts have been advised that they could double their critical care capacity for ventilated patients during a pandemic. The possibility of additional ventilators is being considered, including the question of whether all ventilators are being used. That will form part of the ongoing discussions.

The hon. Gentleman asked about support for other countries, as did the hon. Member for Hemel Hempstead, and referred to the money that has already been contributed by the Department for International Development. In addition, the World Health Organisation has a stockpile of drugs. The WHO meets this coming weekend and early next week, and those considerations will be very much on its agenda. We look forward to seeing exactly what type of measures will be necessary, and we have made it clear that we stand ready to make our contributions in exactly the areas that the hon. Gentleman mentioned.

Mr. Lansley: I welcome what the right hon. Lady says about our willingness to participate positively and constructively in the next few days in the discussions with the WHO. So that we do not convey any misleading impression, I should point out that its stockpile of antiviral drugs is probably no more than about 5 million doses, so its ability to satisfy potential demand in developing countries may be very limited.

Dawn Primarolo: The hon. Gentleman is right. However, he also knows that the WHO, the US authorities, the UK authorities and all the health authorities that are working on this are looking carefully at exactly what we are dealing with. The virus is being analysed to see what may happen—particularly, as we track it through the southern hemisphere's flu season, what that may mean in terms of where a returning virus, whether mutated or not, goes next and what arrangements therefore need to be in place. These are absolutely the right questions for the hon. Gentleman and others to be asking. The Government are very alive to this. We completely appreciate the dual wishes of this House: first, that we protect our own citizens; and secondly, that in a world pandemic, we play our part, particularly with the poorer and developing countries that may not have access to the drugs that we have.

My hon. Friend the Member for Hayes and Harlington (John McDonnell) referred to actions at airports, in particular, and ports of entry. He went on to ask several questions about the responsibilities of airlines to their staff, and about whether there is greater vulnerability among the communities around Heathrow. He has been able to return from his other duties, and I hope to address the points that he raised.

At present, with the Government deploying strategies within an attempt to contain the infection, the work being undertaken does not involve the screening of all passengers. It is simply not possible to model and undertake that, and when it has been attempted elsewhere it has been ineffective. What is going on is that, first, we are ensuring that passengers are provided with information and advice. Secondly, symptomatic passengers identified en route are seen by port staff. Thirdly, if necessary, contact tracing is undertaken with regard to passengers on particular flights and anyone else who may have come into contact with them, for the purpose of ensuring that those who need Tamiflu on a prophylactic basis have it provided.

Airlines are responsible for their employees, and there are already actions that they are required to take. They have received, and continue to receive, advice through the Health Protection Agency, and particularly guidance about their employees. With several hundred returning travellers, identifying those with symptoms has been crucial. It is important to keep things in perspective by noting that to date, only 31 cases have been confirmed among those returning travellers. The surveillance and work being undertaken are clearly doing their job.

On the wider considerations for the community; the question is whether there is sustained spread across the whole country, which would mean that we needed to move on from the containment phase. The primary care trusts and hospitals have plans for those circumstances. The hon. Member for Reading, East (Mr. Wilson) pointed out that he had had access to his local PCT's plan for a pandemic, and the responsibilities are the same for the PCT that covers the constituency of my hon. Friend the Member for Hayes and Harlington. If he feels that he has not received enough information or been given access to the PCT's plan as the hon. Member for Reading, East has, he can certainly write or speak to me and I will ensure that he has access to it. Local health authorities are making those plans, and that should be going on in my hon. Friend's local area, including at Hillingdon hospital in its role as the nearest hospital to Heathrow.

John McDonnell: I raised the specific point about the staffing of the health unit at Heathrow, and I would be grateful if the Minister could examine whether she is satisfied that the staffing and resourcing levels there are adequate.

Dawn Primarolo: I have already examined, as my hon. Friend would expect, the surveillance expectations at all our points of entry, and particularly Heathrow as a busy airport. However, I am more than happy to assure him that I keep that matter under review. I shall certainly return to it and satisfy myself about the situation again. If he has any concerns or examples, I shall be grateful if he lets me know about them.

I have already answered some of the points raised by the hon. Member for North Norfolk. As for travel restrictions, there are none to the United States at the moment. It is important that travellers going anywhere should have proper up-to-date information, and we are making sure that is the case. We are keeping under review the advice given to travellers to Mexico.

On the hon. Gentleman's question about understanding more about what has happened in Mexico, a team from the Health Protection Agency has been there over the past 10 days to work with the authorities. The team has returned to the United Kingdom with a great deal of

[Dawn Primarolo]

information, which we can consider in greater depth. I hope that some of the questions that the hon. Gentleman and others are asking will be answered.

On antibiotics, I confirm that we are on track to have sufficient stocks to cover 31 per cent. of the population—19.6 million courses by the end of September—with the stockpile reaching over 10 per cent., which is 6.3 million courses, by the end of May.

The hon. Member for Poole (Mr. Syms) asked various questions, some of which I have already answered. On face masks, no scientific evidence supports their general use, and such use is not part of the Government's strategy. Although television images from elsewhere in the world might convey an impression that such use should be made, there is no evidence for a general issue of such masks. As the Secretary of State said, the Government have increased our order to 226 million additional face masks and 34 million of the high-quality face masks.

The hon. Gentleman and others asked about the role of the national director for NHS pandemic influenza preparedness. Let me be clear: this person's role is to strengthen lines of communication and implementation of policy with regard to any operations of the NHS flu plan, and anything necessitated by the pandemic. Professor Lindsey Davies, who has been mentioned, remains responsible for national pandemic preparedness—but it is important to ensure that decisions are implemented promptly and smoothly across the NHS, and that information is available. The hon. Gentleman requested that more information be made available to Members of Parliament for their offices, should they be contacted. I am happy to consider that point, because it would be relatively easy to provide, over and above the information available to the general public, a simple guide for MPs' constituency offices about where to direct concerned constituents.

On the preparedness of primary care trusts' plans, we do not propose to publish them at this time; we are busy, as they should be, ensuring that preparedness is at the right level. PCTs are responsible for developing appropriate local plans for their communities, and the Department of Health has issued guidance on the interim arrangements that we would expect, including on the flu line.

The hon. Member for Reading, East asked me to comment on those who have suggested that the best thing to do is just to go out and get the flu, and not take any personal hygiene steps to prevent it. Indeed, one of his colleagues, the hon. Member for Mid-Bedfordshire (Nadine Dorries), gives the same advice on her website. The chief medical officer's advice is clear: that is not appropriate action in the current situation. There are still so many uncertainties about the virus that the best thing to do is to be prepared and to take the necessary steps.

I took note of what the hon. Gentleman said about his PCT's preparedness. He also raised the important point about closed communities and what needs to be done. Plans are in place to help those in closed institutions, such as prisons, and the PCTs should have that in hand, including the use of Tamiflu, should that be necessary.

Some scientists believe that swine flu cases could ease over the summer, but we most not signal a lowering of our guard or a downsizing of our preparations. The swine flu pandemic, and with it a serious outbreak in this country, may or may not be imminent, but the threat remains real, remains urgent, and demands our complete attention. We must continue along the same path of being neither alarmist nor complacent, taking the strong and sensible measures necessary to cope with all eventualities, and continuing to work in partnership across the Floor of the House to ensure the very best outcome.

Question put and agreed to.

Resolved,

That this House has considered the matter of swine flu.

Under 10-metre Fishing Fleet

Motion made, and Question proposed, That this House do now adjourn.—*(Claire Ward.)*

4.37 pm

Michael Jabez Foster (Hastings and Rye) (Lab): I am grateful for the opportunity, somewhat earlier than anticipated, to speak yet again on behalf of the fishing communities of Hastings and Rye. I am sorry that it is necessary to raise the same issue, but the urgency of the message is not getting through. I shall try to leave no ambiguity as to the importance of responding to the cry for justice for the under 10-metre fleet in Hastings and Rye. The issue is that of quota.

As we approach the Euro elections next month, I can well appreciate why there is hostility towards the European cause within the fishing communities. The price that Britain paid for joining the EU back in the 1970s was perhaps worth while in many respects, but in terms of fishing, it was a huge cost. That, of course, was under a Conservative Government, who have never been forgiven for what happened—for the surrender to the European Community of the greater part of our fishing grounds. In return, the UK was allowed a relatively small proportion of quota, but even that gross unfairness is not the issue today. No major party is suggesting withdrawal from the EU, and thus we are stuck with the EU distribution to national governance of a negotiated share of the catch each year. It is then for national Governments to divide up that quota catch within the fishing industry, and it is that calculation that has brought the under 10-metre fleet to virtual extinction.

I acknowledge that the under 10-metre fleet in particular may not be significant economically—not to the nation, anyway—in terms of the sector's direct contribution. However, it is often forgotten that the contribution that the sector makes to tourism and other onshore industries is significant. That is certainly the case in Hastings and Rye. The key issue is how we as a nation distribute the quota among the fishing industry. As I have brought to the Government's attention before, and it is well known, the division of 96 per cent. of total quota to the over 10-metre fleet, and just 3 per cent. to the under 10-metre fleet, is manifestly unfair. It has to change, and it needs to change soon.

Back in December 2006—some two and half years ago—the then Prime Minister, Tony Blair, having set up a Downing street policy group to look at the sustainability of small fishing fleets, such as that at Hastings and Rye, agreed to meet my local fishermen. In March 2004, the Cabinet Office strategy unit prepared a report entitled "Net Benefits", which stated that:

"the overarching aim of fisheries management should be to maximise the return to the UK of sustainable use of fishery resources and protection of the marine environment."

So it was already Government policy—from then, at least—to support small fishing communities.

Tony Blair wrote to me on 5 February 2007. I have the letter here, and it states that:

"the Quota Management Change Programme is already working on the future management arrangements for the inshore fleet in light of the "Net Benefits" report, and ... DEFRA is keen to involve inshore fishermen in the development of those arrangements."

Two and a half years later, nothing at all seems to have happened. I think that the Minister will understand why it makes my fishermen constituents, and me, so angry that despite our best efforts, DEFRA is immovable. Even the efforts of the Prime Minister of the day to move things on came to naught.

I shall not bore the House by listing the debates, discussions and meetings that have taken place in the intervening period, but it seemed to me then, and seems to me still, that the Department is in the clutches of the big boys who run the producer organisations, and is incapable of breaking out of their control. It is frequently said that the allocation of quota is based on historical catches, but the fact is that the under-10 metre fleet, which is small—indeed, it consists of the minnows of the industry—is not just sustainable, but without significant catch records. As a result, the producer organisations take the cake, or rather the quota, and DEFRA stands by and ticks the boxes. That is certainly what appears to be happening.

If the big boys—the over 10-metre fleet—employed significantly more personnel, there would be some understanding of the current position, but that is not the case. About 50 per cent. of the personnel of the United Kingdom fishing industry are employed in the over-10 metre sector, and the other 50 per cent. in the under-10 metre sector. So, where is the justice in the current arrangement? Those in the under-10 metre sector are not even permitted to form their own producer organisation in order to bid for their share of the quota.

The Government seem to suggest that quota is based on historical calculations of catch that cannot be altered. Why? The quota that the UK receives belongs to the UK, not to the producer organisations or to any particular sector. If fairness so demands, it is for the Government to exercise their discretion without fear of producer organisations taking the huff. A doubling of the quota available to the under 10-metre sector would make little difference to the over 10-metre industry, but it would be a life-saving change for the under-10 metre fleet.

My hon. Friend the Minister was the first person for a long time to acknowledge and understand the injustice, and I compliment him on that. Earlier in the year, a new division for allocation of cod quota was created in area 7D. That was a big step forward, and I do not think it too much to say that those in my local under-10 metre industry were elated about the possibility of a fair deal as a consequence. Quota is normally—or so it is said—distributed on the basis of the historical catch. In area 7D, which is the bit off the south coast between Hastings and Dover, the under-10 metre fleet accounts for 93 per cent. of fishing vessels in the area and 83 per cent. of the fishermen employed. There was real hope that the new allocation would follow the established pattern.

On 18 February, my hon. Friend the Minister wrote to the chief executives of the producer organisations and other interested parties, proposing that a quota of 109 tonnes—live weight—or 70 per cent. of the overall total should be allocated to the under 10-metre sector in area 7D. The proposed quota was apparently based on official records showing actual landings at that percentage. The under-10 metre fleet believed that its share was even greater, but it did not look a gift horse in the mouth. The allocation appeared to mean that its demands were being recognised for the first time, while also conforming to the historical basis of allocation.

While the 70:30 split was still minimal, the principle had been established, and my hon. Friend the Minister was held in high esteem as a result. What happened

[Michael Jabez Foster]

then, however, was nothing short of an outrage. Officials talked again to the producer organisations and the policy was changed around completely: 70 per cent. was now to go to the south-west producer organisation, which only seldom fishes in the area, and 30 per cent. to the under 10-metre sector. I am told that the south-west producer organisation, which has that 70 per cent., for the main part sells it on. It is not even the local fishing industry. This is an outrage, and it is barmy. There is no explanation. What is going on?

I am sorry to be so forceful to my friend the Minister, who I know really does work hard on this, but the forces of darkness are out there and they are defeating his best efforts. I am asking him to be bold and stand up for fairness and justice, given his acceptance of the argument. We do not need to go over the argument again, as he has accepted it; it is now just a matter of implementing it.

My friend the Minister is very thoughtful, and I know, by reason of his initial proposals, that he has the interests of the under 10-metre fleet at heart. He was good enough to hold a recent meeting with me and my hon. Friend the Member for South Thanet (Dr. Ladyman), who has a similar interest to me, at which he expressed, first, a clear desire that measures be put in place to ensure the continuity of the under-10 metre fleet—that is to say, that it should have sufficient income to survive—and, secondly, that he would want to enter into a dialogue with all the parties, including the producer organisation and the New Under Ten Fishermen's Association, which now represents the under-10 metre fleet, to ensure that the allocation of quota is more fairly distributed.

I know that my hon. Friend is wholly genuine in that desire. However, I have to tell him that that is what the then Prime Minister, Tony Blair, asked should happen some two and a half years ago, and I cannot share his optimism that further discussions will now make a difference. I fear that this will not be settled by negotiation. It will be settled by decisions being made along the lines of those that my hon. Friend the Minister earlier proposed. I say as loudly and clearly as I can that the Minister has the obligation to divvy up the quota fairly to allow my constituents to survive.

I understand that my hon. Friend does not want to rock the boat—the industry is dangerous enough already—but the under 10-metre industry is not too worried about risking the wrath of the producer organisation and forgoing the crumbs from its table. Now this is not only an issue about survival—although it is about that—but one of justice. I am fairly sure that no court in the land will accept that the current arrangement is fair. Sadly, I think that opinion will be tested, because Paul Joy and his colleagues in NUTFA have now issued proceedings in the courts. That action will inevitably challenge the distribution unless a very early reversal of the recent decision is made.

I challenge my friend the Minister to give an unequivocal answer as to the justification for the most recent decision of the 96 per cent:3 per cent. split and for the 70:30 split in area 7D in favour of half the total industry, when it was the established practice that that be determined on catch records. I know the answer to that question; I would not ask it if I did not. The answer is that it cannot be justified. There is no argument; there is no basis on which it can be justified. That is why I encourage him to take this bold stand now to remedy that historic failing—not in the fullness of time, but in the here and now.

I anticipate that my hon. Friend the Minister's response will be as courteous and thoughtful as it always is, but, with respect, I just want to hear the following words: "Yes, you're right. We are going to make the change. We understand the justice of the case."

4.49 pm

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Huw Irranca-Davies): I welcome the opportunity to discuss this matter and congratulate my hon. Friend the Member for Hastings and Rye (Michael Jabez Foster) on securing the debate. This is a timely juncture for discussion of the under 10-metre fleet for a number of reasons. I thank him not only for the courtesy he has shown me in his opening remarks, but for his forceful and passionate contribution and what he has done in his frequent formal and informal meetings with me in Parliament to act as an advocate on behalf of his constituents and the under 10-metre fleet as a whole. Without my being charming or disarming, I hope we will be able to reach some agreement on a way forward and what we need to do on quota reform.

As my hon. Friend rightly says, the under 10-metre fleet is an economically, culturally and socially vital part of the life of the UK, in terms not only of coastal communities but the fabric of this island nation—it really is. I have said before, and I will say it again, that I am utterly committed to seeing it not simply eke along but thrive and have a very long-term viable future. The question is how we get there. I understand exactly what he is saying. He is saying, "Show us some certainty that you will step up to the mark and do it."

I do not wish to go off on a tangent, but may I begin by discussing common fisheries policy reform, which my hon. Friend mentioned at the start of his contribution? That is a long game, as many things with the EU are, but we are now starting on it. I was the first of the 27 Ministers to address the recent Council, when I spoke boldly and radically for fundamental reform of a 30-year-old policy that is clearly not doing what it was intended to do. I put the following points then, which I shall re-put and work. Right at the heart of radical CFP reform we need to see that fisheries management is integrated with management and conservation of marine resources; that fishing of commercially exploited fish has to be within safe biological limits; that the policy has to ensure a prosperous and efficient fishing industry; that there is effective, targeted support for fishing-dependent communities; and that there is more regional and long-term management of fisheries and devolved responsibility. It is not right that we lurch from year to year in this annual process of bartering and negotiation that is surely not in the best interests of either fishermen or fish stocks. I say that in passing because our discussions of the under 10-metre fleet are integral to how we look at this reform as well.

Let me discuss the issue that has brought us here today, which, as my hon. Friend rightly says, is the allocations, not least of 7D cod within the Hastings area. First, I shall outline some background. I know he

will be familiar with this because we have had discussions about it, but it is helpful to outline it. Before 2009, there had been one total allowable catch for area 7B-K cod. The commission agreed to split that TAC, giving a separate allowance for 7D cod in recognition of the different scientific assessment of the stock. This is one TAC, which has been split into two, and it therefore—this is the important thing—does not constitute a new fishery, a blank sheet and a clean start.

However, let me elaborate on that a little. A 30 per cent. increase in the total allocation of cod for area 7D was negotiated at the EU December Council—we were glad to do that—and it was also secured for North sea cod. On that basis, the Marine and Fisheries Agency consulted the industry on the best way to allocate the new and split quotas in the UK, and my hon. Friend rightly says that it issued a proposal to use the track record of catch for 7D cod. I was pleased to see that proposal, which he rightly says was put forward to signal an opportunity. If it had been accepted, it would have meant that approximately 70 per cent. of the quota would go to the inshore fleet. I am not dancing on words, but let me say that this is probably where some of the misunderstanding has come from and where I went from hero to zero overnight. That was a deliberate proposal and I understand that the inshore fleet had an expectation that it could secure additional cod through it. However, good practice means that we then, on the basis of the proposal, go out to consult the industry—the wide industry. He is right to say that that should include the producer organisations—the big boys. Across that wide range of participants, the proposal was emphatically rejected by the industry at a meeting on 2 March, where the sector raised serious concerns about any move away from fixed quota allocations.

Michael Jabez Foster: Does my hon. Friend agree that the principle of one person, one vote might be a better way of determining this? Producer organisations represent only 50 per cent. of the industry, but they seem to have about 90 per cent. of the vote. Should we not consider electoral reform?

Huw Irranca-Davies: My hon. Friend makes a good point that goes to the heart of the issue, but I do not think we need to look at electoral reform in terms of how those meetings are run. I hear the powerful voice of the under-10s on this matter. Indeed, that voice has become louder since that meeting and since we responded by returning to FQAs. I am very cognisant of that, not least because of the representations that my hon. Friend has made, and I shall point out how we can act on that. However, that does not mean that I will revisit that decision. There is an issue that we have to deal with promptly and in a considered way, because it is not only an issue for the Hastings fleet. Many in the under 10-metre fleet would regard it as a historical anomaly and there are arguments for and against that, but they see it as a genuine issue of justice. There is a way forward, and perhaps assurances could be given to that effect, including clear mechanisms and a timescale for achieving it. As a Fisheries Minister I have to represent everybody, but I appreciate the problem which the particular issue of the 7D cod has brought to the fore.

The cod fishery is no doubt important to the fishermen of Hastings and the area, but it is the sole fishery that contributes a significantly higher proportion of inshore fisheries income in the Hastings area. It is anticipated that the sole fishery will be maintained for 2009 and the MFA—to its credit—has worked hard to source sole, given the huge importance of that stock to the Hastings fleet. My instructions to the MFA are to continue to do all it can to maximise the quota available to the inshore fleet.

One important issue is how we can use the current system to deliver benefits to the under 10-metre fleet around the UK, and its relationship with the producer organisations and the larger fleet. Only recently—within the last few weeks—I signed off on an agreed transfer of quota to fishermen in the north-west of significant benefit to the under 10-metre fleet. That was done through the MFA in agreement with the over-10s and the producer organisations. We have done the same recently in my hon. Friend's area and we will continue to look for every opportunity we can.

When I walked out of the December fisheries negotiations, we were able to deliver a unique package under the Hague preference. I apologise to my hon. Friend because it did not benefit his fishermen, but it had a huge impact on the under 10-metre fleet in the north-east, which walked away with an additional 300 tonnes. It was the first time that an agreement had been reached with the over-10s to split the quota—on a one-off basis—that was invoked under the Hague preference at the December Council. It was split upfront, with half going to the under-10s, and that had a huge impact proportionally. We will continue to look for such deals.

We think it important under the current system to maintain the ability to engage with the producer organisations and the over-10s to maximise opportunities at this moment. It would not be to the benefit of the fleet to walk away from that at the moment.

Let me turn now to how I think that we can take things forward.

Michael Jabez Foster: With regard to the implication of the Hague preference, which my hon. Friend has used in the north-east, as he said, it is obviously easier to get agreement if there is an extra cake to split up. Otherwise, there is no cake for anyone. Should he not be considering doing the same for the coastal strip in the south? Is it not the case that the catch is so low at the moment that the Hague preference would have a part to play in making a special case for them, too?

Huw Irranca-Davies: We tend to counter-invoke in response to an invocation of the Hague preference by our ministerial colleagues in Ireland, if they choose to do so. The preference can be invoked only on certain species and certain areas. We tend to counter-invoke in response and try to maximise the opportunities that are available. That opportunity simply was not there. If there was a way to do that, we would certainly consider it. If the opportunity came up in the future, we would not rule it out. I would want my hon. Friend to say that to the fishermen he represents, too.

Let me say something about the way forward. DEFRA, under my instruction, has now established the sustainable access to inshore fisheries project—or SAIF. I have made that commitment previously and I am pleased to announce that it is now under way. Hon. Members will come to know more of the project, because it will be a pivotal way forward for the under 10-metre fleet.

[Huw Irranca-Davies]

SAIF will promote DEFRA's continuing involvement with key stakeholders in fisheries management, with the fishing industry, with communities where fisheries play a key role in the local economy and culture, and, of course, with fishermen. We have set up an advisory group to steer and support the work of the project, and I am delighted to announce the appointment of Alan Riddell as chair of the group. He brings significant experience of community regeneration, which is not a million miles away from what we are trying to do with this project. Sometimes—I know my hon. Friend will agree—fishermen are seen in isolation from the rest of what is going on, whereas they are actually integral to their communities.

Alan Riddell has experience of community regeneration through his former positions as director for local development and renewal for the Department for Communities and Local Government and, prior to that, setting up the East of England Development Agency. At some point, I shall reveal the membership of the advisory group, which reflects the sort of interests that we would want on such a group. That is a good stewardship position.

The advisory group will bring together expertise from both within and outside the fishing industry to develop new and innovative ideas—I want to be bold and quite radical—for achieving a genuinely sustainable inshore fishing industry. I look forward to working closely with Alan and the advisory group, receiving input from fellow Members of the House, on what I am convinced will be a worthwhile and rewarding project that will have a lasting impact on the English inshore fishing industry.

We have also taken the first steps to reforming the fleet and putting it on a sustainable footing, controversial as that process has been, through the package of measures including decommissioning and capping fishing effort announced in December. I shall not deal with the detail of that, as I am sure there will be many other opportunities to do so. That process has been successful, as shown by the number of applications. Many of those who felt they were hard done by and appealed have been brought in on appeal. Those moves have been well received, even though they were controversial, and we see them as a building block rather than the end. I have consistently made that clear.

It is now time to build on that firm foundation. As part of the SAIF project and other work that we have going on, we need to bolster our evidence on the environmental, economic and social impacts of the under 10-metre fleet, specifically focusing on that fleet, and to bring fresh thinking to these challenging issues. As part of that fresh thinking, we should map the way forward for quotas in a careful, considered and timely way. We must engage with the producer organisations and also recognise the widely held view among the under 10-metre fleet that there remains unfinished business. I have used that phrase before, but our work must achieve the agreement of all fishermen, and not be carried out in opposition to the views of some groups. Under the current system, members of the over 10-metre fleet have been willing to engage in quota swaps and so on, but the work that I have set out is the way forward.

The project that I have described will be critical to reform of the common fisheries policy, and integral to our approach to managing the marine environment. It will be most important, however, to fishermen and the communities in which they work, as they share our desire for a healthy and viable inshore fishing industry. Moreover, they want an industry that will last beyond the 12 months needed for the annual quota negotiations and instead continue for many years to come.

We are faced with a choice. We can go ahead with considered, strategic and timely work to reform the inshore fleet that will include the SAIF project. The work on quota reform will be taken forward through the quadrilateral ministerial group that I and my counterparts from Scotland, Wales and Northern Ireland—that is, Richard Lochhead, Elin Jones and Michelle Gildernew—announced yesterday. The group will look at quota reform and licensing throughout the UK, and one of our terms of reference is to look at vulnerable communities. Richard Lochhead has problems with his communities, as do I with mine, not least in respect of the under 10-metre fleet.

We have not announced a timetable for our work, but we need to be realistic. We will have to come to a position on CFP reform to inform our discussions, so we are probably looking at taking 12, 13 or 14 months. However, we will discuss that so that we can set up an out-date or a milestone towards which we can work. I know that my fellow Ministers are as committed to that as I am.

We announced the establishment of the ministerial group yesterday, and today we announced the chairmanship of the SAIF group. On top of all that, there is the environmentally responsible fishing scheme, which I believe will prove to be a notable success. It is already gearing up to play a constructive role in CFP reform.

The scheme will run in under 10-metre fleets in six pilot areas in mixed fisheries around the coast. Instead of discarding fish, fishermen will land everything that they catch and sell it. We are examining the sustainability of that approach, and we will take the lessons that we learn to the European Commission because we believe that the scheme could offer a sensible way forward. It has already improved the economic viability of the fishermen taking part, and the early indications are that it is being done in a way that is extremely sustainable for the local fisheries environment.

Michael Jabez Foster: I am glad that my hon. Friend understands the wickedness of discards, but will he say what the timetable for the scheme is? What prospect is there that it can be adopted more widely across the UK, and when could that happen?

Huw Irranca-Davies: We have not come to a firm conclusion about that yet, as we have not seen the results of the first trials, but I have begun discussing with my officials the possibility of expanding or extending the existing scheme. However, I ask my hon. Friend to bear it in mind that the aim of the pilot scheme being carried out with the agreement of the European Commission is to see whether the approach can work. As a result, there will not be a complete roll-out on the basis of the pilots, however we assess them, because they will not provide enough evidence. We have yet to come to a firm decision and we will need to do more.

but the pilot schemes do offer the possibility of a new approach. It is one that I am inclined to take further, once we have looked at all the evidence.

In conclusion, there is an issue to address. I understand the position of the New Under Ten Fishermen's Association, and its frustration, but I say to it clearly that we have a choice. We could spend our precious time and valuable resources on entering into litigation, without bringing about the long-term change that we want. That might, at least temporarily, stymie our shared aspiration for a strong and stable future for the under 10-metre fleet. However, my hon. Friend rightly laid down a challenge to step up to the big boys. By the way, there are big boys in the under 10-metre fleet, as well as in the over 10-metre fleet; there are big, powerful voices. I want to sit down with those people, not throw bricks at them. I think I have already shown, in my time as a Minister, that I am not *afraid of* taking tough decisions to achieve the right end. I am very willing to come down to Hastings promptly to meet fishermen there, together with my hon. Friend, to discuss the real challenges and the real ways forward. That is a genuine offer that I urge my hon. Friend to pass on to his constituents.

I know that my hon. Friend will want to play a real, continuing leadership role on the issue on behalf of his constituents and the under 10-metre fleet in his area and across the UK. So do I. We share the ambition of ensuring the long-term viability of our fleets, large and small, in all parts of the UK. This has been a good, timely debate. I believe there is a way forward, but we need to confront the issues head-on. We need to get people to sit down together and take on the issues, and then try to find a way forward that gives the under 10-metre fleet certainty that we are serious about the issue. We should not simply harangue—I am not accusing my hon. Friend of doing this—the very stakeholders to whom we need to say, "You will be part of the solution." We need to move forward on the issue; I recognise that. I am committed to doing so, and I hope that he will take those messages back to his constituents.

Question put and agreed to.

5.11 pm

House adjourned.

House of Commons

Friday 15 May 2009

The House met at half-past Nine o'clock

PRAYERS

The Chairman of Ways and Means took the Chair as Deputy Speaker (Standing Order No. 3).

John Bercow (Buckingham) (Con): I beg to move, That the House sit in private.

Question put forthwith (Standing Order No. 163).

A Division was called: DR. DESMOND TURNER *and* MR. ANDREW DISMORE *were appointed Tellers for the Noes, but only one Member,* JOHN BERCOW, *being appointed Teller for the Ayes, the Deputy Speaker declared that the Noes had it.*

Question accordingly negatived.

Mr. Andrew Dismore (Hendon) (Lab): On a point of order, Mr. Deputy Speaker. Yesterday's Order Paper stated that today's Bill No. 3, in the name of the hon. Member for Christchurch (Mr. Chope), was the Employment Opportunities Bill. Today, however, that Bill seems to have disappeared. Its purpose, among other things, was to abolish the minimum wage. I find it surprising that the hon. Gentleman should have pulled his Bill at such short notice, without informing the House—particularly bearing in mind that a number of Members, including me, have prepared to speak on it. Is it not at the very least a gross discourtesy to the House to pull a Bill on that basis? Is there anything that you, Mr. Deputy Speaker, can do to try to reinstate it, so that we can have a debate on an important issue?

Mr. Deputy Speaker (Sir Alan Haselhurst): As I think the hon. Gentleman knows, there is absolutely nothing that I can do to reinstate that business; what hon. Members in charge of Bills do with them is entirely their affair. It is to be hoped that whatever is done is for the convenience of the House, although it might not have been on this occasion. I have the feeling that there is ample material on the Order Paper for the House to consider this morning.

Mr. John Prescott (Kingston upon Hull, East) (Lab): Further to that point of order, Mr. Deputy Speaker—this is the first time in 40 years, so it is quite a moment for me. As I know from having worked there, the practice in the Council of Europe is that if a person does not turn up for their Bill, the speech that they were going to give is delivered to the official report so that it can be printed.

Mr. Deputy Speaker: As the right hon. Gentleman must know, we have not adopted that procedure in this Parliament; very strong views may be held on the subject.

Special Educational Needs and Disability (Support) Bill

Second Reading

9.37 am

John Bercow (Buckingham) (Con): I beg to move, That the Bill be now read a Second time.

I begin by declaring an interest as an adviser to the board of the Priory Group, which owns a number of special schools around the country. However, much more importantly, because special schools are certainly not part of the thrust of my remarks today, I should like to make an appropriate expression of thanks. I thank the National Autistic Society for its inspiration, and co-operation with me, in getting us to where we are today. It took the lead in drafting the Bill, and I am thoroughly indebted to that fantastic and dedicated group of professionals. I also acknowledge the pioneering work of the Special Educational Consortium and of TreeHouse, which is both a school for children on the autistic spectrum and an established and renowned charity for people in that sector.

On Wednesday this week, I had a seminar, or round-table discussion, on the issues appertaining to my Bill, and I greatly profited from it. It was attended by experts in the field, including General Teaching Council representatives, Sir Alan Steer and a number of others. They have recognised expertise, are interested in the issues, broadly support what I seek to do and are anxious to add to the quality of the debate and the progress likely to be made.

In that sense, we are in a good position. We are also in a stronger position in conducting this debate by virtue of the fact that on a Friday, which is traditionally a constituency day, a significant number of colleagues are present. I am grateful to them. I should like at the outset to welcome the Under-Secretary of State for Children, Schools and Families, with whom, as well as with whose boss, the Secretary of State for Children, Schools and Families, I have had discussions over recent weeks about the contents of my Bill. They have been thoroughly constructive and convivial exchanges, and I am grateful to her and to the right hon. Gentleman.

I am also grateful to my hon. Friend the Member for East Worthing and Shoreham (Tim Loughton), who shadows for my party on children's issues, and about whom I was able to say at a meeting the other day, without exaggeration, that he has forgotten more about children's issues and special educational needs provision than most of us knew in the first place. I welcome, too, the hon. Member for Rochdale (Paul Rowen), who I assume will speak from the Liberal Democrat Front Bench on this matter today.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): The reason there are so many people here on a busy constituency Friday, as the hon. Gentleman points out, is that we recognise not only the importance of the matters covered in the Bill and the needs of the people to whom it is directed, but his own personal and long-standing commitment to making progress on these issues for the sake of the people whose needs the Bill seeks to meet.

John Bercow: That was an unsolicited tribute—something that one does not expect to hear often in our business. At a time when we are all held in quite the deepest imaginable public opprobrium, I can say only that I express heartfelt thanks to the hon. Gentleman; I appreciate his remarks. He and I work together across the party divide on many issues, of which this is one. I suspect that if we worked constructively and dispassionately, on a non-partisan basis, on more issues, more consistently and more often, we would, on the whole, be held in higher esteem by the mass of the electorate than currently we are.

I should like to set the scene, establish the background and underline the rationale behind the introduction of my Bill. Let me put some fairly straightforward facts on the record. Twenty per cent. of children of school age have special educational needs or disability, and 7 per cent. of the sector are specifically disabled. What concerns me about this category of children and young people is the relative paucity of the outcomes that they are currently able to achieve in their settings. I do not want to subject my colleagues to a litany of statistics, but I will favour the House with just a sprinkling so that people listening to our debate can better understand the present plight and the need for improvement.

Mr. Robert Flello (Stoke-on-Trent, South) (Lab): I congratulate the hon. Gentleman on his Bill—very welcome it is, too. I echo the comments of the hon. Member for Oxford, West and Abingdon (Dr. Harris). This is indeed an issue of cross-party support that brings us here at a difficult time.

The hon. Gentleman refers to 20 per cent. of our young people. Is that figure based on the number of children who have been identified through the systems that we have in place, or is it a best estimate of the real number of children with special educational needs?

John Bercow: My understanding is that the statistic reflects the current known reality. It is not a guess or a prognostication, or written on the back of a fag packet: it reflects the numbers of children with SEN in school at the moment. If the hon. Gentleman's supposition is that the real figure might be higher, he could be right; if he has such intelligence, I am all ears.

Mr. Flello: I do indeed fear that the number of young people in our schools, and in pre-school, with special educational needs is far higher than the number that the hon. Gentleman suggests. I am afraid that the evidence is purely anecdotal. In the light of my experience in life, in previous work with a children's charity, and what, as a constituency MP, I see happening in my local schools, I fear that the figure is much greater.

John Bercow: I am in no position to give any alternative estimate, let alone an authoritative one, but it seems to me that the hon. Gentleman is palpably on to something. My own study of special educational needs provision across the country includes the work that I undertook on speech and language services, in collaboration with the Government, between 2007 and 2008. In that period, I had 70 meetings across the country on the subject of the delivery of services, and I frequently encountered people who, spontaneously and independently of each other, said to me, "There are more children here who have a problem which took a long time to detect or which has still not been officially recognised, and for whom neither a label nor a provision has yet been made available." That is tantamount to agreeing with the hon. Gentleman that my figure of 20 per cent. is overwhelmingly likely to be an underestimate. It is not a bad thing to err on the side of an underestimate, as long as one accompanies it with the helpful and welcome caveat that he issued. The situation that I am describing factually is very bad, but in all probability the true position is considerably worse.

Mr. Brooks Newmark (Braintree) (Con): I, too, congratulate my hon. Friend on bringing this Bill before the House. Like him, I have a child with special needs. I am aware of the importance of this issue, in which I have taken an interest since I was a school governor in south London. One of the observations that I have made, as a Member of Parliament and when I was a school governor, is that the statistics are far worse in areas of deprivation. In one school that I represented, more than 42 per cent. of the children had some form of special needs. Is that the sort of fact that my hon. Friend has seen in doing his analysis? He talks about a figure of 20 per cent., but the points that he makes in his Bill are perhaps most relevant in areas of deprivation and poverty.

John Bercow: Yes is the short answer to my hon. Friend. Like him, I have a child with special educational needs. My wife and I have a five-year-old son, Oliver, who has speech and language difficulties and has been diagnosed as exhibiting the characteristics of high-functioning autism. There is a degree of empathy between me and my hon. Friend on these issues, not least as a result of that shared experience.

It is certainly true that, as in so many other walks of life and features of public policy, the chances of getting justice are not equal. In short, and without wishing to exaggerate the point, I have found, going around the country, talking to people, hearing from people, and studying the evidence that people have submitted in writing, that the chances are that someone who is educated, articulate, middle class, willing to write a decent letter, capable of jousting with authority, and unperturbed by the prospect of having to appear in front of some sort of official forum or tribunal will probably get all, or much, of what their child needs, and in some cases they may even succeed in garnering additional provision, on the precautionary principle, beyond what their child is subsequently shown to have needed. Conversely—this is the logical corollary of that point—someone who is uneducated, inarticulate, incapable of writing a really good letter, petrified at the thought of jousting with authority, and wholly intimidated by the prospect of meeting officialdom in some sort of adversarial scenario will probably not get what their child needs.

I might add—I was struck by this as I went around the country visiting some very deprived communities—that we have to reckon with another factor apart from deprivation itself. One will meet families, sometimes run by single parents, sometimes not, in which the sheer plethora of problems with which the family head is daily confronted is such that although he or she adores the affected child, the fact of the child's speech or

language difficulty or other special educational need is not writ large in his or her priorities. That parent might have addiction problems, mental health problems or debt problems, they might suffer from a problem of domestic violence or marital relationship breakdown, or they might have issues of offending or reoffending. It is therefore incumbent on right hon. and hon. Members who are, by all accounts, relatively fortunate, to try to put ourselves in the position of, and to make effective provision for, those who are, frankly, very much less fortunate than we are.

Mr. Flello *rose—*

John Bercow: I give way to the hon. Gentleman, and then I really should like to make some progress with my background comments.

Mr. Flello: The hon. Gentleman is very kind, and I appreciate his giving way. He is being patient with me, and he is making an extremely good speech.

May I add to the litany of difficulties and problems? There is a perception among some parents of all social classes, backgrounds and wealth that there is a stigma attached to having a special educational needs statement. For some parents, loving as they are, and much as they care about their loved one and want the best for their child in some of the most horrendous circumstances imaginable, there is a bit of a stigma that makes them say to themselves, "I don't want to put my child forward as needing a statement or extra support, because that will make them stand out." Does the hon. Gentleman agree with me about that?

John Bercow: I agree entirely. I have come across a great many cases, not least in some disadvantaged communities, in which parents instinctively feel that they want their child to be in with everybody else for reasons of social acceptance. That sometimes causes them to understate the significance of their child's problem. I entirely understand why they might think that way, but it is absolutely critical that people should not feel stigmatised or embarrassed about acknowledging their child's particular difficulty, and even perhaps about having a label appended to it. That is the lever that will secure for the parent or parents the necessary support for their child. But yes, that is a problem, and one that we must work to overcome.

I said that 20 per cent. of children have special educational needs, and 7 per cent. of children in schools are disabled. We can examine the outcomes. According to the latest statistics that are available, those children manage to get five A* to C-grade GCSEs in only 14 per cent. of cases, whereas the figure for the rest of their age cohort—those who do not experience special educational needs or disability—is no less than 65 per cent. The children about whom I am speaking are nine times—I repeat, nine times—more likely to be permanently excluded from school, and 80 per cent. of children with learning difficulties have suffered bullying. In 2009, 75 per cent. of the children and young people in our pupil referral units, to the massive overhaul and improvement of which I know the Minister is committed, are those with special educational needs.

If we look at the end of the educational career journey, we see that 50 per cent. and more of disabled adults in this country are unemployed. Even that shocking and harrowing statistic blurs the reality that within it, there are significant variants on the theme depending on the particular condition from which an individual suffers. For example, the evidence shows that only somewhere between 12 and 15 per cent. of adults on the autistic spectrum end up in employment.

That is a massively serious situation, and it is a tribute to the Government that in response to the interim report of the Lamb review—Brian Lamb's review of parental confidence in the special educational needs system—Ministers have announced funding of £31 million for pilot projects to improve expectations and outcomes for children with SEN and disability. I welcome that, but I argue that at least some of the contributory factors to the unsatisfactory outcomes from which those children suffer include issues that I address today in the Bill—a lack of sufficient expertise and training to cater to the needs of SEN and disability children; a frankly deficient inspection process, which often fails to identify the prevalence and nature of the special educational needs or disability of pupils in schools; and a relentless drive in some parts of the country for permanent exclusions from school, including of children with marked special educational needs and disability. I shall come to that in more detail later.

I say with all courtesy to the Minister that that situation is unsatisfactory and cannot go unchecked. There is scope for beneficial reform, and I look to the Minister today either to embrace the provisions of my Bill or to set out alternative means by which its objectives can and will be delivered.

Mr. Newmark: I appreciate my hon. Friend's patience in giving way. I understand the motives driving the points that he makes, but when it comes to the points in the Bill about training, I should like to mention two very good special educational needs schools in my constituency. Both Edith Borthwick school and Southview school do an excellent job and have excellent teachers who do a great job with the children in their care. Is his Bill driven towards special educational needs schools as well as mainstream schools, or are the latter his primary focus?

John Bercow: One of the things that I find most disappointing and disconcerting about the SEN debate is that all too often, whatever the intentions of its participants, it tends to boil down into a kind of ping-pong match in which the players are expected to be either the advocates of wholesale inclusion on the one hand or the supporters of special schools on the other.

The argument that I have sought consistently to make, when challenged as to the side of the argument upon which I fall, is that what I believe is necessary if we are effectively to cater to the needs of SEN and disability children across the country is a continuum of provision. We need mainstream schools, with support, to cater to the often quite modest and maybe temporary needs of some SEN children. We also need language units or other resourced provisions, attached to and forming part of mainstream schools, in which the appropriate designated children will spend a proportion of their time as part of their school experience, and we need special schools. We have to have that mix.

If my hon. Friend asks me towards which form of provision the Bill leans, I shall be candid with him and say that it does not lean in any one particular direction.

[John Bercow]

I am trying, perhaps inadequately, to take a holistic view of the situation by asking what is the overall problem, and how we can lever in appropriate policies, mechanisms of support, streams of funding and demonstrations of Government priority to secure improvements, in the hope that those improvements for the sector and all the children in it will come about over a period.

Mary Creagh (Wakefield) (Lab): As ever, the hon. Gentleman is making a powerful and passionate case, and as usual I find myself agreeing with him on almost every point.

While we are talking about statistics, can the hon. Gentleman tell the House how many of the 20 per cent. of children with special educational needs have a statement? Parents often come to me to discuss the challenges of obtaining a statement for their children. Further to that, when he conducted his inquiry, for which I know the Government were extremely grateful, did he find pockets of good or bad practice? Are there are areas of the country with higher and lower levels of SEN statements? What is his feeling about how statements are applied for and given across the country?

John Bercow: The answer to the hon. Lady, to whom I am grateful for her interest and her intervention, is that according to the current statistics approximately 3 per cent. of children have statements of special educational needs. I used the figure of 20 per cent. regarding who has such needs, so the bulk of the remainder is made up of children who are on either school action, which is a form of additional assistance for SEN children, or school action plus, which is a somewhat greater level of support. There are regional variations and county differences in the proportions of children with statements of SEN. It was not a principal focus of the inquiry that I undertook and I do not have statistics here today, but the hon. Lady will know that, on the whole, the Government are committed to a reduction in the incidence of statements, because they believe that it is important to usher in early support that will obviate the need for a statement. I confess that I think that having as an arbitrary target a reduction in the incidence of statements is not advisable, however, and I have had an honourable difference of opinion with the Government on that matter.

However, I think that, yes, there are differences and, if I may say so, there is some evidence—this goes back to my response to an earlier intervention—that educated, articulate middle-class people who lobby furiously for statements can enjoy fair success in obtaining them. On the other hand, there are some communities in the country where that culture of articulate agitation is either non-existent or very weakly established, and where, as a result, the incidence of statements is probably somewhat lower. The Minister may have a more authoritative survey of the issues with which she can favour the House, but I hope that that is an answer, at least in part, to what the hon. Member for Wakefield (Mary Creagh) asked me.

I turn to the specific provisions of my Bill. Clause 1 would impose on local authorities a new duty to ensure sufficient training and expertise in their area to cater to the needs of special educational needs children and those with disabilities. It would require an amendment to the Education Act 1996, and the background to the clause can be quite simply stated: there is a need for additional training, because at the moment there is often too little of it or, in some cases, nothing taking place at all.

I shall invoke two sources of support for that thesis. First, there is a National Union of Teachers survey, in which members of the body, in response to questioning, gave some candid and illuminating replies. Some 44 per cent. of NUT respondents said that they were "not confident" teaching children on the autistic spectrum, and no fewer than 76 per cent.—more than three quarters of the respondents to the survey—cited the absence or lack of continuing professional development as a barrier to being able effectively to cater to the needs and interests of those children.

Of course, if one were a cynic or just a hard taskmaster or taskmistress, one could very reasonably say, "Well, no person should be allowed to be judge in his own cause," and that the simple fact that the NUT takes the view that it does, perhaps because it is lobbying for more training, money or courses, is not in itself conclusive. I accept that that view is not conclusive—although we should listen to it with respect—but let us add to the pot the fact that it was agreed with, and reinforced, in the seminal report of the then Select Committee on Education and Skills in 2006 under the distinguished chairmanship of the hon. Member for Huddersfield (Mr. Sheerman). His report on the special educational needs system, involving a Labour-dominated Committee, concluded that teachers were "struggling" to deliver to the needs of those children in the absence of adequate training or skills. The report underlined the belief that it was simply not reasonable to expect a hard-pressed work force to deliver on that subject unless it got the necessary support. So, there is a need. In so far as training is concerned, I am not very insistent in clause 1 on a particular approach; it is not dirigiste or dogmatic. It says to the Government, "You can come forward with regulations to specify the nature and quantity of the training that should be delivered, but it is important that training be delivered."

In the discussion on training, I start by focusing on the subject of special educational needs co-ordinators, because those people are absolutely fundamental to the delivery of an effective SEN policy within the school environment. Let us just retrace steps and be fair. The Government's position has been set out with crystal clarity. Ministers have said, "Yes, we recognise that more needs to be done, so from September 2009 all special educational needs co-ordinators must be qualified teachers," which, shockingly, is not the case at the moment. Moreover, Ministers have said, "All new special educational needs co-ordinators"—that is to say, those who have been in post for under one year—"must be the beneficiaries of training programmes accredited by a training and development agency."

To those propositions, I and other supporters and promoters of the Bill give a hearty two cheers, but I want the Government's policy to be one to which the response is three cheers. There is a relatively small but important difference between the Government's position and mine. I say to the Government that of course all SENCOs must be qualified teachers, but all SENCOs should be able to practise as SENCOs only if they have

received the accredited training that the Government promise they will deliver to all new SENCOs. Otherwise, the situation is pretty simple and straightforward to assess: there will be large numbers of SENCOs who are not new but, equally, have absolutely no immediate plans to retire; they might work in the sector with children for another five, 10, 15 or 20 years, but they will not have received the requisite training that is rightly deemed appropriate for new entrants to the profession.

Mary Creagh *rose—*

John Bercow: Just before I give way to the hon. Lady, I underline the point that my colleagues and I believe that such training should be provided to all SENCOs. Moreover, we believe that all SENCOs should be part of the senior management of a school, influencing the culture, shaping the policies and capable at a high level of representing the interests of some vulnerable, marginalised and potentially excluded children.

Mary Creagh *rose—*

John Bercow: I have a feeling that the hon. Lady is itching to make an intervention.

Mary Creagh: Again, I should be very interested to hear about the hon. Gentleman's experiences throughout the country. One difficulty that I have come across, particularly in rural areas, is that to get the statement parents battle and battle— and in some cases and in some areas to which he has referred, teachers battle, too. There might be 30 pupils in a class including two with special educational needs, and the situation can be very hard. They get the statement, but then they cannot get the staff to provide the additional support. I have heard that from teachers—that the school is not recruiting. Is it a widespread problem throughout the country?

John Bercow: It certainly is. That is a kindly intervention, because the hon. Lady thereby immediately prompts me to move to the second part of clause 1.

Mr. Newmark: Will my hon. Friend give way? It is relevant to what he says.

John Bercow: I shall give way.

Mr. Newmark: I appreciate very much what my hon. Friend says about the importance of SENCOs, and there has to be leadership among senior members of staff. However, I am curious to know whether he thinks that such leadership should go one step further. Does he think that in every school, one school governor, at least, should take ownership of special needs as an important issue, rather than it being just a general matter for which the governors do not take responsibility?

John Bercow: I am sympathetic to that view, because I tend to take the view that something that is everybody's responsibility ends up being nobody's responsibility at all, so the idea of a designated person who is in pursuit of improvement is attractive to me. I was going to go on to—

Mr. Flello: Will the hon. Gentleman give way?

John Bercow: Yes, okay. I give way once more to the hon. Gentleman.

Mr. Flello: The hon. Gentleman is being extremely kind and generous. Before he moves on, I should point out that one of my concerns about the role of SENCOs is when a SENCO in a school has a heap of other responsibilities and duties. What is his view on that? Does he feel that it is right and proper that a SENCO should have a range of other duties in the school, or should they be able to commit their time and energies to developing the school's special educational needs programmes?

John Bercow: I am unenthusiastic about a SENCO having a wide range of other responsibilities because it seems to me that the challenge on the SEN front is so immediate, so dramatic and so important that he or she should be able to get with that. For example, even if the SENCO will not be subject to a full-blown accredited training course, the Minister knows that I have said that an alternative approach would be actively to promote the inclusion development programme materials among SENCOs who do not get the full training course. If that SENCO is working on that, that is an additional responsibility, but it will play to his or her advantage in taking forward special educational needs provision in the school. The idea that we can have a hybrid, whereby somebody can have responsibility for SEN for a quarter of their time and that the other three quarters can be devoted to something else, seems to be a triumph of optimism over reality.

I said that I wanted a duty placed upon local authorities to publish a plan 12 months after the enactment of the legislation, setting out how educational support services in their areas are to be delivered. Let me underline what I mean by that. I am talking about critical educational support services, including educational psychology, occupational therapy, physiotherapy, and speech and language therapy. I am a supporter of the Government's quality standards for special educational needs support and outreach services—I know that that is a bit of a mouthful, but it is a key Government policy and it has merit. However, I am sorry that when, in the course of discussions with the Government, I have highlighted the fact that that provision is welcome but unfortunately not mandatory, Ministers have been disinclined to make those standards mandatory upon those who provide services for children or young people with special educational needs.

Will the Government look at ways of actively promoting those standards, describing them as best practice and incentivising areas to treat them as part and parcel of an authoritative approach to the issues? Even if they do not want to accept my clause 1 or—perish the thought—give my Bill a Second Reading today, Ministers might be able to say, "Yes, the hon. Gentleman's got a good point about these specialist support services that are needed, and he's right to draw attention to the quality standards and to call for their more vigorous promulgation. We will look to the children's and young people's plans as the appropriate route through which to take forward the commitment to the development and commissioning of the required quality work force to minister to children's needs."

Mr. Denis MacShane (Rotherham) (Lab): Believe me, Mr. Deputy Speaker, there is a lot of cross-party support for the Bill, although I am sorry that more right hon. and hon. Members are not here. I can think of no more

[Mr. Denis MacShane]

heartbreaking cases than those involving my constituents who are struggling to get proper support for children with autism, Asperger's and other SEN—I think of Mrs. Debbie Kirby, who has fought so valiantly for her son, although I know that Rotherham council is doing its best. However, is not the problem that we have perhaps over-focused on delivering buildings in education—that is, on renovating them, building new ones and setting them up? I am proud of that achievement, but the next period in education must be about investing the money in people who can deal with the most vulnerable and weakest in our society, of whom children with SEN are the most important. I hope that this and any future Government will take that into consideration. However, I congratulate the hon. Gentleman on this excellent speech and on his excellent Bill.

John Bercow: I am extremely grateful to the right hon. Gentleman, and what is more, I agree with him. It must be acknowledged—certainly by me in retrospect—that the state of the buildings was pretty appalling. There was widespread dilapidation, which was not conducive to the best learning atmosphere. I well understand why that was a priority, but we now have a serious gap to fill. We have to focus on the improvement of provision, which does not mean just in SEN and thinking, "Oh well, let's lob people into special schools." The improvement of provision does not mean just that or even mainly that; rather, it means trying, as far as possible, to deliver within an inclusive environment for the majority of children, who can learn, achieve, make friends and fulfil their potential in such an environment, as long as they are the beneficiaries of the appropriate support.

Such educational support strategies are needed because there is a problem. I refer to the Audit Commission report of 2008, which was based on its survey of schools, which found that one quarter of schools were dissatisfied either with the clarity of the local special educational needs strategy in their areas or with the clarity of the way in which SEN funds were deployed in their communities. That is a pretty significant level of objection. At the risk of anorakishly referring to my experience again—although one's own experience naturally informs one's thinking on a subject—I cannot help but recall that when I undertook my review of speech and language services, I concluded that the system across the country was characterised by what I described as

"high variability and a lack of equity,"

the shorthand translation of which is that we currently have a postcode lottery.

In their enthusiastic response to my report, the Government have set out the means by which they intend to tackle that postcode lottery. However, at present, as I learned from the National Autistic Society in undertaking my review, we have a shocking situation in which only 55 per cent. of children on the autistic spectrum, for whom speech and language therapy is stipulated in their statements of special educational needs, actually receive that speech and language therapy. In a sense, that goes back both to the intervention by the right hon. Member for Rotherham (Mr. MacShane) and the helpful interjection by the hon. Member for Wakefield, when she talked about attempts to get support and statements in place, only then to find that the necessary professional expertise and person time required to cater to the needs of the children were simply not available. In a sense, that underlines the need for the educational support strategy.

The third feature of clause 1 is an attempt to improve teachers' understanding and the children's work force's comprehension of special educational needs, more effectively thereby to be able to minister to children's requirements. The Government could do a lot worse than to look back to "Removing Barriers to Achievement", their special educational needs strategy of 2004. "Removing Barriers to Achievement" explicitly stated that every teacher should expect to teach children with special educational needs and would therefore require the training, skills and qualifications to do so. The truth of the matter, I am afraid, is that, all too often, that simply is not the case.

I referred a moment ago to an Audit Commission report, but let me say that, in the context of the problem of a deficit in teachers' understanding of SEN, the public space is littered with a panoply of authoritative reports, which, independently of each other, reach much the same conclusion. I refer to a report by the Audit Commission from, I think, as long ago as 2002, to two reports by Ofsted, to the seminal report of the former Select Committee on Education and Skills, to which I referred earlier, and to the most recent, authoritative, well-received and expert report by Sir Alan Steer on behaviour. Each of those reports, independently of each other, concluded that understanding of SEN was inadequate, that there was a gap to be filled and that measures were required to do that.

I refer again to "Removing Barriers to Achievement". In addition to trying to disseminate improved teacher training provision more widely at the primary and secondary levels, which the Minister envisages doing, let her reflect and then act upon the recommendation in "Removing Barriers to Achievement" that we adopt a tiered approach to the delivery of training. We should look at the work force in parts. There are those in the children's work force who have contact with children, but who do not necessarily teach, who need a basic understanding of special educational needs and disability. There is a somewhat smaller proportion of people who require an in-depth knowledge of the issues and there is a smaller proportion still who should be expected to develop and acquire specialist expertise. All that is absolutely necessary if we are to make progress.

I turn now, the House will be relieved to know, to clause 2, which is on the subject of inspections. If we are to deliver a change, we need to amend the Education and Inspections Act 2006. It is my recommendation to the House that we should do so. What I am suggesting is that a specific duty should be placed upon Ofsted to consider the extent to which schools are meeting the needs of children with special educational needs and disability.

Ofsted has to have a lead role here, because Ofsted is the overarching inspection body that oversees all the local school inspection reports that take place. I am not at all satisfied at the moment that schools across the country are meeting those needs. There is good practice and there are some outstanding examples, but there is very much a patchwork of provision and gross disparities between the experience, commitment and outcomes achieved in some areas relative to others. What I would

say is that since the adoption of a light-touch approach to inspection, which has its merits, there has been an unfortunate consequence for the SEN sector. In essence, that unfortunate consequence is this: because we are talking in most mainstream schools about minorities of children with special educational needs or disability, it is not always easy for an inspector to spot the fact of those difficulties in a brief visit. It is often even more difficult to spot and recognise the significance of those difficulties if they are wholly or partially hidden. I say to the Minister and to right hon. and hon. Members that they will be able to testify to the truth of the statement I make—that in respect of, for example, speech, language and communication difficulties, very often part of the problem of trying to tackle them is that those difficulties do not immediately present themselves.

People with a disability such as the loss of a limb, people sitting in a wheelchair or deprived of the power or sight or a person who is a selective mute face extreme difficulties, but they can readily be identified; people with speech and language difficulties, however, often go years before their difficulties are identified. If there is only a minority of children, if the problems are hidden, if the inspection is short or, as is now often the case, undertaken by only one inspector who is either unqualified in special educational needs or distinctly inexperienced in their observation, I say that that does not bode well for the likely quality or even the scale of the commentary that the inspector will make in the inspection report on the subject of SEN.

I therefore wish to say to the Minister, to whom I had the pleasure of speaking on this and other points yesterday, "let us be fair". Since I announced my Bill and had conversations with her and her right hon. Friend the Secretary of State for Children, Schools and Families, I have been delighted to learn that the Secretary of State has written to Brian Lamb, who is undertaking the review of parental confidence in the SEN system, and asked him specifically to look at the question of the inspection framework, including the need to consider and report on whether either a legal or a regulatory change might be required in order to improve it or to suggest policy changes that he believes could deliver the same outcome.

That is welcome. My point to the Minister is that it would be even more welcome if, in her reply to me and other colleagues contributing to the debate, and without issuing any sort of blank cheque, which it would be unreasonable to expect of her, she were able nevertheless to say today that Ministers are minded to be heavily guided by the expert advice of Brian Lamb. It may be a legal change, it may be a regulatory change, it may be a policy change or it may be a capacity change that is required. I recognise that Eileen Visser and her colleagues at Ofsted are probably anxious about the implications of my proposed change not because they violently disagree with it intellectually or politically, but because they feel that there are resource constraints and limitations on their capacity that make it difficult to see how, with their existing staff complement, they can undertake inspections in a way that would satisfy the hon. Member for Buckingham. This hon. Member for Buckingham has absolutely no intention whatever of letting the matter drop and he will insist on it in every possible forum with relentless determination until he is satisfied that Ministers have taken on board the idea and responded effectively to it.

Mr. Flello: I would certainly like to add to those words of the hon. Member for Buckingham (John Bercow) that my hon. Friends will stand shoulder to shoulder with him on ensuring that this issue is not dropped. May I try to draw the hon. Gentleman a little further in expressing his opinion on these matters? Does he feel that when the Brian Lamb review is taken forward, a specialist SEN Ofsted should be undertaken, which might mean that instead of an inspector going into a school to carry out a normal or even a light-touch Ofsted inspection, a specialist SEN inspection is carried out from time to time whereby an inspector goes to a mainstream school solely to look at SEN provision?

John Bercow: The symbiotic relationship between the hon. Gentleman and me on these matters is becoming increasingly uncanny. He says "frightening" and I am inclined to say "frightening" too, and the Tory Whips who despaired of me a long time ago will probably find it equally frightening and alarming—it will add to their rather paranoid conspiracy theory of the world. The truth of the matter is that the hon. Gentleman makes an extremely good point. I am quite attracted by the idea.

My response is this: I do not really mind how it is done. If it is done by more staff carrying out the inspection on the same day as the rest of the school is inspected, if there are sufficient staff and a sufficient allocation of staff time—and expert time—to consider the SEN children on the same day, that is fine. If it is argued, however, that it is too difficult to do that, by all means let us have a separate and dedicated inspection.

My main gripe about the present arrangements is that all too often the inspection is by way of giving a cursory glance at SEN provision in the school. I know that Ofsted has a duty to report to the Secretary of State about its overall view on education, including about catering to the needs of SEN and disabled children, but it seems to me that that is going to be very broad-brush unless copious reports from the local level are available. Unfortunately, they are often not. Anyone who has studied Ofsted inspection reports and looked at their special educational needs' features can testify that more often than not the references to SEN are few and far between. There is often, as I say, a cursory approach—a perfunctory, box-ticking, "let us get it out of the way" sort of reference to those issues, almost as an optional extra or periodic afterthought. Up with that, as Churchill would have said, parents and others are increasingly not willing to put—and they are quite right to be dissatisfied and to insist that we improve the arrangements.

That leads me to clause 3, which focuses on the subject of permanent exclusions of children with special educational needs and disability. I know that there has been a litany of statistics in this debate, but for the avoidance of doubt, let me say that there is only one statistic that needs to be underlined because it is at the kernel of this debate: children with SEN or disability are no fewer than nine times more likely to be permanently excluded from school.

What my clause 3 says—and it is a breathtakingly reasonable clause from a breathtakingly reasonable Member of the House, as I hope the Minister will be quick to acknowledge—is that no child with SEN or disability should be permanently excluded from school until a review has been undertaken of

"the sufficiency and effectiveness of the reasonable adjustments"

[John Bercow]

that have been made under the Disability Discrimination Act in order to seek to continue to accommodate that pupil in school. Moreover, the clause says that in respect specifically of an SEN as opposed to a disabled pupil, the exclusion should not take place until the review has been undertaken of the special educational needs provision that is being made for that child. That seems to me to be entirely justified.

Mr. Flello: I should like to pursue that point further. I feel that any child who has been permanently excluded should be examined to ascertain whether the underlying reason for that permanent exclusion is a special educational need that has not been picked up and properly dealt with in the past. Does the hon. Gentleman agree?

John Bercow: I certainly agree. We know that all too often provision for SEN children tails off towards the end of primary school and descends into the dark abyss of nothingness at the start of secondary school. That does not always happen, and the Government are attempting to improve matters. As the Minister knows, my conclusion about speech and language was that resource was being front-loaded in the early years. I did not cavil at that, because it makes sense to intervene early, but I argued that that should not be to the exclusion or detriment of a necessary devotion of resource to children as they go through the later years of primary school and into secondary school.

The reality with which we must contend, however, is that there are large numbers of children getting to the end of primary school and going into secondary school whose need has still not been identified. That need, unaddressed, will cause a child to be anxious, stressed, depressed, unable to communicate, incapable of performing, disinclined to engage, and often inclined only to express his or her unspeakable frustration at what is judged to be bad behaviour and conduct that is undoubtedly, however inadvertent and blameless, disruptive.

In the field of special educational needs and disability, when talking about the behaviour agenda it is important not to conflate and confuse disability and disobedience, as I have regularly impressed on Ministers. I find it infuriating almost beyond endurance when some of the most low-grade, sub-standard, downmarket apologies for tabloid newspapers in this country, with their shrill, intolerant, bigoted political agendas, lambast people for behaving badly, and cruelly pick on children who might have done so but whose behaviour is occasioned and explained by either an undetected or unaddressed special educational need or disability. We must not get the two things confused.

I feel that the duty I propose is reasonable, but if the Minister does not like it, may I make another proposal? At the very least, the Government—who recognise in the national strategies that permanent exclusions are too high, and who want to reduce them—should challenge high-excluding authorities to explain why they are high-excluding, and to set out plans for reducing the incidence of those exclusions.

My other humble request of the Minister is that we get the guidance right. The guidance on exclusions has been revised a couple of times over the past two years, so a precedent has been set, and there is no earthly reason why we cannot tweak it again if necessary. I urge the Minister to comment today, and to follow up with further work, on strengthening the guidance on exclusions, so that it is manifestly clear and incapable of incomprehension. Schools must know what their duties are.

I have said nothing about fixed-term, unofficial or internal exclusions. However, those unofficial and internal exclusions that are taking place can almost certainly be regarded as illegal. When a school simply says to a pupil, "It would be better if you went home today in order to calm down," it is shoving the issue away, abdicating responsibility and breaking the law in the process. Although there is not a completely comprehensive evidence base on the matter, the National Autistic Society, TreeHouse, the Special Educational Consortium and a number of organisations with which I deal almost daily, have large numbers of examples of such cases. We must move away from the idea of a permanent exclusion as a regular weapon and re-establish the proper notion that it is a mechanism of last resort to be applied if, and only if, all other potential and preferable avenues have been fully explored.

As the Minister will understand, my motivation in bringing forward the Bill is not an obsessive determination to see passed on to the statute book the Bercow Act. I entirely understand why right hon. and hon. Members who have never served as Ministers, and perhaps entertain no hope or prospect of doing so, might think it a satisfactory consolation prize to wave in front of their grandchildren in their dotage a statute which their efforts have managed to achieve. I could not give a flying flamingo about having a piece of legislation to my name on the statute book. My sole but passionate concern is to bring about an improvement in the quality of life for some of society's most vulnerable, marginalised and excluded children, who can succeed with support but cannot without it.

The proposals I recommend in my three-clause Bill are right on three fronts. They are right in the name of decency and fairness to vulnerable, marginalised and potentially excluded children. They are right for the generality of children in the education system, with whom SEN children can interact to good effect if adequate provision is made for them, so they can be right in the name of educational and social togetherness. Above all, the measures I commend are right for the effective pursuit of the national interest of UK plc in an age in which a job for life is a relic of the past and the premium placed on knowledge, skills, qualifications and the ability to communicate is greater than it has ever been.

My Bill is relevant to the educational qualifications agenda, the acquisition of skills agenda, the fight against antisocial behaviour agenda, the public health agenda and the agenda of minimising the costs to our criminal justice system caused by people who languish on the scrapheap because a serious educational need or disability was not addressed, and they went off the rails, felt abandoned by society and took a damaging course as a consequence. We want to avoid all those undesirable consequences. We want to cater to everybody's needs, maximise potential, tackle social exclusion, and facilitate the extension of opportunity that is right for both social justice and the economic efficiency of the country.

On that basis, I commend my Bill to the House, and look forward with eager anticipation to the contributions that might be made by other right hon. and hon. Members, and above all, to the Minister's reply on behalf of the Government.

10.38 am

Mary Creagh (Wakefield) (Lab): May I say what a pleasure it is to speak after the hon. Member for Buckingham (John Bercow) on this incredibly important subject? If I may, I will take the House on the journey from childhood to adulthood of children with special educational needs, and say why I think the Bill is so incredibly important.

While listening to the hon. Gentleman present his Bill, I was interested to hear things that I did not know about our Government's policy. Obviously, I have not followed such issues as closely as he has. I am concerned about the target to reduce statements of special educational needs, which is perhaps a mistaken policy, for the following reasons.

Twenty years ago, premature babies born at 24, 26 and 28 weeks would not have survived the first six weeks of their lives. With improvements in medical technology, such children are now increasingly making it through the early years and into adulthood, and in many cases leading long and happy lives. However, we also know that many of those children will have single or multiple physical or learning disabilities. At a time when we are seeing an increase in the number of children born with such disabilities—children who in the past would not have made it from babyhood to childhood, let alone adulthood—the Government seem to be going against the trend, mistakenly in my view.

It is also the case that more older women are giving birth, more births are taking place by caesarean section, and more births involve the use of instruments. All those factors present a risk to the child. I do not think that people fully understand what happens when a child is born in difficult circumstances. It often does not become clear until much later in the child's life. We are only at the beginning of finding out about the impact of bad treatment of children in the earliest stages of their lives on the way in which their neurological systems do or do not develop, and on the networks that are created in their brains.

We are seeing an increase in binge drinking not just among young people generally but, in particular, among young women. Another group of at-risk mothers are those who do not realise that they are pregnant, turn up at the hospital believing that they have appendicitis, and then discover that they are having a baby. I have met one such mother. These women do not alter their social behaviour as women tend to when they know that a baby is on the way, and are not able to take care of the child while it is in the womb. We are seeing an increase in the number of cases of foetal alcohol syndrome, which, in extreme cases, damages children's facial characteristics. It may also be very difficult to spot that a child is carrying a learning disability alongside the physical damage that it suffered in utero.

Tim Loughton (East Worthing and Shoreham) (Con): What the hon. Lady is saying is very interesting. I recently visited a home for foetal alcohol-damaged children in Copenhagen, and I think that the condition could well be responsible for many more disabilities than has been acknowledged—some of which may have been attributed to autism, which displays similar characteristics. I feel that it merits a great deal more investigation.

Mary Creagh: I agree that we are dealing with a massive hidden problem. It is, in fact, the problem of maternal shame. We all want to do the best we can for our children. We all love our children. The possibility that something we did during pregnancy may have damaged our beautiful child, either at birth or at a later stage, is not something that most mothers—and fathers—I know would willingly contemplate.

I have dealt with the nature and scale of the birth-related problems. Let me now turn to the business of tracking a child's subsequent development. There has been a huge increase in the number of children's centres that can work sensitively and supportively with mother and baby in terms of early diagnosis and intervention. It is not a case of a child's arriving at school at the age of five and there being "something wrong" with it, so that the situation becomes school versus mother. It is a case of a health visitor's saying "Hmm. He is not sitting up quite as early as he should be"—or not walking, speaking or listening as early as he should be—and working with parents to help them to understand the nature of the damage that may have been caused.

Many people who are active in the foetal alcohol syndrome charity are adoptive parents. In the most extreme cases, the natural parents are alcoholics, their alcoholism has continued, and their children will go into care. It is the adoptive parents who are the champions and campaigners, and I fully understand the reasons for that.

Last week I visited a Sure Start centre in Lupset crescent on the Lupset estate. As the mother of a 19-month-old baby, I found myself becoming incredibly broody. I do not know why, but I think that it may be something to do with the smell of babies' skin. I sat in a room with 20 fantastically beautiful babies, all under the age of one, with their mothers and fathers. It is a tribute to the staff at the centre that they have made fathers feel so welcome. I know that that is a hugely difficult thing to do. Looking after babies, playing with babies and reading to babies is related to what is still physiologically a maternal duty. Clearly, with the best will in the world, a partner cannot become involved in breastfeeding. However, the dads were in that room, playing with their children and discussing the adaptations that they had made to their homes to make them safer.

Sure Start centres are places where people can learn, in structured, flexible ways, about child safety and development, and benefit from the support of trained professionals who will ensure that any problems affecting their babies are picked up as early as possible.

Mr. Hello: A week or so ago, when the Government were opening the 3,000th Sure Start centre, I visited one of the three centres in my constituency. I, too, observed the fantastic work that is being done. Does my hon. Friend agree that there is almost a duty for staff, who, as she says, are highly qualified and dedicated, to flag up the earliest signs of autism when they appear? I know that there is speculation about how early those signs can

[Mr. Flello]

be demonstrated, but should not a mechanism operate from the earliest years of a child's development to ensure that staff are aware that that child may develop autistic tendencies?

Mary Creagh: I agree. Such conditions need to be spotted early. In the centre that I visited, a fully trained teacher was working with children aged under one. One might ask what on earth a trained teacher was doing in a room full of babies. The answer is "Here is someone who has worked in a school, someone who has observed child development and is an expert on it." That teacher tells parents that they should read books to babies, which I must confess that I have completely failed to do. Tiny babies were lying on their backs being read stories by their parents, which is absolutely fantastic. It is the highest-quality child care service that we can possibly offer, and we should offer it to every child: to children on the Lupset estate, and to children in our poorest, lowest-income communities.

That brings me to my next point, which relates to babies with clear disabilities. A parent who is aware that a child is deaf or blind may be battling to get that child into a Sure Start children's centre. If I had a child who was deaf or blind, I would certainly want it to go to one of those centres. Everyone knows that parents of disabled children have myriad hospital appointments with physiotherapists, or with speech and language therapists. If a parent wants to continue to work, it is much easier for the professionals to come to the child—although we have introduced the right for parents, particularly those whose children have disabilities, to work flexibly—than for the parent to be constantly leaving the workplace and taking the child to hospital. It may take half an hour to travel to the nursery, an hour to travel to the hospital, an hour to wait to see the professional and an hour to return the nursery. That is the day gone. Frankly, most employers are not prepared to put up with that.

John Bercow: The hon. Lady is making a very good speech, which is of interest to all Members. In the light of what she has just said about deaf children, does she agree with me that it is very disturbing that, according to the National Deaf Children's Society, deaf children, who should not otherwise be educationally disadvantaged, were on current statistics 41 per cent. less likely to achieve five A* to C grades at GCSE? Does that not suggest that the absence or paucity of early intervention for deaf or hearing-impaired children has a very damaging consequence 10 or 12 years later?

Mary Creagh: The hon. Gentleman is absolutely right, and there can be no excuse. Whenever we look into the causes of that, we always get into a debate about British sign language. It is, of course, right that a child who cannot speak or hear must be able to communicate, because otherwise the frustrations that the hon. Gentleman so eloquently described earlier in our debate are likely to come out. We are probably only at the beginning of understanding how deaf children learn. Deaf children have been warehoused in deaf children's schools and they have not been expected to achieve—and, of course, if we do not expect a child to achieve and do not push them to do so, they do not achieve. The mainstreaming of deaf children into mainstream schools presents those schools with a huge number of challenges, and I will come to that shortly.

I was talking to a mother with a child in a mainstream school, and she said that there is a pupil who is deaf at that school so every child who attends the school has been learning sign language. They learned it for two years before the child came to the school, and they are all learning it now. She was genuinely mystified as to why every child in the school should learn British sign language when there was just one deaf child. The answer, of course, is that every other child in the school should be able to communicate with the deaf child. We have to turn this on its head and say, "It's fantastic that your children are learning sign language." It is a universal language, so often people do not need to understand the language that is being spoken to understand what is being said. Therefore, whenever these children go abroad to any country they will be able to make themselves understood. One only has to observe the Italians to understand the power of gesticulation in communicating across language boundaries. The Italians can always make themselves understood because they are completely uninhibited about gesture, whereas we are British and we keep our hands in our pockets or by our sides—except when we are holding our papers, as I am now—so we are not as good at communicating. I said to that parent, "This is a blessing for your children. It is fantastic and it will be of use throughout their lives." It is also teaching them that communication is not just about oral communication; it is also about how we stand, use our hands and look at people. For a person who is deaf, a whole series of such means of communication have to be deployed.

I know that myself, as somebody who wore hearing aids for seven or eight years, from my mid-20s to my early-30s. My experience, as someone who acquired a hearing disability, was that it is extremely challenging. I was working as a university lecturer, and I had to go to my boss and say, "I've got a real problem; I can't hear what my students are telling me in the lecture halls." It was beyond embarrassing to have to keep on asking people—sometimes two or three times—to repeat themselves. The university had to install—it had the support of the Department for Work and Pensions—a hearing loop so I could hear what was going on. In my work as a councillor, I was also unable to hear what was going on in the chamber, particularly because in local politics, as in national politics, things can sometimes get a little rowdy. I could not hear what was being said off-microphone when my hearing aid was switched to the loop system.

Unless someone has physically experienced the frustrations of not hearing, and the stigma, they cannot fully understand. Babies will pull hearing aids out of their ears because they are uncomfortable, but adults do not want to wear a hearing aid because they are concerned that it makes them look stupid. I confronted that stigma and prejudice myself. Wearing a hearing aid is not like wearing spectacles; there are no designer hearing aids. Armani does not make hearing aids; they just sit on the back of a person's head and other people think they are not very clever. The challenge is to change that. As soon as someone puts on a hearing aid, their IQ goes down by 50 points in other people's eyes. That is a huge problem, which we have to face up to. It is to do with our own internal prejudices. That is also why people in

later life do not wish to wear hearing aids. There is a big issue to do with how we feel about disability, and it is incredibly important that we overcome the challenges before us.

Mr. Fielle: I am greatly enjoying my hon. Friend's speech, and I shall keep my intervention brief. Does she agree with me that the breaking down of such prejudice barriers is one of the many benefits brought about by the inclusion in the mainstream of pupils with special educational needs of any kind? It is good for the young person concerned to be in mainstream education—with the proper support for that—and it is also phenomenally good for other people around that to see that this is also normality.

Mary Creagh: I could not agree more. It is vital that we all understand that people are different. It is vital that children are not shoved off where we do not see them into special schools—as they were even just 20 or 30 years ago. Nobody ever emerged from them until they were 18, and then they went into special training workplaces. What we are doing on that issue is incredibly important. The Disability Discrimination Act 2005 has been very important, particularly in matters such as making schools wheelchair-accessible. Why should the fact that a child cannot use their legs mean that they are excluded from mainstream education? Education is for every child and every disabled child matters. I am glad that my right hon. Friend the Secretary of State for Children, Schools and Families and my hon. Friend the Minister are making such huge inroads into addressing the issue of the place of disabled children in our society.

I was watching CBBC with my young children a month or so ago, and I was surprised to see that one of its presenters was a young woman who did not have a hand. She had her sleeve rolled up so that was obvious, and I was quite taken aback, but I was also very pleased. I said to my son, "That lady does not have a hand. What do you think about that?" He said, "Well, it's a bit strange—and maybe a little bit scary." That gave me the chance to say, "There's nothing to be scared about if somebody doesn't have a hand, Clem. Maybe she had a bad accident or was sick when she was very little, but she is just an ordinary person like you and me." Seeing disability gives us the chance to do that. The importance of seeing disability on our television screens cannot be underestimated, and we should expect nothing less from our public service broadcaster than to show that. I was incredibly disappointed subsequently to read in the newspapers that there had been a series of complaints to the broadcaster about children being upset. I cannot understand why a parent watching with a child did not use that opportunity positively and proactively to talk about such issues with their very young child.

John Bercow: The hon. Lady is making a racy and intoxicating speech, which I am richly enjoying. As she knows because we co-operate on many matters, I very often agree with her, and I absolutely agree with her on this matter. May I put it to her that this is analogous to many other things in life? I was horrified by that narrow-minded and rather bigoted reaction from some parent viewers. If one keeps something in the closet, that implies that it is something that is somehow inferior, something of which to be ashamed and something that should not be allowed to be discussed in polite company. The opposite is in fact true; we should bring it out into the open and let children come to be aware that it is part of life. It is something to be accepted and welcomed, and the people who suffer from disabilities are just like the rest of us. We want to be their friends and to enjoy life with them, not to regard them as somehow some sort of oddity.

Mary Creagh: Once again, I thank the hon. Gentleman for his kind comments—that is the first time I have been called intoxicating in this Chamber, but I hope it will not be the last. *[Interruption.]* I could get used to this! I totally agree with his point, because hiding these things is part of a cultural reluctance to talk about them. If one had a disabled child 40 or 50 years ago, it was an issue of shame; people would give up their babies and send them off to homes to be looked after. Some of the stories coming out about the closure of the asylum institutions have involved people who would never be living in an institution these days; they would be living perfectly happy lives in supported communities. I welcome the cultural change and the culture of human rights that has taken a firm hold in this country, which plays to the nation's very deep-rooted sense of justice and rights for all, and openness. I welcome the fact that the BBC took this courageous step—hats off to it for doing so—and good luck to that presenter in her future career.

I wish to talk a little about the Waterton junior and infants school in Wakefield, which serves the Lupset estate and is under consultation for closure. I visited it a couple of months ago, and when I talked to the teachers, I was struck by the situation there, because the school has a higher than average number of children with special educational statements. The Government need to examine what happens when local authorities consult on school closure programmes. In addition to the hon. Gentleman's Bill, which talks about inspections, some further statutory guidance needs to be issued to local authorities on what happens to pupils with special educational needs in any closure programme and any transfer programme.

We know that when children with SEN form a relationship with their special educational needs co-ordinator of additional help or with a particular teacher, that relationship is vital and precious to their learning. In some cases, the help will carry on with the child throughout the school. As soon as the question of closure is raised in any school, we see the flight of staff, because understandably they will think, "Which school are the children going to transfer to? Will there be an opening for me? Will there be a vacancy for me?" They will make their own arrangements and start applying for other jobs. I cannot stress enough to the Minister how important the needs of pupils with SEN are and that in order for the transition to a new school to be made it is vital that those SEN helpers and assistants transfer with the children. Where an ordinary child is only just starting school, is six years old, has had one or two years at their school and is transferring to another, bigger school, where they perhaps do not know anybody—perhaps they are transferring with their class cohort or perhaps the other children have scattered to different schools—such a move is challenging. We must understand that for a child who has special educational needs not only does such a move involve the fear that can come with it, but they lose the person who helped them to do

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well in class and to keep up with the other children. That is of particular concern to parents in my constituency, so will the Minister respond to that in her speech? Perhaps she could also write to me, so that I can work with the school to ensure that if the authority does decide to close it, the process can be properly handled.

The hon. Gentleman has said that provision falls into a black hole in the teenage years, when children enter secondary school, and that is often the case. A lady who had two children with attention deficit hyperactivity disorder came to my constituency surgery a month or two ago. One of the children was in a residential school and the other was at home with her. The issue was not so much about the support that he was getting in school—he was at an appropriate school for his needs—but that he was getting up two or three times in the night. She had a teenager, but in reality it was like dealing with a newborn baby—and it had been like that ever since he was a newborn baby. Those of us who have had children and remember those hectic early months of a child's life, where one is in an intense period of parenting, getting up to answer 2 am, 4 am and 6 am calls and sacrificing one's own sleep pattern, cannot begin to imagine what that lady was suffering over a period of 10, 12, 15 years with her son.

Mr. Flello: My hon. Friend's comments flagged up in my mind a case of someone who came to see me a couple of years ago in one of my surgeries—this also draws on a point made by the hon. Member for Buckingham (John Bercow). Not only had the mother had that experience of getting up during the night with her teenage child year upon year, but during the day, when she might have tried to catch up on a few hours' sleep, she was getting phone calls from the school to say, "Your child is being disruptive. Please come to take them home." What is my hon. Friend's view on that?

Mary Creagh: My view is that it is incredibly important that the local education authority works with social services to provide proper personalised support to those families. The point that I was about to make is that, in respect of children who have severe and complex needs, the local authority can often feel, "Well, they have got the statement and they are in the school. They are where they are. We have done that for them. Case closed." The authority may feel that everything is tickety-boo, but the child's needs do not stop after the eight hours of compulsory schooling; those needs carry on for the 18 hours when the child is at home and where their behaviour may be incredibly difficult. With the best will in the world, all the parenting classes in the world will not help a parent to deal with such a situation.

That brings me on to the point I wish to make about respite care for these children, in respect of which we need to reach a redefinition. Respite care is in very short supply across the country, and I know that the Government are looking at how we can further help carers. In looking at the needs and the life patterns of parents who are dealing with children with these complex needs and complex diagnoses, we need to consider how we make provision to give parents a night or two off. Just one or two good nights' sleep can be a tonic and can help them face the future. That is a very important point, and I would like the Minister to think about how social services look at the care of these children.

Another constituent who came to my surgery was dealing with a very violent child of 10 or 11. She had rung her social services to say that the child was kicking, biting and punching her, only to be told, "Until you hit him, we will not intervene." She thought, "Of course I am not going to hit him. He is my son. I love him, so I am not going to hit him. That is against everything I believe in." She had contacted social services because she was in the very early stages of what was going to be almost an abusive domestic violence relationship. We are only at the beginning of our understanding of domestic violence. I have met female constituents in their sixties who have been beaten up by their 30-year-old sons. Those sons did not start beating their mothers when they were 30—the pattern started earlier. I met a woman in a refuge whose son had observed violence being perpetrated against her. It had been sanctioned in the home as he grew up and he felt able to continue with it.

My constituent's case was not domestic violence, of course, but she was suffering injury and asking for help. Social services need to be able support parents in that situation and work with them to deal with challenging behaviour of that sort.

John Bercow: Bringing up a disabled child can be a very rewarding experience for a parent, but it can also be harrowing and debilitating, as the hon. Lady has described. In addition to the interface that parents need with education authorities and the health service, they also need to deal with the Department for Work and Pensions. Does she have a view on the importance of the non-means-tested benefit of disability living allowance? Of course the Government have a fiduciary responsibility to the taxpayer and must guard against fraud, but does she agree that it is a matter of concern that, even after being slimmed down, the application form for DLA is still 52 pages long? Nor is it solely a matter of box-ticking, because it requires a considerable narrative from applicants, which for people who may have SEN or disabilities themselves can be extraordinarily challenging.

Mary Creagh: I thank the hon. Gentleman for that interesting point and there is a problem with our definition of disability and what effect it has on people's lives. For example, we pay higher rate disability benefits only to people with visual impairments, which shows how much further we have to go. Most people accept that if someone is blind, it is more difficult for them to find their way about, but I had a case recently in which a mother had applied for DLA on the grounds of her daughter's deafness but the application had been rejected. I asked the Royal National Institute for Deaf People about this and it said that each case was considered individually. Charities need to give us better advice, but we also need better advice from the DWP. As a child gets older, we expect them to be able to go to school on their own. Perhaps they can walk to primary school at 10—in my case, I was seven, but times have changed—and go on a bus, with friends, to secondary school at 11. For the parent of a child with a disability, all bets are off. If the child has a physical disability, they will probably be eligible for school transport provided by the local authority, but in the case of a child with deafness, it is more of a

judgment call about whether it matters that they cannot hear the traffic. Rather than let their child walk to school in those circumstances, and perhaps then get the telephone call that every parent dreads, most would prefer to play it safe and take the child to school safely right through to 18. That brings us back to the question of how parents can balance that with their working lives.

I mentioned ADHD and I wanted to stress the need for the interface with child and adolescent mental health services. Many children with behavioural issues are under the supervision of a psychiatrist, or on medication under such supervision. The silo problem then arises, with one approach from the school, another from health services and yet another from social services, and never the three shall speak. We need to join up the services for those children.

The hon. Gentleman said that children can fall into an abyss at age 11, but they face an utter void at 18. Most mental health trusts have no provision for adult ADHD services. In a way, the children we are debating today are privileged, because they are being taken into consideration, but when children turn 18, they are no longer eligible for child and adolescent mental health services. They become subject to the adult psychiatric service. I pay tribute to a constituent of mine who has attended my surgery several times and spoken very movingly about the challenges he has faced in acquiring an adult diagnosis and proper psychiatric support for his son. Through that parent's diligence and persistence, Wakefield mental health services, together with Kirklees and Huddersfield, has set up its first ever adult ADHD service, starting from this April. As the hon. Gentleman knows, young people with ADHD are more likely not to be able to find a job and to get in trouble with the police. They often do not have a daily structure to their lives, because they are no longer in secondary education, and they no longer have proper medical supervision because they are now adults and, obviously, instantly better. That is clearly not the case, and the Government must look at that issue very seriously. We need to avoid having a postcode lottery, in which such services are a priority for some areas, which have a campaigning individual, but are ignored by health chiefs in other areas.

My final point is on dyslexia. Statistics from the Dyslexia Association suggest that many children with the condition are not diagnosed. In a two-form entry school, it is likely that there are at least two children with dyslexia in each year. The challenge that schools should be given is not to reduce the number of statements, but to identify those children with dyslexia as soon as possible. The experts say that there is a golden window for learning to read between the ages of five and three quarters and six and a half. If that opportunity is lost, and the child does not acquire the ability to read, they instantly start to fall behind. I pay tribute to what the Government have achieved through the Every Child a Reader, Every Child a Speaker and Every Child a Counter programmes, but dyslexia probably accounts for a significant percentage of underperformance. If we want to improve our GCSE results ever further—I want 100 per cent. of children to get five A-C grades, not 48 or 50 per cent. as at present—addressing the problem of dyslexia could lead to a step change in results and attainment. It is possibly the single most common undiagnosed or late-diagnosed learning disability, and it can have catastrophic consequences for children's educational careers. If we believe that every child matters, we have to ensure that the children with the greatest difficulties are put first.

John Bercow: We come back to the issue of early identification and intervention—the elephant in the room—which underlines the centrality of the child health strategy and the child health promotion programme, and the importance of multidisciplinary teams kicking in at an early stage to identify difficulties. May I take this opportunity to suggest that attempts to establish the incidence of need will be assisted by the Special Educational Needs (Information) Act 2008, steered through the House by the hon. Member for Gateshead, East and Washington, West (Mrs. Hodgson)?

Mary Creagh: The hon. Gentleman is right to draw our attention to my hon. Friend the Member for Gateshead, East and Washington, West (Mrs. Hodgson), who has been passionate in her pursuit of this cause.

I congratulate the hon. Gentleman on the Bill. Will the Minister consider SEN as part of the scorecard system for schools inspection? That is an absolutely key part of the identification of children with SEN. Often, SEN provision for the kids at the so-called best and highest-performing schools is weakest, and the needs of those children can be forgotten in the rush to the key stage 2 100 per cent. golden target. Will the Minister consider incorporating SEN diagnosis and catch-up into Ofsted's scorecard approach? I commend the hon. Gentleman on his initiative.

11.21 am

Tim Loughton (East Worthing and Shoreham) (Con): May I first, in this era of heightened precaution, declare my entry in the Register of Members' Interests and my interest as a vice-chairman of the all-party parliamentary group on autism, a subject which features large in the debate?

As my hon. Friend the Member for Buckingham (John Bercow) said, the attendance today is perhaps unfortunate. I hope that it represents the fact that many of our honourable colleagues are out on the stump for the impending elections, if not attending to media interviews on their financial affairs. However, the attendance does not belie any lack of interest in this very important subject, which is relevant to every hon. Member.

The contributions thus far have been extremely heavyweight. We have all been intoxicated, as we have been asked to say, by the contribution of the hon. Member for Wakefield (Mary Creagh)—and we mean that in a way that is, I believe, permissible in parliamentary language. She made a very wide-ranging speech, with great detail, which extended from foetal alcohol syndrome, in which I have a particular interest, to the Lupset centre in her constituency, the art of Italian gesticulations, the stigma of deafness and dyslexia, and an awful lot besides.

It is refreshing to return to a very important, weighty subject following some of the distractions of the past week—it is the kind of subject that our constituents send us to this place to deal with. As my hon. Friend said, at least one in five children—the official figure—is

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classified as having a special educational need at school. He did not, however, say that that number has actually doubled in the past 20 years, and that at least 1.65 million children in this country are affected. An awful lot of our constituents give much more of a flying flamingo for this subject than for others, as does my hon. Friend. He has enormous form in this area, for which the House will be duly grateful.

We welcome the Bill because it contains some important measures to address what most of us will acknowledge is the woefully inadequate SEN provision across the United Kingdom. We would support the Bill's progress to Committee for proper scrutiny. One would hope that the Government could adopt part of the legislation, or at least incorporate it into regulations and guidance, certainly given the height of reasonableness of the Bill to which my hon. Friend referred. We cannot justify continuing to sweep such problems under the carpet and to attribute them to bad behaviour or other social ills. The matter needs to be tackled head on once and for all.

As well as my hon. Friend's good work, not least the review that the Secretary of State commissioned of him, and the Special Educational Needs (Information) Act 2008, which was promoted by the hon. Member for Gateshead, East and Washington, West (Mrs. Hodgson), we have the Autism Bill, courtesy of my hon. Friend the Member for Chesham and Amersham (Mrs. Gillan), which is in Committee. Special educational needs are topical at the moment—and not before time.

As several hon. Members have said, someone needs to take responsibility. Too often in SEN, the buck does not seem to stop with someone who is in a position to do something about it. I have referred to that as a vicious triangle. All hon. Members have had anxious parents come to see us about their battle to get a statement of SEN or special support for their children at school. We have then been told by the school or education department, "It's not to do with us, it's to do with health or the primary care trust," which is often the case when it comes to speech and language therapists. We then go to health bodies only to be told, "Oh no, it's not us, you need social services/children's services." That vicious triangle does not address the problem—the problem does not go away simply because of such frantic buck-passing.

My very first case following my election 12 years ago was that of a young teenage boy who had had a quite late diagnosis of Asperger's. The problem was being pushed from pillar to post in trying to get support for that child. In the end, it was almost literally a case of banging the heads together of the representatives of social services, and health and education services, to get them round a table. After a lot of stress, hassle and hard work, we got them jointly to fund a pot of money to provide a package of support for the child. What an ordeal that was, not only for those like me who came to it late, but for the child's parents over too many years. How much better it would have been if the problem had been picked up earlier and if support had been offered earlier, rather than the great treasure hunt of parents having to try to find support with a minimum of help and information.

Many problems affect SEN, and I want to touch on a few of them. On assessment—this goes for SEN and particularly speech and language needs—too many parents tell us that they have encountered substantial difficulties with school-related assessments and provision. They mention two important problems. First, when a pre-school child has been identified as needing help, adequate SALT—speech and language therapy—assistance is often not available. When no identification has been possible pre-school, assessment and help is often difficult to obtain and slow in coming, if it comes at all.

Secondly, in special schools where children have serious language disorders or where language problems are part of a child's wider spectrum of special needs, parents too often find that the statementing process is too adversarial and drawn out. In too many cases, after considerable expenditure of time and money, it can result in little or no help for their children. The Conservatives believe that the system needs to be streamlined, easier for parents to navigate and less adversarial.

John Bercow: My hon. Friend is as ever making a compelling case. In the light of what he has just said, would he take the opportunity to reiterate that, given the in-built conflict of interest in local education authorities, there is much to be said for the argument that we have been making for some time for a clean separation of the assessment of need from the funding of provision?

Tim Loughton: I entirely agree, and I shall outline in a little more detail some proposals that we would like to put more teeth into provision—to go much further than my hon. Friend's reasonable Bill.

We all face the problem of joined-up action. Responsibilities for various aspects of SEN are vested in schools, children's centres, primary care trusts and local authority departments, but parents and teachers report that too often children's needs are not met because of inadequate liaison among those bodies. The teaching staff in too many schools have little or no expertise in recognising that speech and language intervention, for example, is needed. Too often, after a child has been assessed as requiring help by a speech and language therapist, usually employed by a primary care trust, the local authority can take months to reassess the case for funding purposes. Even then, it will not always make resources available via a statement or through additional School Action Plus funding.

I have just had an appalling case of a child who was clearly in need of a specialist statement of support. The articulate, middle-class parents clearly knew what their child required and worked closely with the school, which had clearly acknowledged the problem, but they could not get a proper statement. It was delayed again and again. The local authority prevaricated and tried to make out that the need was substantially less than the experts said it was. The parents had to commission their own assessment, at no little expense. They then commissioned and paid for their own speech and language therapy specialist to work in the school, with the acquiescence of the school.

At long last, after the intervention of myself and others, we have finally got an admission that the parents and the school had been right all along. We have now achieved the publication of a statement showing the extremity of that child's problems and what needs to be

done about them. Actually, to give it its due, the local authority has now agreed to refund the money that the parents had to spend on employing their own therapist in the school. How much better would it have been if that could all have been agreed at the outset, and if the parents had not had to go through that constant battle, that war of attrition. Many parents are unable to see such battles through to the end, simply because they do not have the resources, the nous or the strength of character to pursue them on behalf of their children.

Mary Creagh: The hon. Gentleman is making an interesting case. He has demonstrated that some children are less equal than others and, even within the subset of the less equal children, there are inequalities. Rich parents can afford private psychologists' statements, but paying £1,000 for such a statement is certainly out of the reach of the majority of my constituents. Does he agree that we need to ensure that we do not end up with a two-tier system in special educational needs, in which the better off and the middle classes can obtain the services, while the rest get left behind?

Tim Loughton: The hon. Lady makes a valid point. These cases can be an enormous financial and emotional drain on the parents, whether they are slightly better-off middle-class people or not.

What I resent more than anything is the culture of brinkmanship in certain local authority education departments. They wait and see just how far they can push it before the parents drop their quest. I have had cases in which the local authority has dropped a case the day before it was to go before a tribunal, at which the cards were clearly going to be stacked in favour of the parents. That demonstrates the weakness of the local authority's case all along.

John Bercow: My hon. Friend is right; that culture of brinkmanship is widespread. Does he acknowledge that, when such an approach is adopted, a lot of money is wasted? That money is wasted either directly, by the authority making payments, or simply through the waste of the expensive time of its own professional in-house staff, who could have been better deployed concentrating on the appropriate priorities rather than fighting hopeless battles.

Tim Loughton: My hon. Friend is absolutely right. We must consider not only the cost of the in-house staff but the even greater cost of the external legal specialists who are employed by the local authority to fight the cases against these poor, unsuspecting parents. A enormous amount of money is wasted: witness the huge number of appeals—not just one or two—that are upheld in favour of the parents. That shows that the parents have a very strong case in an awful lot of those situations.

I also want to talk about inclusion, to which I shall return, and about teacher training. We believe that, because speech and language development is the foundation of all education, all initial teacher training should include the teaching of some basic skills in identifying problems in this area. At the moment, such modules are all but unobtainable. In-service teacher training for speech and language special needs should also be more widely available, and schools should be encouraged to have at least one member of staff trained in that way. That goes to the heart of the first clause of the Bill.

There is also evidence that, although an adequate number of speech and language therapists are being trained, there are not enough posts available for them. They therefore seek other employment and can often be lost to the profession. That is an obvious waste of resources, but this dysfunction could be remedied if recommendations that we have made on assessment and funding were to be accepted. I shall come back to that shortly.

My hon. Friend referred to the "dark abyss of nothingness" in relation to secondary-level provision. There is certainly evidence that many secondary school pupils, as well as those in further education, find it difficult, if not impossible, to access appropriate speech and language therapy. Best practice really needs to include better transition arrangements when a child with a special educational need moves up to secondary school and then on to further education. At the moment, such arrangements simply do not exist.

A further problem exists with information transparency and accountability. Evidence suggests that many parents of children with special educational needs often feel that they have been left without much understanding of their child's needs and of how they can assist. Best practice should ensure that proper feedback and assistance are given to parents. That aim was also part of the Bill introduced by the hon. Member for Gateshead, East and Washington, West last year.

Best practice should also include better support for carers from the relevant agencies. We support moves to encourage schools to publish more transparent information about their record, and about their facilities for SEN pupils, which could form part of the Ofsted inspection process. That relates to the second clause of my hon. Friend's Bill. It is particularly relevant to the problems with joined-up thinking that have already been highlighted.

My hon. Friend has given the House many worrying statistics. He said that 40 per cent. of children with autism were bullied at school. In surveys of staff at schools, many readily admit that they are ill prepared to give proper support to children with special educational needs. Teachers acknowledge that they are struggling. My hon. Friend has alluded to the poor educational achievement by too many children with special educational needs, but I do not think that he mentioned that 75 per cent. of children in pupil referral units had special educational needs. That is another moot point.

It is absolutely right that we take this problem seriously. It is a false economy not to do so. Further figures show that disabled adults are half as likely to be in employment as people without a disability. Only 15 per cent. of adults with autism are likely to be in full-time paid employment. It is essential—and, of course, absolutely right—that we get early detection, early intervention and early provision absolutely right, as the Bill seeks to do.

As hon. Members have said, we are not just talking about learning disabilities. The word "disability" appears in the title of the Bill, and it covers not only physical disabilities but mental illnesses, whose treatment is very much a Cinderella service. The hon. Member for Wakefield mentioned children and adolescent mental health services—CAMHS—in this context.

The hon. Lady and my hon. Friend touched on the subject of deaf children. The National Deaf Children's Society has said that deaf children are 41 per cent. less

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likely to achieve five GCSEs, and that 28 per cent. fail to achieve level 3 at key stage 2 English, compared with just 6 per cent. of all children. More than 80 per cent. of deaf children attend mainstream schools, but an NDCS survey for the "Must Do Better" report on the educational underachievement of deaf children found that one in four parents felt that the deaf awareness of their child's teacher was not good. This is all about proper communication with staff and between schools and teachers.

The crazy thing is that none of that is new; this has been going on for far too long. We had more reports this year. The report back in February from Sir Alan Steer on behaviour in schools urged action to tackle the disproportionate exclusion of children with special educational needs. We need to think a lot more smartly about how we exclude children from school and, more importantly, about what they go on to outside the school if they are excluded.

My hon. Friend the Member for Buckingham also mentioned the excellent preliminary findings in the inquiry by Brian Lamb, who made a number of recommendations, including

"SEN and disability training for all school improvement partners working in mainstream schools";

that

"Ofsted's parent questionnaires should include questions for parents of SEN and disabled pupils";

and that

"Local authority websites should include SEN policies and disability equality schemes for all schools in their area."

Brian Lamb also highlighted the fact that too much bureaucracy is associated with SEN and recommended the scrapping of the obligation on schools to produce so many policies relating to SEN provision.

We are in danger of not being able to see the wood for the trees. A lot has gone on, but the quality of the outcomes leaves a lot to be desired.

John Bercow: There is a lot going on, and we need to be clear that it is all co-ordinated and inclined to be self-reinforcing. If it ends up going in different directions, that will be very damaging. Does my hon. Friend recall that I called for a strengthening of the guidance on exclusions? It has been changed a couple of times over the past couple of years, so there is no reason why it should not be tweaked a third time. Does he agree that the attendance and behaviour partnerships on which the Government intend to issue guidance later this year are of the essence? That guidance must be consistent with the other guidance and perhaps it would be helpful if the consultation on it could extend to interested right hon. and hon. Members.

Tim Loughton: That is a very fair point; I absolutely endorse it.

More legislation and regulation are not always the answer. We require the right legislation and regulation, and for them to be appropriate and effective. I fear that a lot of what this Government have done over recent years has been about piling regulation on regulation, which has completely queered the pitch in this case. The benchmark of whether it is right or not must be the quality of the outcomes for the children whom it is meant to help and support, and whom it too often does not.

The other point from Brian Lamb, which endorses clause 2, is about inspections, which

"frequently ignore the experiences of children with SEN, so any problems remain unheard and unrecognised. As a result, children with autism often struggle to reach their potential."

There are also concerns that a survey found that a third of secondary schools in England are not ready for the new regulations on provision for SEN pupils that are due to come into effect from September of this year, whereby all SENCOs will need a formal teaching qualification and to receive additional training. I certainly support those measures, but the Association of School and College Leaders and other teaching groups have warned that many schools are not ready or already run alternative arrangements, which work well and will have to be dismantled. We need a degree of flexibility where there are already examples of best practice. That links to clause 1 of my hon. Friend's Bill.

The Times Educational Supplement reported last month that thousands of SEN teachers are at risk of having their pay cut under proposals to overhaul allowances. Teachers who work predominately with SEN pupils qualify for an extra payment of more than £1,900 per annum, but the minimum allowance could be cut to £1,000 if the Government approve new recommendations. All these new regulations, all this new guidance and all the new legislation will not have an effect if we do not have the people in place at the sharp end who can deliver the services and support that we all agree these children need. We must make sure that the professional teaching staff are there, are on side and are signed up to the changes that we all want to see.

I want to finish by discussing some of the proposals that my party produced, with the help of Sir Robert Balchin, in the second report of the Commission on Special Needs in Education back in 2007. They are relevant to the Bill and, in fact, go further than it. In that report, we proposed root-and-branch reform of the system, from the assessment of children to the provision of services.

That returns me to the point on which my hon. Friend just challenged me. At the moment, local authorities are the assessors of a child's need and are responsible for arranging provision for that need and for funding it. That treble responsibility has led local authorities gradually to reduce the number of statements issued, clearly so as to save money. Over the past 10 years, the number of children for whom a statement of SEN was made has changed. Back in 1997, the figure was 35,650, yet in 2006 the figure had reduced substantially—by a third—to some 22,600. The number of tribunals over that period went up sharply, by some 40 per cent., with a large number of parents winning their appeals to tribunals. The problem has not gone away. There are fewer statements, but there is clearly still a big problem. Parents are less satisfied with the support that they receive and therefore have to go to a tribunal to try to get a better deal for their children. As a result, the number of statements issued over the past 10 years has fallen by a third and there is greater dissatisfaction about whether children are getting the appropriate support that they need.

We think that there is a case for separating the powers of the local authority and handing the responsibility for assessment to independent professionals. One of our

commission's key recommendations was that statements should be replaced by special needs profiles drawn up by profile assessors, who will be educational psychologists and other such professionals. The profiles would be cumulative and subject to regular review, ensuring that continued assessment and provision could be as dynamic as the child's needs, because, of course, situations change. A child does not have a static special educational need that requires the same support, or the same level of support, all the way through that child's school career. In recognising that early intervention is crucial, the commission also urged that special needs profiles should be created as early in a child's life as possible.

The profiles would allocate the child to one of a number of support categories, as is the case in the United States, Canada and much of Europe. Each level of support would then legally attract a certain amount of funding, which the pupil would carry to a mainstream or special school. Parents would be able to negotiate with any mainstream or special school for a place, irrespective of the local authority area in which they lived. To avoid the stress of tribunals, which I have already mentioned, we also want to see a special needs mediation scheme to try to establish the best approach for a child by agreement rather than by conflict, adversarialism and brinkmanship.

Another proposal was that special schools, under a rolling programme, should be given special academy status, providing considerable greater freedoms to develop as their professional requirements suggest and to expand pupil numbers. That follows on from the recent announcements on the inclusion of primary schools in the academy programme.

The whole new system that we have proposed will lead to inclusion where parents want it. In some areas, some types of inclusion have long proved a great success. Many children with sight and hearing impediments, for example, benefit enormously from integration, as we have already mentioned, as do children with physical disabilities. We should not skirt over the enormous social benefits to all children who have been taught alongside them. That is the sort of common-sense premise from which inclusion was first born.

The reasonable assumption is that those capable of participating in mainstream education should be able to do so, regardless of their disability. However, that moderate and sensible belief was hijacked in the late 1990s and skewed into a rather hard-line ideology. Baroness Warnock, whose 1978 report on special educational needs caused the enshrining of the policy of inclusion in the Education Act 1981, has herself recently denounced inclusion as having gone too far. She has recognised that it has condemned many children with highly complex and sensitive needs to an all too restrictive mainstream schooling.

We should also know that, across the board, parents' confidence in mainstream education has wavered since 1997. As is well known, since then the number of children attending independent schools has risen by more than 11 per cent.—that was certainly the case before the recent effects of the recession. More and more parents have scrimped and saved to be able to afford school fees and to opt out of the state system. What is less well known is that 83 per cent. of that new intake have had special educational needs. That damning indictment shows how parents feel about SEN provision in too many maintained schools. We need to restore confidence in the system, and that means making it more precise and fairer, and honing it to the needs of parents and children.

Mary Creagh: What is the source of the statistic that 83 per cent. of the children who have gone to private schools in the past 12 years have had special educational needs? Where did that information come from—from the private schools or the parents? Who collected that information?

Tim Loughton: I cannot give the exact reference here, but I think that the hon. Lady will find it in the Bow Group report, "SEN: The Truth about Inclusion", which was produced last year. A lot of interesting research data were collected as part of the report.

If we make more money follow the child, we put parents in the driving seat. However, doing so will achieve more than that: it will encourage other forms of inclusion. As appropriate funding accompanies a child's needs, schools will be able to use the additional cash to develop specialist units on site. That means that in some lessons, children with particular needs can be taught with others who share the same difficulties, and in others they can muck in with the rest of their year group. Crucially, SEN children will be allowed to socialise together, particularly in break time and extended school time, and also to take part in the whole school community with other children. Such a system will work for some schools and some children. For others, however, special schools will always be a better option.

For children who feel stigmatised or withdrawn, a period in a special school may be necessary, just as it would be for children with severe difficulties. These are complex and personal issues, which is why parents must be in a position to make the decisions that they think right for their children. That means ensuring that special schools are there to be chosen. However, the trouble is that since 1997 more than 9,000 special school places have been lost, and with them has gone expert provision for children in great need.

In 2008, there were 174 fewer special schools than in 1997; one in seven special schools has been lost. That links directly to clause 3. Between 7 and 9 per cent. of all permanent exclusions from mainstream schools are given to pupils with a statement of special educational needs—pupils disproportionately represented in the pupil referral unit system. If more of those pupils had been given the option of going to special schools, more would undoubtedly have been given more appropriate provision. That would have meant that fewer would have been excluded in the first place.

We need to look at the issue flexibly; what is appropriate for each individual child is a matter of horses for courses. What we suggest does not mean that inclusion does not work, just that we need a system that is more responsive to the needs of children and their parents' judgment. We want an education system that offers parents real choice to decide what is best for their children, and there should be an end to inclusion "come what may", in favour of getting a balance. We need to think more smartly about exclusion. We need to make sure that we give back powers to heads and teachers to deal with genuinely disobedient, disruptive or violent children and that SEN children are given every opportunity

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to succeed, so that they do not become just another exclusion statistic, having failed at school because of the absence of the suitable and appropriate provision to which they are entitled.

In conclusion, I should say that at the moment the whole system is too cumbersome, bureaucratic and stressful—and often too costly, with the money going to the wrong targets. Parents coping with SEN children are already under a lot of pressure; they need help, advice and support, not barriers constantly being put in their way, wearing them down. They do not need to be made to go through lots of hoops or to be threatened with adversarial hearings. They should not have to fight all the way for what is rightfully for them and their children. As my hon. Friend said, too often it is the more articulate, middle-class parents who stand any chance of fending their way through this complicated and stressful system. In some parts of the country, there are examples of a much more user-friendly system working in certain schools and local authority areas, but in too many the reverse is true, and it is still far too much of a postcode lottery.

I hope that the Bill will be able to address some of these problems. First, we need better training of teachers so that they can identify the problem and intervene earlier, and carry more professional clout in securing the appropriate support and being part of the decision and policy-making process, as my hon. Friend mentioned. Secondly, we need to ensure that SEN provision is a standard component of Ofsted reports, in the same way that standards of teaching, examination results and the welfare of children in the care of schools are an integral part of Ofsted inspections. Thirdly, we need to tackle, as the Bill endeavours to do in an interesting way, the conveyor belt of raw exclusion, whereby children are simply excluded without proper regard to how they can be properly picked up on outside the school. That is no one's interests, notwithstanding the fact that we need to ensure that teachers' and heads' authority and powers, which are being stripped away far too much, are given back to them.

The Bill puts forward some perfectly reasonable proposals in a not overly prescriptive way. As such, I hope that the Government will respond to it favourably and positively. I hope that there will be the opportunity to scrutinise its proposals in more detail in Committee, and on that basis I very much wish it well.

11.56 am

Mr. Robert Flello (Stoke-on-Trent, South) (Lab): I am grateful to the hon. Member for East Worthing and Shoreham (Tim Loughton) for his contribution to this excellent debate. I congratulate my hon. Friend the Member for Wakefield (Mary Creagh) on her racy and intoxicating contribution. The hon. Member for Buckingham (John Bercow) made an excellent speech delivered with passion, knowledge and a commitment to do what is absolutely right and in the best interests of not only his own constituents but those of every Member of this House. I very much congratulate him on introducing the Bill.

It is also important to give credit to the Government, as indeed the hon. Member for Buckingham did, for the work that has gone on since 1997. There have been huge achievements and leaps forward on this and other matters relating to the best interests of our young people, whether it is the 3,000 Sure Start children's centres, the additional teaching support or the extra money that is going into the school system. We need to give credit for what has happened so far, with a little bit of extra push, encouragement and gentle guidance to ensure that that work is built on for the future.

I pay tribute to North Staffordshire Asperger/Autism Association, which does fantastic work in and around Stoke-on-Trent and north Staffordshire more widely, as well as in south Cheshire. It promotes and highlights the issue and supports, helps and works not only with people who are on the autistic spectrum but the carers, families and support groups around those people.

Before turning to the Bill, I want briefly to pick up on a couple of points made by my hon. Friend the Member for Wakefield. First, she raised the issue of reading to babies. I am delighted to know that, on a widespread basis, not only babies but unborn babies are being read to, as parents are being encouraged to read to the child in the womb. That sets the right standard for the future. If parents get into such habits from the earliest possible moment, that must be to the good.

Mary Creagh: I thank my hon. Friend for his kind comments. Of course, as public speakers we all learn from the master of the Chamber—the hon. Member for Buckingham, who made such an eloquent speech.

On reading to babies, I am beginning to feel that I have failed completely in my duties as a mother in not having read to either of my children while they were in the womb. I hope that we can reassure prospective parents throughout the country that people have grown up perfectly well without that. However, if the research that is going on into child, baby and foetal development—it is cutting-edge, incredibly important stuff—shows that that is what should be happening, we need to be getting the message out there.

Will my hon. Friend pay tribute to Booktrust? After conducting research showing that a significant percentage of children grew up in a household that had fewer than three books, it has ensured through a programme of distributing books at 18 months, with check-ups at three and five years, that more children are growing up in a household that has at least six books.

Mr. Flello: I fully agree with my hon. Friend's comments. I did not wish to give the impression that parents must read to their unborn children, but that sets the right tone.

John Bercow: We are exploring an extremely important theme, as I am sure you would readily testify, Mr. Deputy Speaker, as a man of enormous experience. May I say to the hon. Gentleman that since my children came out of their mother's womb, I have not only frequently read to them but more frequently been accused of speechifying at them?

Mr. Flello: All I can say is that is that the hon. Gentleman's children must be blessed to hear on a regular basis the words of wisdom that emerge from him. I am sure that they will grow to be well-developed young people through the experience that they gain from that.

Tim Loughton: And I bet he doesn't take interventions from them.

Mr. Flello: The hon. Gentleman suggests that they should intervene themselves; I am sure that they will soon learn to do so.

The Parliamentary Under-Secretary of State for Children, Schools and Families (Sarah McCarthy-Fry): While we are talking about recollections from the womb, may I ask my hon. Friend whether he is aware that Samuel Beckett once said that his earliest memory was from the womb, from a conversation when his mother went to a dinner party in Dublin? When asked what it was like, he said, "Oh, terribly bourgeois and boring."

Mr. Flello: I think that I shall draw a curtain around this particular aspect of the debate, save to say, if I may make so bold, that I am sure an extremely good source of reading for both prenatal and postnatal children would be some of the excellent books that you have penned, Mr. Deputy Speaker.

To return to the points that my hon. Friend the Member for Wakefield made, what concerns me about appointments is not only that they are often held during the day in the case of children who are identified as having special educational needs. We must also consider prenatal appointments, and we need to examine much more closely the availability of time slots both for parents whose children have special educational needs and for those who have yet to have their children. A working mother, for example, has to take time out of her working day to attend appointments, whether they are formal, part of a support network, or a way of engaging with their small children later on. There needs to be a much better look at how we structure appointments, so that they are held not for the benefit of the staff but for the benefit of service users.

My hon. Friend made very well an important point about violence. A case came to me, as a constituency MP, involving a parent of teenage child who had, in their earliest years, exhibited violent behaviour as a result of their special needs, which had never been formally picked up on and assessed. When the child was small it could be controlled, contained and dealt with, but as they got older and moved through the teenage years, there came the stage that my hon. Friend talked about. My constituent was effectively being beaten by an older teenage child. I understand that the response from the authorities, in the wider sense of the word, was, "Well, you'd better report it to the police." That is not what we want. We need to ensure that parents, and especially the young person concerned, get help and support, rather than involve the criminal system. That seems completely against what we should be looking to do, which is encourage people to come forward and ask for help and support. Thankfully, that situation has been satisfactorily resolved, but it flags up an important issue about violence and what happens around it.

The target to reduce the number of statements has been mentioned several times today, but therein lies very dangerous ground, because, sadly, many local authorities throughout the country are already reluctant to investigate the route of statementing. If there were something behind which they could hide and say, "Well, it is a Government target that we do not have as many statements," I suspect and fear that some of the less progressive and less well-meaning authorities would use it as a fig leaf to mask their inaction and the great difficulty that some parents have in entering the statementing process itself. My local authority in Stoke-on-Trent has a good record on the time that it takes to process a statement, but I am yet to be convinced that it even scratches the surface in respect of those young people who need to be statemented.

I shall now deal with the issue of stigma. I have had many experiences, with constituents and in previous occupations, of the positive and negative impacts of stigma. For example, when I was a councillor in the city of Birmingham, I was also on the governing body of a primary school, and we had an application for a child with a sight impairment. He wanted to go to the school and his parents were very keen for him to go, but because of his sight problems, involving difficulties in very bright light and with finding his way around, there was a concern on the governing body about whether the school would be able to cater for him. We successfully made sure that the school would be able to accommodate and welcome that young person, however, and the school benefited hugely from the experience.

That young person entered a school with a warm and wonderful atmosphere. It was, and I believe still is, a very good school, and the interaction of the other pupils with that visually impaired pupil was superb. They learned so much and became more understanding and accommodating of somebody whose life experiences were outwith their own; and the adaptations and amendments that were required were straightforward and simple. A little bit of drive and forethought enabled the school to become accessible to someone with a visual impairment, and that is brilliant.

More recently, I visited a primary school in my constituency—I am blessed with some absolutely excellent primary schools throughout my constituency—that has a pupil with Down's syndrome. I have known her through her family for a year or two, and she is a wonderful pupil. When I visited, a cooking session was taking place, and some pupils had been taken to it. Each week, there is great competition to be picked to take part in that Friday lunchtime session, and as I walked down the corridor, I saw that the pupils were in a small kitchen making cakes. That was of great interest to me, given my sylph-like figure. The children were resplendent in chefs hats and outfits, we spoke, the head teacher showed me around, we talked with staff and, as we left and started to walk down to the next class to continue our tour of the school, the young lady in question, Nadia, who I am sure will forgive me for mentioning her name, emerged into the corridor. She had been learning French, and with a swoop of her arm—a gesture—she said, "Bonjour!" For me, that typifies both the properly supported integration of children with special educational needs, which is what we should be driving for, and how we should aim to ensure not only that every child matters, but that every disabled child matters, so that everybody is given the opportunity to grow their unique talents.

As I mentioned, children without statements have even greater challenges than children who have been statemented. From what I have seen in the primary schools in my constituency and from my previous experience, I am concerned about some children who have not been statemented or not been through the

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system of identifying what extra support and resources they need. Often, such children are quite rightly given support, but in a school environment where the head teacher, the senior management or perhaps even the class teacher have recognised the need for additional support, sometimes it falls to a worker in that school—be it a teacher or a welfare assistant—to support additional children who perhaps have additional needs.

That misses the point. It is right that those children should have that support, but it should be given properly and in a way that ensures that their needs are properly assessed. Perhaps I can bring to my hon. Friend the Minister's attention the need for a piece of work to be done whereby schools can be audited to find out how many of their children receive informal additional support, but have not been statemented. That might give us a much more accurate figure than the one that the hon. Member for Buckingham talked about at the start of his speech.

Clause 1(2) states:

"It shall be the duty of local authorities in England to ensure that all teaching staff employed in schools have sufficient training and expertise to provide an appropriate education".

We also need to ensure not only that teaching and non-teaching staff have the additional training and expertise to provide education for pupils with SEN, but that they have the ability to recognise pupils with SEN. All too often, the stereotypical view of a teacher in a primary school is of someone in a classroom with perhaps 30 demanding, curious and questioning pupils. With the best will in the world, unless that teacher or other members of staff, be they teaching or non-teaching staff, have the training to spot things and say, "That pupil responded in an interesting way in that lesson—we should find out whether there is something that we should identify" or "That pupil there seems to be constantly withdrawn and seems never to want to engage," there will be another hurdle in giving our young people the additional support that they need.

Not only should we ensure that staff—not just teaching staff, but non-teaching staff—have sufficient training and expertise to provide an appropriate education; we should ensure that they have the training to recognise when a pupil is demonstrating signs of special educational need. The other issue is ensuring that our schools up and down the country have enough trained staff—enough welfare assistants and teaching staff—to provide the proper level of education, whether it be formal education in a classroom setting or even just education in basic life skills and engaging in positive play in the playground.

That reminds me that one key group of staff in many schools is the dinner supervision staff, whether they are on the catering side or working in support of it. When children are out playing at lunchtime, often the lunchtime supervisory staff also need the training and expertise to know how to deal with, assess and sometimes—dare I say it—cope with the demands of a child with special educational needs. We have some fantastic staff up and down the country. Indeed, the lunchtime supervisory staff and catering staff I have met on the rounds of the various schools in my constituency have always demonstrated the highest level of commitment to the children in their care, but it helps and rewards them more if they are given support and training.

John Bercow: The hon. Gentleman has just made an extremely astute observation about the lunchtime period and the need for high-quality staff to be visible and active during it. That is of the essence. Does he agree that these two other examples of why it is necessary to have good provision during lunch time are relevant: first, a child with SEN—one on the autistic spectrum, for example—might find independent play very difficult; and, secondly, that child might find the extremely noisy atmosphere of the playground very disconcerting or perhaps even frightening?

Mr. Flello: I am grateful for that intervention, in which the hon. Gentleman raised some excellent points. I think that he used the word "symbiotic" earlier to describe the relationship between our separate contributions, which must be very worrying to the Whips on both sides of the House.

Other Members wish to speak, so I shall move on to make a couple of further points. Since before I entered Parliament, I have been concerned about pre-school identification. If the Bill goes into Committee, I would like to see it amended to incorporate some provisions about that problem. I am aware of the "Son-Rise" programme, through which pre-school children on the autistic spectrum can really benefit from receiving help long before they get into the school system.

Clause 1 deals with schools, and an important issue is the definition of such beyond just primary and secondary schools. For nursery and early-years provision, the requirement to have staff who know and understand what to look for across the whole range of SEN and other forms of disability—including deafness, for example, which my hon. Friend the Member for Wakefield talked about—is crucial. There is a profound need to ensure that young people are identified and assessed at the earliest possible opportunity and then given all the support they need and deserve. It would be helpful if we could widen the Bill to include nursery provision and, ideally, provision at an even earlier age. Perhaps the Minister could speak to her opposite numbers in the Department of Health to discuss how a much more widespread and wide-ranging programme of early identification could be brought about. We could perhaps work towards a position where statements were issued long before a child reached primary school.

Let me move on to the other end of the problem, so to speak, by which I mean adults who may have gone right through their education without ever being assessed or given appropriate support and the opportunities it could have provided. I have a couple of quick points. First, I urge the Government to undertake some form of audit of people who were never assessed and never given support in order to establish whether any common pattern can be discerned in respect of where they lived, who their local GP was, which primary and secondary schools they went to and so forth. In other words, we need to work back to discover the opportunities missed for getting these people assessed, statemented and provided with the support they needed. I urge the Minister to discuss with her ministerial colleagues the possibility of providing such a reverse audit—not to lay blame, but to ensure that we correct the problem in the future.

Until recently, my constituency was home to the Hamilton centre for adults with special educational needs. Sadly, the centre has now closed, with the service

re-provided in Shelton in the constituency of my hon. Friend the Member for Stoke-on-Trent, Central (Mark Fisher). I support and help carers of a group of adults who believe that the services provided by the Hamilton centre were the most appropriate for them. Although Stoke-on-Trent city council has been good at explaining its decision on the alternative provision, with the best will in the world, it has missed the point because, as the hon. Member for Buckingham said, a range of services is needed, and for some people the Hamilton centre offers the right service. It might not be the right service in the view of social workers or some eminent professionals, but it is in the opinion of individuals and their carers. Therefore, we need to ensure that it is provided as part of a suite of services.

I agree with the extremely good argument that SENCOs should be senior members of staff. At the highest levels of governance of a school, a SENCO should be saying, "Come on, folks, this service needs to be improved," or, "We should be celebrating what we are doing. This is really good provision." Unless SENCOs are at the highest level of governance, they will not have the necessary clout to make changes when appropriate.

I have a few concerns—perhaps this is where the symbiotic relationship will fall down—about the need for SENCOs to be qualified teachers. Up and down the country, there are SENCOs who have done a superb job at the highest level without having a formal teaching qualification. I will avoid the obvious metaphor, but we are in danger of losing the skills and ability of some very good SENCOs who, for whatever reason, are not able or willing to go through the qualification process to become teachers. I urge my hon. Friend the Minister, with whom I have discussed the issue recently, to examine the case of those SENCOs who do a superb job but are not in a position to qualify as a teacher either because of age or personal circumstances.

In an intervention, I expressed concern about other duties. Given how important it is that SENCOs do their job to the fullest of their ability, that their training is constantly updated, and that their continuing professional development is maintained to the highest standards, stretching them in myriad other directions and challenging and questioning how every hour of their time is spent is a problem. I urge my hon. Friend the Minister to consider how schools use their SENCOs, and what other duties those schools impose on those staff.

Proposed new section 14B(5) states:

"Any regulations made under subsection (4) must in particular specify a requirement for every member of staff appointed as Special Educational Needs Co-ordinator to have training in special educational needs and disability, including autism."

Later, in the interpretation clause, the meaning of "autism" is clarified, but, on a minor point, I wonder whether the proposed new section should include a more explicit reference to autistic spectrum disorder.

I do not know whether I am alone in this view, but I think that perhaps Ofsted inspections should take place without notice. I know that changes have been made to the arrangements, but I think that rather than a school's being given a week or a month's notice of an inspection, it might be better for an inspector to turn up at lunchtime on a wet Wednesday and to say "Hello there—I am your Ofsted inspector and I have come to carry out an inspection."

There are a number of problems with Ofsted, but one of them is the flurry of activity that takes place before an inspection to ensure that staff understand what the policy requires and are present to discuss it. I think that we may be creating a false idea of what happens during an Ofsted inspection. I must choose my words carefully here, but in years gone by it was said that members of the royal family believed that coal was white because it was always whitewashed. We are encouraging school staff to run around like mad things preparing themselves for an inspection, when it would be better to have a shapshot of what really happens at lunchtime on that wet Wednesday when the inspector calls unannounced.

We should also bear in mind the huge stress to which we subject staff in the run-up to an Ofsted inspection. It would be much better for them to know that the inspector will see them warts and all than to feel that they must be on their best behaviour as he or she observes them giving a lesson. We should take a bit of the pressure off them, so that they need not spend a month in a heightened state of frenzy.

I urge my hon. Friend the Minister to consider introducing SEN inspections. Specialist Ofsted inspectors would visit schools around the country simply looking at SEN provision and at pupils. They would have been trained to be able to identify pupils who had not been statemented but should have been, and the school staff could use that as a resource. If they expressed concern about, say, three or four children who had not been statemented, the inspector, or inspection team, might respond supportively by expressing surprise that the authority had not granted statements. Inspectors would be able to bring specialist knowledge to bear and to say "Best practice at the moment is to do something slightly different", or, alternatively, "What you are doing here is best practice, and we will ensure that it is spread when we carry out further specialist inspections."

The issue of exclusions concerns me greatly, for several reasons. We routinely exclude young people from schools when their only crime has been to have a special educational need which may manifest itself in violent behaviour in the classroom or in disobedience. That is not the problem, however. The problem is the underlying one of a special educational need that may never have been picked up. At a certain point after primary school and the early years of secondary education, frustration or one of a host of other possible triggers may cause young people with special educational needs to demonstrate behaviour that is more exaggerated. They may have managed to lose themselves in the big school until that point, but something then happens that causes them to stand out. That may lead to exclusion, although the only crime that such young people have committed is having a need that has not been recognised or met.

I should like to see a review—rather like a backwards audit—of people who have passed through the entire education system without having ever been statemented. I should also like to see an audit of exclusions to establish how many involve young people who have never been statemented but should have been. Such problems ought to be picked up early, although some young people may not demonstrate the behaviour that draws them to the attention of the school authorities and leads to an exclusion until the last year of their schooling. By that time, in some senses it is too late, but it should not be. As has been said, there is a void and an

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abyss: a child reaches school-leaving age and is abandoned. We need to make sure that we identify the problems as soon as possible.

I am also concerned about informal exclusions, when, for example, a parent might be told: "The Ofsted inspectors are due in on Monday. You've been talking about taking your young one for a few days away; doing that next week would be a really good idea." Alternatively, a parent might receive a telephone call in the morning to be told: "We think it would be a good idea if you took your child home for lunch and then they come back in tomorrow." Although they are illegal, such informal exclusions happen time and again.

John Bercow: I am glad that the hon. Gentleman is giving proper scrutiny to the exclusions issue, and in particular informal and unofficial exclusions, which I agree are illegal. Is it not particularly galling, and an indictment of the schools that do it, that some schools exclude SEN and disabled children on sports day, or from visits to a theatre or a holiday camp, or, perhaps, when the school is to receive what it considers to be very important visitors? Is it not intolerable that a school might exclude such a child out of a crude sense of administrative convenience, or from a desire to avoid embarrassment?

Mr. Flello: I thank the hon. Gentleman for that intervention. It is worse than intolerable; it is absolutely disgraceful—even diabolical. To return to the point about Nadia and her flurry of "bonjours", it adds to a school if children with special educational needs are at the very heart of what it does, because that shows the quality of its care. When I visit schools, it is often the little things—I hesitate to use that phrase as it might be misunderstood—that say so much. How a school helps and supports the most vulnerable members of our society speaks volumes about the quality of the school itself.

An issue connected with speech and language was brought to my attention by some dedicated health workers in my constituency. It is to do with soothers—dummies as they were called in my day. *[Interruption.]* I am guided by my hon. Friend the Member for Wakefield (Mary Creagh) that "soothers" is an American term, but it is the term that was used when the matter was raised with me. I gather that the cheapest—and therefore probably the most widely available, and the most accessible to parents on low incomes—dummies or soothers harm the early development of speech in young children, compared with the most expensive ones, which do not cause that harm. The huge raft of ongoing work on that needs to be driven forward.

Mary Creagh: The issue is not only to do with how dummies or soothers can impact on the language development of a child. If anyone sees a four-year-old sitting in a pushchair with a dummy in their mouth, it is obvious that they should not have it, but parents might need more guidance in respect of younger children who are about to cry, perhaps, or are very hungry or tired, and who need or want their dummy as a comfort. The sucking of dummies can also have dental implications for children as the milk teeth come through. I have spoken to dentists who have told me about a dummy arc that that they can spot occurring in a child's mouth. Does my hon. Friend agree that children's centres and Sure Start centres should be working with parents, and giving them clear guidelines? I sometimes think that health professionals worry about giving parents clearer instructions.

Mr. Flello: My hon. Friend makes her point well, almost to the extent that I need not comment further—but I shall, if I may. She is right about the issues associated with the dental impact of soothers. We must be slightly careful to ensure that parents who are sitting at home watching this debate are not fearful of doing almost anything, having listened to what we have said. The vast majority of parents love, care for and want to do what is right for their children, and would be horrified to learn that what they think is doing the right thing for their children—giving them a soother—is having an adverse effect on them. She is right to say that Sure Start centres are very well placed to help, but primary schools can be too. A parent of a child who is in primary school may well have another child of pre-primary school age, so that is another route by which parents can be educated about why certain types of soother are less appropriate than others and why others are more appropriate. By that means, we can ensure that something is done to address a speech and language problem that is easily solvable, so that the resources and support can be concentrated on other problems, rather than on children whose difficulty is not simply down to being given the wrong sort of soother. I ask the Minister to speak to her colleagues in the Department of Health to see what be done about the use of soothers.

In conclusion, let us consider the transition from primary to secondary school. That involves the handover of responsibility and the huge gulf faced by a child who has grown up in the warm, comforting and supportive environment of a primary school and is then suddenly let loose in a high school, where the vast majority of children are bigger, brasher and more menacing—whether or not that is their intention—than that small child who has come up from primary school. We need to do a lot more to manage that transition, which could involve a system of supporting not only children with SEN, but all children who move from primary to secondary school.

Perhaps we could have a system whereby some primary teachers move through for a term, in order to carry on working in a classroom environment with those primary children who are making the transition, particularly the children with SEN. It is a good point at which to tell some children that it is time for them to have new experiences and to have somebody new working with them. It is perhaps an opportunity for them to move to another stage of their development by having a new support worker. For other children, a support worker needs to move through to ensure that the stresses of moving schools and of changing support worker are both being managed. Again, the matter needs to be looked at with a fresh pair of eyes to ensure that the range of children who are making the transition from primary to secondary education—not just children with SEN—have that support.

This morning's debate has been extremely good, and I congratulate the hon. Member for Buckingham on introducing the Bill. He commands great authority in this House on this matter. I believe I speak for colleagues

on both sides of this House when I say that we look to him as one of the specialists in this subject. I congratulate all those who have spoken this morning, and indeed, all those who are yet to speak, on a matter that should be on the front pages of our newspapers, not just consigned—I say this with the greatest respect—to the work of the *Hansard* reporters.

12.39 pm

Paul Rowen (Rochdale) (LD): I also wish to begin by congratulating the hon. Member for Buckingham (John Bercow) on the Bill. Like all the best private Members' Bills, it sets out a clear framework and set of principles on which we can build. He has built up an enviable reputation in this area, and it is a pleasure to be able to support him. I also pay tribute to the other hon. Members who have spoken this morning. It has been an excellent debate, showing that the House of Commons can be at its best when we deal with issues on which there is a high level of consensus about how we can make progress. Like other hon. Members, I hope that, if we are not able to secure a Second Reading today, the Government will take on board many of the excellent suggestions in the Bill.

I speak with some experience on this matter, because before my election I was a secondary school teacher for 28 years, mainly in inner-city schools. For 15 of those years, I was the deputy head of a secondary school in Bradford. My experience at Yorkshire Martyrs college has coloured my understanding of special educational needs, because among its many strengths the school had an enviable reputation in Bradford for its work with children with special educational needs. One of the main lessons that I learned there is that it is not only students with a statement who have special educational needs. As other hon. Members have pointed out, up to one fifth of all school pupils have a special educational need of one kind or another. As the hon. Member for Wakefield (Mary Creagh) said, the number of children on, for example, the autism spectrum has increased, as medical advances have improved diagnosis.

Against that background, it can be a daunting task for teachers in large schools with many pupils to ensure that the needs of every child are met. I know that that is the goal of all teachers, and we should not get hooked up concentrating only on those children with statements. Indeed, those children with statements are usually best provided for, and the problem is those who fall in the middle. They may have a support plan, but resources are often not made available. There is another postcode lottery when it comes to the level of support and provision made available for pupils by schools and local authorities. Clause 1 would begin to address that problem. I know that the Government's code of practice sets out a clear process that schools and teachers have to adopt if they are to meet everyone's needs, but it is a sad fact that that does not happen.

I know that teacher training now includes instruction on special educational needs provision, and how to identify that need, but many teachers never had that training. My school had a good record of such provision, but training is an ongoing process. I had a pupil with Asperger's syndrome in my class a few years ago, and I needed appropriate training so that I could help him get the best out of his education. I was lucky: I had a fellow deputy head who could help. Incidentally, in my experience it can work best if schools have a deputy head who understands and has been trained in special educational needs and a SENCO, who does not always need to be part of the senior management. Margaret Christie, the deputy head, was assiduous in ensuring that all members of staff received the appropriate training when a need was identified.

John Bercow: I am grateful to the hon. Gentleman for giving way and for his generous remarks about my own little efforts.

As we have this morning focused, among other matters, on teachers' understanding—or lack of understanding—of the significance of special educational needs, does the hon. Gentleman agree, having just referred to Asperger's syndrome, that it is profoundly unsatisfactory in 2009 that one can come across, as I did courtesy of TreeHouse recently, a quote from a teacher to a parent of an Asperger's child, to wit: "I don't believe in Asperger's syndrome"? It is not a matter of belief, but of the established fact of the condition and how to cater to it.

Paul Rowen: I agree entirely with the hon. Gentleman; the condition is established. A few months ago, one hon. Member made a similar comment about dyslexia. Such expressions of ignorance do not deal with the problem. It is not our job or a teacher's job to decide what is or is not a special need; rather, it is our job to respond to such needs.

I built a very close relationship with the mother of the young man to whom I referred. She worked as a support assistant nearby and would often come along and assist. By the time that young man left my school, he was happy and making progress. I felt that my school had done an excellent job in supporting him. The big problem is that that does not happen in every case. Sometimes, the relentless pursuit of exam results and improved gradings means that some teachers and some schools decide that certain individuals are not going to contribute to their school's success and, unfortunately, they are asked to go elsewhere. That is wrong.

Clause 1 concentrates on training. It would make training provision a duty and a responsibility. Rightly, the clause mentions those with special educational needs and disabilities, and not only those who are statemented. We need to be able to cater for the whole range. The requirement in the clause for local authorities to publish plans for how they are going to meet those needs would go a long way towards dealing with some of the postcode lottery issues.

Any parent whose child has a special educational need going into school is presented with a vast panoply of bodies that they have to consult and with which they must involve themselves. Finding the support and help that they need can be a maze. Whether they should deal with the local PCT, education psychologists or the school itself is not clear. We all have a duty—the Bill does not prescribe it, but it does set out a means—to ensure that the process is signposted. The support and help that is given to parents needs to be clear so that they can get the help that they need.

My sister has two dyslexic boys. I remember the problems she experienced when they were in primary school. The local authority refused to arrange a test so that the boys' dyslexia could be established. In fact, because she was able to do so, she paid for a dyslexia

[Paul Rowen]

society to undertake the test, which was the only way for her to get that support. She is an articulate, very determined woman who does not take no for an answer. I am concerned that many parents do not get the support that they need, not because they do not want to push the door, but because they do not know how to push in the right direction to get what they need. Requiring local authorities to publish plans to say what will be available will go a long way. It would reinforce the Government's statutory code of practice for special needs, which is already established. I very much welcome that proposal.

The hon. Member for Stoke-on-Trent, South (Mr. Flello) mentioned special educational needs co-ordinators—SENCOs. They do not necessarily have to be qualified teachers. We had one in my school who was not, and she was excellent. She was widely respected in the school and did an excellent job in supporting all of us in delivering that particular service. It is right that all SENCOs should have training and, to back up what the hon. Member for Buckingham said, that someone at senior management level in the school should have responsibility for this area, and that they too should have training. That was the case in my school. We had a deputy with special training, and a SENCO. The deputy provided the support at senior management level to ensure that what was needed was actually provided.

The Government have decided this year to abolish key stage 2 tests. That provides them with a golden opportunity to use the resources that have been freed up to provide a statutory assessment for all pupils at the age of five. That is certainly my party's policy. Rather than parents having to fight their way through a maze of different people and organisations to get an assessment, we would provide one for all young people as of right, using the resources that have been freed. That would take us a good way forward.

I agree with the hon. Member for East Worthing and Shoreham (Tim Loughton) about the separation of the assessment and the provision of statements. There is often a conflict in local authorities between the available resources and the statementing process. A separation of the two functions—so that the people providing the assessment were not also the people who had to provide the funding for the statement—would help parents and pupils to get what they were entitled to. That separation is long overdue, and its implementation is certainly my party's policy.

I support the clause requiring the management of special needs to be an integral part of a successful Ofsted appraisal. During the passage of the Apprenticeships, Skills, Children and Learning Bill, the Schools Minister said that it was highly unlikely that a school would get a good Ofsted rating if that provision for special needs was not of equal standing. The provision in the hon. Gentleman's Bill puts beyond doubt that that provision should form an integral part of any successful Ofsted. This would make it clear to all schools that such provision was as important as successful exam results, as relationships with parents and as how the school is managed. I believe that that is the right way to go.

Clause 3 deals with permanent exclusions. My experience is that they represent a failure of the system to provide an education. If the process is working properly, some other provision can be made long before resorting to such a measure. At my school, we had to admit on many occasions that what we were able to provide for a young person did not meet their needs. We therefore made alternative provision, often using the school's resources to buy in expertise or to buy time elsewhere. I find it hugely tragic that a third of all statemented pupils have had a permanent exclusion. There is clearly something wrong with the system and, as the hon. Member for Buckingham has said, a statemented child is nine times more likely to be excluded, which illustrates that something is going on in the system that is not meeting the young person's needs. Although the numbers are low—780 in the last year for which figures are available—that is 780 permanent exclusions too many. Beneath that, there will probably be a much larger number of fixed-term exclusions, which in all probability will have built up to lead to that permanent exclusion. My experience of the best schools is that before someone ever gets to that position, something has happened lower down. If the Bill is considered further, I think that that should be explored.

I was lucky in the sense that our governors always took a much stronger interest in exclusions, whether they were fixed term or permanent, and before they would agree with any exclusion for anybody who presented with a special need—not necessarily just a statement—we had to be able to demonstrate that every other avenue had been explored. Sadly, that is sometimes not the case.

In conclusion, I welcome the Bill. I am delighted that the hon. Member for Buckingham has promoted it. It will strengthen the system. It sets a framework in place from which we can build and it is not too prescriptive—in my view, that is the best way. It builds on what the Government have already done and provides a framework from which we can move forward to ensure that we get the best out of all our young people. As the Government have rightly said, every child matters. In this case, we should say that every child with special needs and every disabled child matters as much as every other child. I welcome and support the Bill.

12.57 pm

The Parliamentary Under-Secretary of State for Children, Schools and Families (Sarah McCarthy-Fry): I congratulate the hon. Member for Buckingham (John Bercow) on both his success in the ballot and his speech introducing the Bill. He displayed his customary eloquence and clarity, which was all the more admirable as his speech was made without notes, and he once again demonstrated that he is a consummate parliamentarian.

This has been a very important debate, and one that I and all hon. Members present take very seriously. Although it is unfortunate that there are not as many Members in the Chamber as might have wished to be present, I am sure that they were with us in spirit as they were out campaigning on the doorsteps. I know that this issue exercises the minds of every Member.

We have had an interesting debate. My hon. Friend the Member for Wakefield (Mary Creagh) is not here, but I also pay tribute to her racy and intoxicating contribution. I am sure that she will not live that description down. The hon. Member for East Worthing and Shoreham (Tim Loughton), who speaks for the

Conservatives, demonstrated his experience in this field, not least as a vice-chairman of the all-party autism group. My hon. Friend the Member for Stoke-on-Trent, South (Mr. Flello) took early intervention to a new level—not only before children are born but before they are even conceived. Finally, the hon. Member for Rochdale (Paul Rowen) brought his many years of experience as a teacher to bear in his informed remarks.

Let me return to the hon. Member for Buckingham, the promoter of the Bill. I know that the welfare of children with special educational needs and disabilities is close to his heart. He has always demonstrated a genuine concern for their best interests in ensuring that the provision in place offers the most effective support. He has a distinguished history in that respect, which is why my right hon. Friends the Secretaries of State for Children, Schools and Families and for Health invited him in September 2007 to undertake a review of services for children and young people with speech, language and communication needs, which has been referred to during the debate.

In July 2008, the hon. Gentleman produced an excellent report, clearly identifying where services needed to improve to suit the requirements of children with speech, language and communication needs. We were delighted to be able to accept his recommendations in full in our "Better Communication" action plan, published in December 2008.

We are making good progress on the hon. Gentleman's recommendations. Among other activities outlined in the action plan, we are currently inviting local commissioners to apply to become communication needs commissioning pathfinders. Furthermore, we are tendering for the management of an unprecedented £1.5 million communication needs research programme and for support arrangements for the communication champion and communication council. The work of the champion and council will culminate in the national year of speech, language and communication in 2011-12.

Susan Kramer (Richmond Park) (LD): I thank the Minister for giving way. I apologise for coming to the debate so late; my new grandchild was born last night, and it meant that I had to look after the other one this morning.

Is the Minister aware of that category of children who do not count as special needs children because they have high-functioning autism or Asperger's? They can carry out tasks in class, but their communication and relationship skills are very weak and often leave them alienated. They do not count as special needs children because they do not have learning difficulties; they do not count as being in need of mental health support, because they do not have mental health disabilities. They are a sort of lost group—but a very significant one.

Sarah McCarthy-Fry: I thank the hon. Lady for her intervention and congratulate her on the birth of her grandchild. She was not here for the earlier part of the debate, but I am sure that she will immediately be starting to read to her grandchild; we have heard how important that is. My first grandchild was born on Christmas day, and I have been continually reading to him, having taken the advice of my hon. Friend the Member for Wakefield.

John Bercow: Archibald?

Sarah McCarthy-Fry: His name is Archie.

To come back to the point made by the hon. Member for Richmond Park (Susan Kramer), I should say that we recognise the needs of children across the autistic spectrum disorder condition. We have been working with the National Autistic Society on developing the materials that we need for training. I will come to that later in my speech.

As I said, the concerns raised today are shared by many; that is why I thank all Members who have contributed to this debate. I also thank the National Autistic Society for raising many of the issues. Meeting the needs of children with autism is an important priority for the Government. I am pleased that we have been able to debate the issues of children with autism during the passage of the Autism Bill, which was introduced by the hon. Member for Chesham and Amersham (Mrs. Gillan). The hon. Member for Buckingham takes a keen interest in autism, and I am sure that all Members are now aware that on Wednesday the hon. Lady's private Member's Bill concluded its Committee stage in the Commons.

The Autism Bill now focuses on adults with autism and the Department of Health's adult autism strategy. It has the support of both sides of the House and will bring significant benefits to adults with the condition. The National Autistic Society is happy with the Autism Bill's new focus on adults, as it recognises what we are already doing to improve provision for children with autism. That includes the in-service, online and DVD training materials on autism for early-years providers and teachers, which we published last month as part of our inclusion development programme.

Planning is an important element in improving services for children with autism. During discussions on the Autism Bill, I committed to including in draft guidance for children's trust boards, in relation to children's and young person's plans, specific wording on autism within the wording that encompasses all children with special educational needs and disabilities.

I am sorry that my hon. Friend the Member for Stoke-on-Trent, South has had to leave; he has a surgery with his constituents this afternoon. He raised a point about the classification of autistic spectrum disorder. I wanted to assure him that we have taken that on board and will consult with the National Autistic Society on the phrasing in the guidance, to make sure that we do not miss out anybody within that spectrum disorder. Following Royal Assent, we will consult on the guidance for the Apprenticeships, Skills, Children and Learning Bill, with the aim of formal publication of the guidance in March 2010. As I said, I gave a commitment to the hon. Member for Chesham and Amersham that we will consult the National Autistic Society on the wording of that guidance.

On transition, I should say that, in a letter ahead of the Second Reading debate on the Autism Bill, the Minister of State, Department of Health, my hon. Friend the Member for Corby (Phil Hope) and I reaffirmed to all Members that we would devote £200,000 of the £19 million transition support programme to research on the transitions to adulthood of young people with autism. That brings me to the point about joint working

[Sarah McCarthy-Fry]

between DCSF and the Department of Health, which has been raised by several Members. Since being in post, my hon. Friend the Minister responsible for disabled people and I have pledged to work together to bridge that transition gap. We also announced in the letter that we would increase the funding that DCSF gives to the Autism Education Trust from £320,000 in the last financial year to £500,000 this year to help it, in collaboration with the DCSF-DH commissioning support programme, to work with local authorities and primary care trusts to improve the commissioning of services for children with autistic spectrum disorders. Work on that will kick off this month. I am pleased to announce today that in recognition of the scope and importance of this work I am increasing the funding that we give to the trust to £580,000 this financial year to ensure that it can do its work properly.

John Bercow: Increasing it from what?

Sarah McCarthy-Fry: From £500,000, so it is an additional £80,000.

It is obvious from all this that we want this country to be a place where everyone gets the same rights to an excellent education. Just because someone has a special educational need or a disability should not mean that their experience of education is any different. That is exactly what the hon. Gentleman's Bill sets out to secure. I agree that these are important areas, and I share his commitment to ensuring that action is taken to ensure improved outcomes for children with SEN and disabilities. Let me say at the outset that I am not convinced that the proposals as framed in the Bill are necessarily the best way of securing progress, but I hope that during the course of my remarks I can set out how we can achieve the outcomes that we all want.

Taking the Bill clause by clause, let me start with the provisions relating to training. The Bill proposes a duty on local authorities in England to ensure that all staff employed in schools have sufficient training and expertise to provide an appropriate education for children with special educational needs and disabled children. Maintained schools and local authorities already have duties to meet children's special educational needs under the Education Act 1996. Maintained schools must use their best endeavours to make the special educational provision for which a child's learning difficulties call. Local authorities have a duty to keep the SEN arrangements in their area under review. Maintained schools also have to publish information about any arrangements relating to SEN in-service training for staff.

The Bill proposes that the Secretary of State may make regulations in furtherance of the duty on training. It says that regulations must, in particular, specify that

"every member of staff appointed as Special Educational Needs Co-ordinator"

must

"have training in SEN and disability, including autism."

We recognise that the role of the SENCO is key to ensuring the best provision for children with SEN and disabilities. In response to concerns registered in 2006 by the then Select Committee on Education and Skills, we are taking steps to strengthen and raise the profile of SENCOs. As has been pointed out, from 1 September this year regulations require them to be qualified teachers. That is to ensure that they have the necessary authority to negotiate with qualified colleagues differentiated teaching provision geared to individual pupil needs.

The hon. Member for Rochdale and my hon. Friend the Member for Stoke-on-Trent, South questioned the need for SENCOs always to be qualified teachers, but I firmly believe that in order to carry out that role effectively the SENCO needs to be a qualified teacher. There is a two-year transition period for SENCOs who are not currently qualified teachers but have been in post for at least six months on 31 August 2009 to gain qualified teacher status by September 2011. That arrangement should allow sufficient time and opportunity for those who wish to gain a teaching qualification to do so. I know that there are teaching assistants who are currently performing the SENCO role, but we still maintain that the lead person who is designated by the school governing body as the SENCO will need to be a qualified teacher.

However, we do not expect that the designated teacher will necessarily carry out each and every aspect of the role. Teaching assistants play an important part in supporting the learning of pupils with SEN and disabilities. In some larger schools, there is often a SENCO team comprising teachers and non-teaching staff. Teaching assistants will, of course, be able to continue to make an important contribution, including by supporting the work of the SENCOs, but I state again that the lead person responsible for the overall co-ordination of provision must be a qualified teacher.

We agree with the hon. Member for Buckingham that appropriate training is key to SENCOs carrying out their role effectively. Some have received very good training, and I commend the efforts of schools and local authorities in that regard, but we know that others have not necessarily received as much preparation. I agree that we must address that patchiness in provision, but I am not convinced that we need a new duty to do that.

Section 317 of the Education Act 1996, as amended by section 173 of the Education and Inspections Act 2006, already gives the Secretary of State the power to institute requirements in relation to the qualification of SENCOs. We are currently consulting on draft regulations that will establish a mandatory training requirement for all those coming new to the SENCO role. We propose that the training include knowledge and understanding of the four areas of need in the SEN code of practice and the high-incidence disabilities, and that will encompass autism.

The new training requirement will apply from 1 September. The courses should normally take one year to complete on a part-time basis, assuming that no credit is given for prior qualifications or experience. Our draft regulations propose a three-year period of latitude to obtain the award, so as to make full allowance for the individual circumstances of post holders and schools. Those responding to our consultation have warmly welcomed that.

The training requirement will cover all those coming new to the SENCO role in maintained schools. For those SENCOs in post on 1 September 2009, we propose to define "new to the role" as within one year of first being appointed. We believe that that is a reasonable cut-off point. Although we recognise that there may well be SENCOs who have been in post for some time who would benefit from the training, we will be making

funding available for an initial period to support the training of newly appointed SENCOs. However, it would certainly be possible for those who had been in post for a period longer than a year to attend the courses if that were desirable.

Our funding priority will be those coming new to the SENCO role, but as numbers become clearer we will examine the scope within the assigned resources for supporting SENCOs who have been in post longer. We will also examine ways of ensuring that those who have been in post for some time draw the benefit from the new training resources developed under our inclusion development programme, and consider how we can promote those materials and encourage SENCOs to take advantage of them. I therefore reassure the hon. Gentleman that we are already taking steps to establish a mandatory training requirement for staff who deal with children with SEN.

The Bill proposes that any regulations made under the duty must in particular specify that every local authority must develop and publish a strategy to ensure that every school has access to a range of educational support to meet the needs of pupils with special educational needs. Under the Special Educational Needs (Provision of Information by Local Education Authorities) (England) Regulations 2001, local authorities are already required to publish information about arrangements made in support of children with SEN and disabilities. That expressly includes support for schools and arrangements for securing training, advice and support for staff working in their area with children with SEN.

Simply setting a requirement to have a strategy would not, of course, ensure that arrangements were adequate or improved. Several hon. Members have made that point, including the hon. Member for Rochdale. The Department for Children, Schools and Families has already given a clear lead by publishing in 2008 quality standards for SEN support and outreach services. The standards have been well received, and Ofsted has said that it will have regard to them when inspecting local authority SEN provision. Although we do not consider it appropriate to make those standards mandatory, we will look for appropriate opportunities to promote and support them actively. We will cover strategic planning of specialist support services in guidance on children and young people's plans. I shall come to those plans later, making reference to the standards.

We have also taken steps to meet particular concerns, notably demographic concerns, about specialist teachers of children with sensory impairment, which my hon. Friend the Member for Wakefield referred to in her eloquent speech, during which she recited her personal experiences. Mandatory qualification courses for such teachers, running from September, will offer additional funded places to meet an expected bulge in retirements. We have also invested in enhancing course facilities in readiness for the additional numbers. Those steps have also been warmly welcomed.

My hon. Friend also made an inquiry about SEN children and school closures, when the children have formed close relationships with existing SENCOs, support assistants and teachers. Local authorities have to carry out the SEN improvement test, justifying what is proposed in terms of expected benefits, and think through the consequences for children who are covered by the provision, but I am happy to write to her on the specific constituency issue that she raised.

We have given funding support to newly established trusts to raise the profile of communication, dyslexia and autism. Their work includes promoting specialist training and access to specialist services for those who need them. Sir Jim Rose is developing recommendations on the identification and teaching of children and young people with dyslexia, and his report will be published later this summer.

On the wider, service-commissioning front, we are promoting better joint working between children's services and the national health service, and I point to the provisions in the Apprenticeships, Skills, Children and Learning Bill to place children's trusts boards on a statutory footing; to pathfinder activity that has been commissioned as part of the speech, language and communication needs action plan, which will be of particular interest to the hon. Member for Buckingham; to recommendations arising from the review of child and adolescent mental health services; to the children's communication aids equipment project, which was set out in the child health strategy that was published jointly with the Department of Health; and to the £20 million commissioning support programme, which is also operated jointly with the Department of Health. I hope that I have been able to persuade hon. Members that the measures that we have in hand are sufficient to deliver timely improvements to the skills of the schools' work force in relation to children with SEN and disabilities, including autism.

The Bill before us further proposes that no person shall become a qualified teacher unless they have demonstrated a satisfactory understanding and awareness of special educational needs and disabilities, including autism. All providers of initial teacher training are already required to ensure that their courses enable trainees to meet the professional standards for qualified teacher status. That means that they must demonstrate an understanding of SEN issues and an ability to differentiate their teaching to meet the individual needs of children, including those with SEN and disabilities. We will continue to work actively to improve coverage of SEN and disability issues within initial teacher training courses.

Under the children's plan, we are committed to spending £18 million over three years to improve provision for SEN and disability. The lion's share of that, some £12 million, will go towards supporting work by the Training and Development Agency for Schools to enhance and improve coverage of SEN and disability issues in initial teacher training through the creation of new study units for initial teacher training courses and other practical steps. That substantial investment demonstrates the importance that we attach to improving work force skills.

The Bill makes a particular reference to training in autism. We agree that it is important that teachers understand autism, and we are taking action on that front. I mentioned that we had recently developed, through the TDA, new SEN and disability study units for primary undergraduate ITT courses. Those include a unit specifically entitled, "The particular needs of pupils with an autism spectrum condition". The units were launched last June, with £500,000 to aid their

[Sarah McCarthy-Fry]

take-up by training providers. Similar units for secondary and PGCE courses are nearing completion and will be released later this year.

John Bercow: I am extremely grateful to the Under-Secretary for giving way, because I am looking through my checklist of concerns and I am encouraged to find that she is allaying them as she goes along. She just referred to ITT primary undergraduate units and the £500,000 that has been committed to their dissemination. Given that I think the secondary school ITT units are due to come on stream a year after the primary units, will the Minister tell me and the House the sum that is earmarked for them? Will the money also be channelled as widely as possible, and the units be actively promoted in the same way as the primary units?

Sarah McCarthy-Fry: We are certainly as committed to the secondary area as we are to the primary area. I do not have the figure to hand, but I shall be more than happy to write to the hon. Gentleman.

The programmes that we are supporting through the TDA also provide additional opportunities for student teachers to gain first-hand experience of working with pupils with SEN by means of extended placements in special schools.

In addition, we are looking at ways of further strengthening induction arrangements, through new materials and other support, as well as through further support for tutors.

To bolster the confidence of teachers already in post, which the hon. Member for Rochdale and others mentioned, we have launched the inclusion development programme, through the national strategies. The IDP provides specially commissioned professional development resources in areas of SEN that we know teachers find difficult. The IDP resources for 2009, launched in March, are designed to help teachers support pupils on the autism spectrum. We will continue to work actively to promote the dissemination of those resources through national strategies, SEN regional hubs and other means. We gratefully acknowledge the National Autistic Society's contribution to those materials.

An independent study being carried out by the university of Warwick will ascertain whether those initiatives are having the desired effect in terms of improved teacher confidence and assess whether further action is needed. Subject to royal approval of the Apprenticeships, Skills, Children and Learning Bill, we will require every area to have a children's trust board, with a legal responsibility for producing, publishing, reviewing and annually revising the children and young people's plan. The CYPP is the single statutory, strategic and overarching plan for all services that directly affect children and young people in an area, showing how the local authority and all relevant partners will integrate provision to improve well-being across all five outcomes in Every Child Matters and focus on specific challenges and priorities.

Although the CYPP is not a detailed operational plan, it will be required to include a strategy for the local work force to deliver the priorities set out in the plan for improving children and young people's well-being. That will include children and young people with SEN and disabilities. We intend to consult fully with stakeholders and partners on statutory guidance for the children's trust board and on CYPP regulations in the autumn.

John Bercow: May I ask the Minister two things? First, would she be willing to include interested right hon. and hon. Members in the consultation on those plans? Secondly, although I absolutely accept that there is a limit to how much detail the plans can cover, can she at least assure me that, in talking about people with SEN and disability, they will include a reference not just to what might be called universal or targeted services, but to specialist services?

Sarah McCarthy-Fry: I can indeed give the hon. Gentleman that assurance. Specialist services will be part of what is required, and we are always happy to welcome hon. Members' input into regulations and guidance. I hope that he will also recognise the existing requirements and the practical steps that we are taking to introduce the new dedicated training resources.

The Bill as drafted proposes amendments to section 117 of the Education and Inspections Act 2006, in order to add to the general areas that Ofsted must have regard to in performing its functions an explicit reference both to the needs of children with special educational needs and disabled children and to compliance with relevant statutory requirements. Section 117 of the 2006 Act is a general provision that concerns Ofsted's functions as a whole, rather than school inspections specifically. It includes a small number of high-level aspects, such as the need to safeguard and promote the rights and the welfare of children and the need for Ofsted to be user-focused, efficient and proportionate.

However, it is worth noting that, as a public authority, Ofsted is already subject to the general duty under the Disability Discrimination Act 1995, as amended, to have due regard in exercising its functions to, among other things, the need to eliminate discrimination and to promote equality of opportunity between disabled people and others. That duty applies to all Ofsted's functions, including its school inspection function. It is absolutely right that school inspection should have a strong focus on the needs of children with special educational needs and disabilities.

The general areas that Ofsted is required to report on in the current legislative framework are set out in section 5 of the Education Act 2005. They include aspects such as the quality of education provided in the school, the standards achieved and the quality of leadership in, and management of, the school. In looking at Ofsted's inspection framework, which is underpinned by the relevant legislative provisions, hon. Members will be aware that the framework is currently being revised in advance of the planned start of a new cycle of school inspections from this autumn. In that context, the chief inspector, Christine Gilbert, has made it clear that Ofsted intends the new arrangements to have a strong emphasis on analysing outcomes and provision for learners with different needs. Within that, the intention is for the framework to be strengthened to ensure that the needs of pupils with special educational needs are carefully considered throughout.

I understand that specialist HMIs have been closely involved in these developments. In relation to the assessment of pupil achievement and enjoyment, for example, there will be a discrete judgment in every school inspection

report on the quality of learning for pupils with learning difficulties and disabilities and their progress. Where inspectors find this aspect to be inadequate, it will impact directly on the school's overall assessment, thus limiting that assessment—to be precise, such a school will be placed in a "causing concern" category. A discrete judgment will also be made in every inspection on the effectiveness with which the school promotes equal opportunity and tackles discrimination—again, an inadequate judgment here will translate to an inadequate assessment overall.

It is intended that the needs of pupils with SEN will be picked up across the range of aspects considered by inspectors—for example, in terms of pupils' safety, attendance, care, guidance and support, and the curriculum. Case studies of vulnerable pupils, looking at the effectiveness of care, guidance and support, are highly likely to include pupils with special educational needs and disability, and the emphasis is to be mirrored in the revised self-evaluation form, or SEF, as it is commonly known, which is being developed as part of the new arrangements.

The picture I have painted is an encouraging one, and it is worth noting that all the proposed aspects of the new school inspection arrangements are consistent with the recommendations to date made by Brian Lamb, the chair of the Special Educational Consortium. The question asked by the Bill, and, indeed, by hon. Members today, is whether we should be doing more. With that in mind, my right hon. Friend the Secretary of State has requested further advice from Brian Lamb by July on whether any further changes, including to legislation, are necessary.

Although I do not feel it is appropriate to pursue the specific proposals of the hon. Member for Buckingham at this time, the Government's mind is not closed to the prospect of further change, if it is found to be necessary. If decisive action is needed, I can assure the hon. Gentleman and the House that we will take it. We have, I believe, a good record of responding positively to Brian Lamb's findings in previous reviews.

The SEN framework has been much debated, and the then Education and Skills Select Committee published two reports on it—in 2006 and 2007. As hon. Members will know, we said in response to the first report that we did not think the time was right for a completely fresh look at SEN. We said it was more important to get on with implementing our SEN strategy, which set out a programme for improving mainstream school skills in meeting the needs of a wider range of children with SEN.

It is worth saying that many schools do an excellent job in meeting children's SEN needs, and they do so to the satisfaction of the majority of parents, but just because most parents are happy, it does not mean that there are not some parents who feel they have a rough deal—and I am sure every hon. Member has some experience of that. We look forward to Ofsted's review and the final recommendations of Brian Lamb's review.

Let me move on to the important area of the exclusion of pupils with special educational needs and disabilities. I absolutely understand the concerns that lie behind the proposals of the hon. Member for Buckingham. Disabled pupils already have protection in law and strong statutory guidance exists to help schools handle these very difficult decisions, but I acknowledge what he and other hon. Members have said about children still slipping through the net.

We revised our statutory guidance in September 2008 and set out in more detail the points that head teachers should think about when considering how to respond to disciplinary incidents or sustained misbehaviour. The guidance states that schools should try every practicable means to maintain a pupil with SEN in school and should seek local authority and other professional advice as appropriate. Schools should permanently exclude pupils with SEN statements only in exceptional circumstances. The guidance sets out that schools should make every effort to avoid excluding pupils who are being supported via School Action or School Action Plus, including, where appropriate, by asking a local authority to consider carrying out a statutory assessment.

The guidance further states that, where a pupil with SEN is excluded, the head teacher should work with the local authority to see whether more support can be made available or whether an SEN statement can be changed to name a new school. If either of those options is available, the head should normally withdraw the exclusion. The guidance sets out an expectation that, following a permanent exclusion, local authorities should assess a pupil's needs, undertaking an assessment, where one has not already been carried out, under the common assessment framework. It also emphasises the importance of ensuring that the parents of excluded SEN children receive advice on the options available for their child's future education.

Ofsted recently undertook a review of how local authorities were meeting their statutory duty in that regard. The report was published on 13 May and showed that eight out of 28 secondary schools, two out of three special schools and eight out of 18 local authorities did not fully comply with the legal requirements. On the plus side, however, some of the schools at least complied in part. We accept Ofsted's report and the recommendations, and we will support schools by gathering and disseminating examples of good practice in meeting the "day six" legislation to suit a range of situations.

We expect local authorities to ensure sufficient good-quality provision for schools to access where they choose to use external provision. We have said that we will work with both national strategies and local authorities on identifying good practice among authorities with low rates of exclusion of children with SEN. That has resulted in a series of recently completed visits to local authorities, specifically designed to identify why some authorities have high rates of SEN exclusions while others do not. The information will be used in national strategies' ongoing work with local authorities to improve the situation. National strategies will also report policy conclusions from the deep-dive work to the Department soon. Those will input into the Ofsted SEN survey and help to inform national developments.

Early intervention and prevention are crucial, and we expect schools working together in behaviour and attendance partnerships to adopt strategies to focus on prevention and early intervention for pupils at risk of exclusion. As has been mentioned, some exclusions might be a result of schools not fully understanding the difficulties, and misinterpreting the behaviour, of children with autism. Our good practice guidance was partly designed to raise awareness of autism, and the DVD and online materials provided under the inclusion

[Sarah McCarthy-Fry]

development programme will further spread awareness among teachers and early-years providers, and help them to address children's difficulties.

We have issued clear and strong guidance to schools, designed to ensure that permanent exclusion is a last resort. We have a worry that further legislative provision risks hindering heads in the reasonable exercise of their disciplinary powers when faced with difficult and challenging situations, but we recognise the importance of ensuring that messages are reinforced. We will continue to look for opportunities to emphasise the importance of a reduction in the disproportionate rate of exclusion of pupils with SEN.

We have collected examples of good practice in reducing exclusions of SEN pupils and, as recommended by Sir Alan Steer, national strategies will use that to support and challenge high-excluding authorities and those with high SEN exclusion rates. Under the Apprenticeships, Skills, Children and Learning Bill, behaviour and attendance partnerships will be required to make an annual report to the children's trust board—a further monitoring mechanism. My right hon. Friend the Secretary of State has instructed officials to include SEN and exclusion in the guidance on behaviour and attendance partnerships, which is due to be published later this year. That will provide a timely opportunity to highlight the importance of a reduction in the disproportionate rate of exclusion of pupils with SEN. We will look to involve the hon. Member for Buckingham, and would welcome involvement from any other hon. Members and from appropriate SEN interests in drafting the guidance.

I pay tribute to the hon. Gentleman, who has set out to seek the best for people with SEN. That has come through strongly in the debate. I agree with the fundamental principles outlined in the Bill around raising outcomes for children with special educational needs. I hope that I have shown that we are meeting those concerns head-on. Where we have not already addressed such problems, we are making good progress. The message is clear: we cannot allow pupils with SEN to come to school to be met by unfair circumstances. The support they need to succeed should be of paramount importance to every local authority, school and teacher. As we have discussed, there are ways in which provision for pupils with SEN can be improved. We need to do our best to close the gaps and make sure everyone gets a fair chance when it comes to their education.

I congratulate the hon. Gentleman on introducing the Bill, which is testament to his dedication to children and young people with special educational needs. I appreciate the desire to reinforce that with legislation and new duties, but I do not think that that is appropriate at this stage. I hope that I have demonstrated that what we are already doing, and what we intend to do in future, will achieve the outcomes we all want. I am, however, extremely grateful to the hon. Gentleman for bringing the Bill forward. His persistence in such matters ensures that children with special educational needs and disabilities are always at the forefront of our minds. If he is minded to withdraw his Bill, he has my assurance that the commitments I have made today will be delivered.

1.35 pm

John Bercow: I am extraordinarily grateful to the Minister for her detailed, comprehensive and explicit response to the points that I raised my speech and to observations made by other hon. Members. I could not have wished for better.

I think I am right in saying that the emphasis in the inspection framework will be mirrored in the revised self-evaluation form, and that—this may be a point of detail, but it is extremely important—the form will ask schools to provide information on compliance with the duties under the Disability Discrimination Act and those in subordinate legislation and statutory codes of practice. I hope that, perhaps with a nod of the head, the Minister can confirm that my understanding is correct.

Sarah McCarthy-Fry *indicated assent.*

John Bercow: I hope that the Minister will also confirm that evidence of non-compliance will influence the assessment on equalities.

Sarah McCarthy-Fry *indicated assent.*

John Bercow: In response to that, I have again received an encouraging nod of the ministerial head.

Let me end by saying something about exclusions guidance. The National Autistic Society and I would welcome an opportunity to participate in the consultation process. We are also keen to be involved in the consultation on the children and young people plans. I was given a pretty clear steer on this by the Minister. The Government have given us an advance indication of important research on exclusions, which I think—although I am not sure—is to be published, and we would welcome sight of that at the time when it would be proper for us to see it.

My engagement with the Minister, with her right hon. Friend the Secretary of State for Children, Schools and Families and with the Department's officials is proof positive that it is possible to make real progress by engaging in a non-partisan way. I had a little list, to coin a phrase, of no fewer than 25 commitments which I had some reason to hope, and anticipate, that the Government would make today. As the Minister rose to reply to the debate I had the list in front of me, and I am pleased to say that I was able to tick off each and every one of the 25. That is a form of pre-emptive gratification for a Member presenting a private Member's Bill.

As I said to the Minister yesterday and as I also said in my speech this morning, I am not remotely bothered about or interested in a "Bercow Act", and I understand why the Government feel that to legislate at this stage is not the best course. What I am trying to do is deliver a step change in performance that will bring about improvements in services and care for children and young people with special educational needs or disabilities. I am thoroughly reassured by what the Minister has said today: I believe that such improvements will come about, that they will be driven, and that parents and students themselves will enjoy the benefits.

Obviously I shall keep a beady eye on developments and we will have many future discussions, but following the Minister's assurances I am happy to withdraw my Bill. I beg to ask leave to withdraw the motion.

Motion, by leave, withdrawn.

Holocaust (Stolen Art) Restitution Bill

Second Reading

1.39 pm

Mr. Andrew Dismore (Hendon) (Lab): I beg to move, That the Bill be now read a Second time.

The Bill's purpose is straightforward: it is to meet our moral, if not legal, obligations to provide a mechanism for the return to their rightful owners of cultural objects held in national collections that were looted during the Nazi period. I have taken a particular interest in the issue since first being elected, as I think is shown by the number of parliamentary questions I have tabled and meetings I have held with representatives of the Department for Culture, Media and Sport. I have to say that the Government, and successive Arts Ministers, have been sympathetic throughout. I wish to compliment the Under-Secretary of State for Culture, Media and Sport, my hon. Friend the Member for Stevenage (Barbara Follett), on the support and assistance that she and her officials have given me so far.

On 17 February 2000, in response to a parliamentary question from me, the then Arts Minister, now Lord Howarth, announced the setting up of the Spoliation Advisory Panel under the chairmanship of a former judge Sir David Hirst. He said the panel would consider and advise on claims from anyone who lost possession of a cultural object during the Nazi era where such an object was now in the possession of a UK national collection or gallery. Of course, there was still a lot of detail to work out, such as formulating and finalising the terms of reference and the membership, but the matter moved fairly quickly from that time.

In April, the membership and terms of reference were announced, and in response to a further question from me Lord Howarth said:

"The Government are determined to set an example of how a civilised society should conduct itself in making possible redress for historic wrongs committed during the Nazi era, including the looting of cultural objects."—[*Official Report*, 8 May 2000; Vol. 349, c. 491.]

In June 2000, in evidence to the Culture, Media and Sport Committee, the British Museum agreed with the Committee Chair that if it held objects looted by the Nazis, it would wish to find a way to achieve the return of those objects to the victim's family.

The first meeting of the panel took place on Thursday 8 June 2000. It was aware of only one claim at that stage, but it received some fame from it: Jan Griffier the Elder's picture, "A view of Hampton court palace", which the Tate had acquired in 1961. The panel looked into the claim and recommended to the Minister that an ex gratia payment of £125,000 should be made to the owners, with an explanation on the display panel next to the painting of its ownership history.

The Spoliation Advisory Panel's website reveals that it has dealt with a further six cases since then: a still life in the Burrell collection in Glasgow, which had been taken from a Munich art dealership; a 12th century Missal in the British Library from the cathedral of Benevento, which is still under dispute as it cannot be returned for reasons I shall explain; a portrait by Nikolaus Alexander Mair von Landshut in the Ashmolean museum; four old master drawings, which I shall discuss shortly, in the British Museum; three drawings from the same collection in the Courtauld; three paintings by Rubens, again in the Courtauld; and two pieces of porcelain, one of them in the British Museum and the other in the Fitzwilliam museum.

So far so good, but the problem is that the law is such that for works held in some collections restitution is not possible and there is no power to "de-acquire"—that is the current term—items, while in other museums the situation can be different. That can lead to unjust, unfair and sometimes downright ludicrous outcomes. Let us consider the two items of porcelain from the same collection. The piece in the Fitzwilliam was returned to the rightful owners, but the piece in the British Museum could not be. In 2005, the panel recommended the return of the Benevento missal, but it still remains in the British Library because of the statutory restriction.

A key problem arose in 2006 when there was a recommendation of an ex gratia payment for four old master drawings in the British Museum. The claimants had originally sought restitution, and the British Museum had publicly affirmed its wish to restitute, but after four years and a High Court case brought by the British Museum seeking the power to restitute, which failed, the claimants gave up and asked for an ex gratia payment, which was awarded. The details of the case are interesting. There were four items, three of which the museum had bought for nine guineas altogether in 1946 at Sotheby's, and the fourth was part of a 1949 bequest. At the time of the case, the total value was placed at about £150,000. In May 2002, the claim for those four drawings was made by the heirs of Dr. Arthur Feldman; they had been looted by the Gestapo from his renowned collection of old master drawings on 15 March 1939 in Brno in Czechoslovakia.

In July 2002, the trustees met and agreed that they should refer the dispute to the Spoliation Advisory Panel, but also sought counsel's advice. In August 2003, because of the concerns over the law, the advice of the Attorney-General was sought. He shared the concerns about the legal position and said that under the British Museum Act 1963 disposal was probably prohibited. So, the matter went, in a friendly way, to the High Court, where the Attorney-General had brought the case against the British Museum. Everybody wanted to achieve the return of the objects, but in May 2005 the court ruled that no moral obligation could justify a disposition by the trustees of an object forming part of the collections of the museum. The British Museum wanted to return the objects but could not lawfully do so, and, as I have said, that led to a payment of compensation, which was a rather unsatisfactory result all round.

In June 2005, I followed that up by tabling a parliamentary question to the then Minister, my right hon. Friend the Member for Tottenham (Mr. Lammy). He replied:

"We are carefully considering the recent recommendation of the Spoliation Advisory Panel that legislation should be introduced to permit the return of items where possession was lost during the Nazi era. The Vice Chancellor's judgment of 27 May provides clarity in this important area and will contribute to our consideration of the Panel's recommendation."—[*Official Report*, 14 June 2005; Vol. 435, c. 235W.]

In 2006, the Government began a consultation on how to resolve the issue. As I have said, in 2007, three further drawings from the same collection—the Feldman

[Mr. Andrew Dismore]

collection—were found in the Courtauld and were able to be restituted because the Courtauld was not caught by this legal restriction that applies to other public collections. We have the position where four of the drawings cannot go back and will remain in the Museum because compensation has been paid, whereas three of the others could be returned.

The issue was also taken up by Lord Janner in the other place. On 18 December 2007, the next Arts Minister to deal with this was my right hon. Friend the Member for Barking (Margaret Hodge).

Mr. John Whittingdale (Maldon and East Chelmsford) (Con): I am following the hon. Gentleman's timeline carefully, but I would not want him to overlook the fact that the Select Committee on Culture, Media and Sport examined this matter in June 2007. We endorsed the findings of the predecessor Committee and expressed our regret that the Government had not been able to fulfil their international obligations or previous commitments—I simply congratulate him on this Bill, which I hope will succeed in finally doing that.

Mr. Dismore: I am grateful to the hon. Gentleman for those comments, and I am sorry for my oversight in overlooking his Committee's report. I am grateful for that report, for the earlier work of the Committee under its previous chairmanship and for what he and his Committee have had to say on the issue.

As I was saying, Lord Janner took this issue up with the next culture Minister who dealt with the matter—I think that we are now on our third—my right hon. Friend the Member for Barking. In a letter of 18 December 2007, she said:

"The Government is strongly persuaded by the moral argument for changing the law in this area and that seems to have been the overriding view from the consultation responses. I...have asked officials to look into options".

In a hand-written note at the end, she said:

"I will write to you again when I have identified a suitable slot and satisfied myself that we have an appropriate and properly constituted proposition. I hope you welcome this news".

In another letter to Lord Janner of 30 May 2008, my right hon. Friend said:

"I am happy to reassure you that a team of officials at DCMS are working on this issue and are making good progress...There are...a number of policy issues to determine".

Again there was a hand-written note at the end, which said:

"I am working hard to achieve progress in this area."

In the meantime, in 2008, the panel heard a claim for two pieces of porcelain from a Viennese collection, one of which was in the Fitzwilliam museum and the other in the British Museum. The one in the Fitzwilliam museum was restituted, but the panel felt it could not recommend the restitution of the second piece because it said that there was no sign that the Government were going to change the law, so it awarded an ex gratia payment. Even the then Minister thought that the inconsistency was untenable, and issued a press statement saying that the law should be changed.

In the summer of 2008, we got on to our fourth Minister—the Under-Secretary of State for Culture, Media and Sport, my hon. Friend the Member for Stevenage, who is in her place—and it looked as though the Government were going to resolve the issue in the anticipated heritage Bill. We were hoping that that would be in the Queen's Speech, but that did not happen. That is why I have introduced my Bill today, some four years after the issue first arose as a result of the High Court case, during which time we have been in limbo in respect of so many of these items, which, in each case, belong to somebody else and are stuck in our national collections.

The best estimate is that about 20 certainly looted items are in UK museums, but there could be more. The process of research by families is ongoing and it can take quite a while to locate an item and document a claim, but of course not every rightful owner may want restitution. Some might, whereas others might settle for an ex gratia compensation payment or might simply want a public acknowledgement of the rightful ownership by the gallery or museum concerned. But it should be for the rightful owners to decide the fate of the object, not the institution concerned, once ownership has been decided to the satisfaction of the Spoliation Advisory Panel and on its recommendation to the Minister.

My Bill would provide a process, with appropriate safeguards, to achieve that outcome. It aims to work by agreement and by consensus. If there is a huge dispute, it would not work and the item would not be returned. The process is straightforward. The item claimed is referred to the panel. If the panel finds the object to be spoliated, it makes a recommendation for restitution to the Secretary of State, if it thinks that that is the proper remedy. If the Secretary of State accepts that restitution is appropriate, he or she can trigger a power—not a duty—of de-accession to the museum concerned.

The Bill also contains safeguards. It does not override any special conditions or trust under which an object may be held. That would require complex legislation and I baulked at even attempting that because it would not be appropriate for a private Member's Bill. It is limited to a finite and definitive list of institutions, which are set out in clause 2. It also has a 10-year sunset clause to provide, on the one hand, sufficient time to facilitate claims and identify objects and, on the other, to provide some long-term certainty to the public collections concerned.

Above all, the Bill is strictly limited as to time, place and perpetrator of the original deprivation of the object from its lawful owner. It is not a Trojan horse for the Parthenon sculptures—that is my next Bill—or for any other artworks or cultural items. It is a discreet, modest measure, limited in scope and time to rectify decades of injustice, and I commend it to the House.

1.52 pm

Hugh Robertson (Faversham and Mid-Kent) (Con): I congratulate the hon. Member for Hendon (Mr. Dismore) on introducing the Bill and on his admirably brief speech. I do not think that I have ever heard him finish so quickly on a Friday—it has not happened in living memory. He is right to say at the outset that the holocaust was an event of such overriding horror, cruelty and depravity that, as my hon. Friend the Chairman of the Culture, Media and Sport Committee pointed out, parliamentarians on both sides of the House would support any form of restitution.

I declare a sort of interest on this issue. As many hon. Members will know, I served in the Army for just over a decade, from the mid-1980s to the mid-1990s, and saw active service in four separate war zones. The issue of art looted from war zones and their periphery is therefore unfortunately familiar. I look back on my time in Sarajevo in the early 1990s and well remember the destruction of the fabulous old Ottoman library, and the looting of many priceless Islamic texts. We also saw the appearance of several valuable Serbian Orthodox icons, which had obviously been looted from Serbian churches, in the antique shops of the Muslim quarter of the city. Plunder and looting are as old as war itself, and it is right that we should do everything in our power to prevent it and, if we cannot, to restore objects to their rightful place when possible.

I am delighted to say that the Bill has my strong personal support and that of my party. However, I also strongly support the principle that cultural property residing in our national collections should be held by trustees at arm's length and for the public benefit, rather than being subject to the particular political whims of the day. Any alteration to that principle should be enacted only by Parliament in exceptional circumstances. In my view, the holocaust is such a circumstance.

Several issues would benefit from further exploration during the subsequent phases of this Bill. First, on the question of the time periods and the sunset clause in the Bill, is a fixed period of 10 years the most appropriate means of measurement, as opposed to a rolling period? The latter would allow a reasonable period after the inclusion of an object on the appropriate statutory list, whereas an absolute, fixed period could leave a claimant disadvantaged if, for example, an object appeared on the list toward the end of that fixed period.

It is also worth noting that in the nine years since the Secretary of State set up the Spoliation Advisory Panel, it has reported on only eight cases. Inevitably, as the time since the end of the second world war lengthens, it is unlikely that the number of applicants bringing cases to the panel will increase. The reasonable expectation must be that the numbers will decline. Museums—a number have contacted me in the past couple of days—have carried out considerable research into the Nazi-era provenance of their collections, which has been published online with the involvement of the Museums, Libraries and Archives Council. In many cases, museums feel that they have exhausted the reasonable efforts that can be expected of them within the confines of their budgets to establish the 1933 to 1945 provenance of their collections. For many museums, documentation to establish the ownership of objects whose provenance has not already been traced to that period simply no longer exists.

Secondly, the various Acts under which the boards of trustees of the national museums have been established range over a considerable period and give different powers to the boards of different museums. Clearly, further detailed examination of the interaction of each board's powers is necessary, which hopefully could happen in Committee.

Thirdly, as the hon. Member for Hendon set out in his speech and in the short title of the Bill, the measure applies only to the holocaust. Sadly, there were many atrocities before that time as there have been subsequently—in Bosnia, as I said, there was clearly considerable looting of works of art. Sad though each of those atrocities is, they should be dealt with individually, case by case. The Museums Association's code of ethics, which was updated two years ago, already covers claims on objects in other periods and sets out the agreed ethical codes and standards that allow museums to return items from their collections. The MLAC ensured that its accreditation scheme incorporates that code.

Fourthly, although the existing panel can offer swift, independent and transparent assessment of claims in a way that is cost-effective for all parties, its claims are, correctly, advisory only. The Bill should not undermine the arm's-length principle on which national museums and galleries are governed. Our national collections are vested in the boards of trustees of the various museums and galleries, and the decision whether to de-accession from those collections must reside with those trustees.

Finally, and in some ways least importantly, three small tax implications need to be considered. First, the Bill will need to decide the appropriate level of capital gains tax payable if an object is sold after being returned to its original owner. Furthermore, careful thought needs to be given as to whether any ex gratia payment is free of tax. Secondly, on inheritance tax, it would be harsh indeed if an object returned to a claimant subsequently had to be sold to pay death duties. Some form of exemption may be appropriate. Thirdly, donors to museums do not always know that their objects were stolen during the holocaust. In such cases, which need careful investigation, there should not be a tax penalty—in effect—for doing the right thing.

I should like to conclude by saying three things. First, to go back to where I began, I congratulate the hon. Gentleman on securing his place in the ballot and on introducing the Bill. Secondly, my party and I look forward to the Public Bill Committee, when we can examine in greater detail a number of the issues that we have outlined today. However, thirdly and most importantly, the Bill, particularly in view of the circumstances pertaining to the holocaust, ought to enjoy our full support.

1.59 pm

Paul Rowen (Rochdale) (LD): I, too, congratulate the hon. Member for Hendon (Mr. Dismore) on introducing the Bill and providing this opportunity for a short debate on what it attempts to do. I welcome the measures in the Bill. It is right that it refers only to the holocaust. Had we had a debate in which we were dealing with all sorts of other issues, such as the Elgin marbles, different points of view might have been expressed. Given the extreme circumstances of the holocaust and the subsequent events, however, it is right and proper that we should establish a system to deal with what the hon. Gentleman described as a loophole in the spoliation procedure, which does not allow trustees and museums to return looted art to its rightful owner.

I agree with what the hon. Member for Faversham and Mid-Kent (Hugh Robertson) said about the sunset clause. We support the idea of such a clause, but there needs to be further discussion about the fixed time of 10 years. We have received advice from the British Museum that it would favour a time frame of, say, six years from the date of the publication of an item on a published statutory list of objects with doubtful provenance from the 1933 to 1945 era, with a view to completing the process within a further six years. This would provide museums with the comfort of knowing

[Paul Rowen]

that, once the item had been listed, anyone wishing to claim that art would have to do so within a set time period. That would be a useful way forward.

The hon. Gentleman also mentioned taxes. If someone had donated an item to a museum, and it was subsequently proven to have doubtful provenance, they should not lose the tax advantage that they gained by donating the item. Notwithstanding those two points—and provided that there will be ample opportunity to discuss them in Committee—we will be happy to support the Bill.

2.2 pm

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Barbara Follett): I should like to add my congratulations to my hon. Friend the Member for Hendon (Mr. Dismore) on successfully introducing the Bill to the House. No one could question his dedication to this issue. His sleepover technique is well known in Parliament, and it has resulted in his gaining prominent positions for his Bills. He has considerable expertise in taking forward this type of Bill, and I know that it will be well managed in his hands.

The Government fully support the general intentions behind the Bill, but we will wish to table amendments in Committee to refine the text. I think that that desire is shared by Opposition spokespeople as well. So many years after the end of the holocaust, it is high time that we fulfilled our commitment to change the law in this area. As long ago as 2005, the Government announced that they intended to do just that, and my hon. Friend has given us a good potted history of the events since then. He rightly said that we had long sought a legislative opportunity to take this forward. We had intended to include relevant clauses in the heritage protection Bill but, sadly, it failed to make it into the 2008-09 legislative programme. Thanks to my hon. Friend, however, we now have a solution.

In 2000, the United Kingdom made its own important response, partly in recognition of the internationally agreed 1998 Washington declaration, by establishing the Spoliation Advisory Panel. My hon. Friend took us through what the panel has managed to do. I would like to take this opportunity to thank Sir David Hirst, the panel's chairman, and its other distinguished members for the first-class advice that they have provided to us over the years and for all the hard work they have done.

Even though the number of cases that the panel has dealt with is very small, the Government believe that the moral arguments are sufficiently strong to justify the changes that we are seeking to bring about by working with my hon. Friend on this Bill. There are inconsistencies in how claims made to the panel may be resolved. The Bill gives us an opportunity to do something about them.

University museums and those run by local authorities can return items when the panel has upheld a claim and Ministers have accepted the panel's recommendation. However, in the case of the English national museums listed in the Bill, primary legislation prevents the trustees from removing an item from the permanent collection in this way. Claimants have been offered ex gratia payments instead. The aim of the Bill is to enable the trustees to return an item when the panel upholds the claim and recommends a return.

In 2000, the Select Committee on Culture, Media and Sport in its seventh report stated:

> "We consider that the case for special treatment...of alleged wrongful taking during the period 1933 to 1945 has been convincingly established."

Later on, it said:

> "Where a claim has been upheld and restitution is seen as appropriate by all parties, it is essential that legislative barriers to such restitution be removed."

In 2006, my Department issued a consultation paper entitled "Restitution of Objects Spoliated in the Nazi-Era". The document considered the main question of whether the statutory restrictions on national museums should be removed and associated issues. The conclusion was that removing the statutory restrictions that stop museums from de-accessioning works of art lost during the Nazi era would be beneficial to all. They also felt that the legislation should include a sunset clause to provide clarity and certainty for everyone involved. I understand that my hon. Friend would like to see that extended to 10 years. The hon. Member for Faversham and Mid-Kent (Hugh Robertson) made several very relevant points about the length of the sunset clause, which we would like to discuss in Committee.

The Government agree with the Select Committee that the case for special treatment of alleged wrongful taking during the period 1933 to 1945 has been more than convincingly established. The aim of the Bill is to enable specified national museums to remove items from their collections and to return them to claimants when the return is recommended by an advisory body established by the Secretary of State and when the Secretary of State accepts that body's recommendation. Such an advisory body already exists in the shape of the Spoliation Advisory Panel. We would intend to specify the museums within the Bill, as we did in the Human Tissue Act 2004, which was drafted to allow nine named national museums to be able to return human remains in their collections in cases where they decided that it would appropriate to do so.

The power to de-accession objects would apply only to those cases in which the Spoliation Advisory Panel upheld the claim and recommended the return of the object, and in which the Secretary of State had accepted that recommendation. I repeat that because it defines the narrow measure that we are trying to introduce. I should also make it absolutely clear that museum trustees will continue to take the final decision; like the hon. Member for Faversham and Mid-Kent, I defend the arm's-length principle in this case. The measure is in keeping with that principle and recognises that trustees are responsible for the items vested in their care; it is not for the Government of the day to tell trustees what to do with them.

The Government have had discussions with the devolved Administrations on the Bill as it stands—and, as it stands, it applies to England and Wales. There is no need for the powers to apply in respect of any named institutions in Wales or Northern Ireland because the principal museums there can already de-accession works from their collections. The Government are in touch with the Scottish Executive about whether they want to be included in the Bill; if they do, we will take the issue forward in Committee. In Committee, we will also

touch on the tax issues raised by the hon. Members for Faversham and Mid-Kent and for Rochdale (Paul Rowen). There will need to be discussions with Her Majesty's Treasury and Her Majesty's Revenue and Customs about these matters.

To summarise, I should say that the Government's position is that the current arrangement whereby claims are referred to the Spoliation Advisory Panel works well. It is widely accepted by museums and claimants as a useful mechanism for resolving claims. The Government do not see any value in interfering with a system that is working so well. However, we believe that it is fundamentally wrong that the law should prevent museum trustees from returning cultural property when they, and the Secretary of State, accept the advice of the Spoliation Advisory Panel. The situation could be remedied simply—by amending the Government statutes of our national museums. My hon. Friend's Bill provides a long-sought-after opportunity to do that. The Government therefore wish to support the Bill, subject to drafting changes in Committee. It is with enormous pleasure that I commend it to the House.

2.12 pm

Mr. Andrew Dismore (Hendon) (Lab): I thank all three Front Benchers for their welcome for the Bill. Some important points have been raised. I think that we can address most of them relatively easily, and I look forward to seeing my hon. Friend the Minister's suggestions for amendments to refine the text. As she knows, I have worked closely with her officials to keep them informed throughout the drafting process that led to the Bill; this is the fourth or fifth attempt, and no doubt a sixth and seventh version will emerge in Committee. I hope that we will be able to come forward with a Bill that will satisfy the House on Report and on Third Reading and that we can, at long last, address an injustice that goes back more than 70 years.

Question put and agreed to.

Bill accordingly read a Second time; to stand committed to a Public Bill Committee (Standing Order No. 63).

British Museum Act 1963 (Amendment) Bill

Second Reading

2.13 pm

Mr. Andrew Dismore (Hendon) (Lab): I beg to move, That the Bill be now read a Second time.

I suspect that I will not get the same consensus on this Bill, which, by happy coincidence, is back to back with my previous one—I think it will be a case of "won one, lost one" for me today. I accept that this Bill is a little more contentious than the Holocaust (Stolen Art) Restitution Bill, but it is nevertheless a relatively modest measure and aims to work in very limited circumstances.

The Bill's purpose is to change the British Museum Act 1963 so that the British Museum can transfer to another institution, for public exhibition, any object from its collections, in limited circumstances—where public access is guaranteed, where the object

"would be more widely accessible to visitors...than in the British Museum",

where it

"would be more appropriately displayed in the recipient institution than in the British Museum by reason of its historic links",

or because the object

"came to form part of the collections of the Museum in circumstances which make its retention in the collections undesirable or inappropriate."

That is a general power, but I can think of only one set of objects to which it could realistically relate: the Parthenon sculptures. The time has surely come for the Parthenon sculptures to be reunited in the brand new museum that has been built on the Acropolis in Athens and is due to open next month.

The issue is not who owns the sculptures, although they ended up in the British Museum through a very dubious history, but where they are best kept and displayed. In Athens, they would be reunited with the other half of the sculptures—those not taken by Lord Elgin over 200 years ago. Indeed, some of the marbles are literally cut in two, with half the body in London and half in Athens. They would be seen in their correct context, aligned with the Parthenon and in the right Mediterranean light. The argument for their return is popular with the British people, and Greece deserves its heritage back.

The Parthenon sculptures—some people call them the Elgin marbles—are a matter of national identity to Greece. I have travelled in Greece over many years. If one asks anyone with any mental image of Athens or Greece to name the first thing that comes to mind, it will be the Parthenon. That is true for visitors, and even more so for Greeks worldwide. The Greek Government take a phlegmatic approach. They are not arguing about how the sculptures came to the British Museum, how they were obtained by Lord Elgin, or who should own them. The argument is simply about their location so far from their original home; Greece has waived all its other claims.

The archaeological case is a strong one. The sculptures would be reunified in their original topographical, historical and cultural context. Contrary to popular understanding, not all the sculptures are in the British Museum. The frieze originally consisted of 111 panels, of which about 97 survive. Fifty-six are in the British Museum, 40 are

[Mr. Andrew Dismore]

still in situ or in the Acropolis museum, one is in the Louvre, and there are fragments in Copenhagen, Vienna and elsewhere. Of the original metopes, 39 are in situ or in the Acropolis museum, and only 15 are in the British Museum. Some sculptures are broken, with heads and torsos split between Athens and London. In the case of the torso of Poseidon, the front—what one might call the Poseidon six-pack—is in Athens, while his rear, shoulders and back are in London; he is split straight down the middle. To view the sculpture, one would have to travel between Athens and London, as 98 per cent. of it is split between them.

The Parthenon is the most important symbol of Greek cultural heritage, yet the sculptures are not properly displayed in the British Museum. They not only fail to appear to form a whole, which they do not, but are exhibited on the inside of a wall rather than on the outside. The new Acropolis museum intends to correct all this. The museum, now complete, is ready to re-house the marbles and will make sure that these unique objects are seen at their greatest advantage and close to their original position. The British Museum has always claimed that the sculptures were well cared for, but that is not the case. In the 1930s, they were cleaned, more or less with a Brillo pad and a wire brush, in the mistaken belief that they were originally brilliant white, and in doing so some of the residual ancient paint was taken off, as was the honey-coloured patina of ages.

The Parthenon cannot come to London. Reunification would be voluntary, and it would not entail ceding legal titles of ownership and rights. The new museum on the Acropolis opens on 20 June. It is on the same alignment as the Parthenon, slightly below it on the foothills of the Acropolis. It contains a shell of the same dimensions to enable the marbles to be displayed on an outer wall, in their proper relationship, with windows out on to the Parthenon, lit by Mediterranean light reflected in through them. *The Guardian* recently published a review of the museum, which says:

"Athens's new museum is spectacular, even without its star exhibits...The new museum is undoubtedly going to be a huge tourist attraction. Its breathtaking design, with natural light flooding every corner, is a huge achievement in itself."

What a gesture it would be if our country were at long last able to do the decent thing and return the Parthenon sculptures to their rightful home. Athens has been transformed over the past few years; as a regular visitor, I am astounded by how it has changed. The archaeological sites have been pedestrianised, linking them all together, including the new museum, and the restoration of the Acropolis and the Parthenon itself has gone extremely well.

Greece would not bring any other claims, but what is important is that the appalling block to a cultural exchange with Greece would end. We have seen objects and major collections lent to the UK from other places, but no major collections from Greece, and that is because of the dispute over the Parthenon sculptures. How wonderful it would be if, for example, we could see the Mycenaean treasures in the British museum, or some of the Macedonian objects from Philip the Great's grave. How wonderful it would be if we could see some of the wonderful Minoan artefacts from Crete. We will never see any of those while the dispute continues.

Greece has made it clear that it would not leave our art galleries empty, and the time has now come. The population believe that, all the opinion polls show it, and when we have tested it through early-day motions there has been a majority in the House as well. The Government say that, ultimately, it is a matter for the trustees of the British Museum. I cannot agree. The trustees' refusal so far to deal with this issue is adversely affecting our relations with Greece and our reputation around the world.

Greece made major concessions under the previous PASOK Government of George Papandreou, with Mr. Venizelos as Culture Minister, and those concessions have been carried forward by the current Greek Government. Their offer to provide a new home for the Parthenon sculptures on the Acropolis site is one that we should not and cannot refuse. Our Government should give the British Museum an extremely powerful steer to stop its dog-in-a-manger approach and allow the return of the marbles to Athens. My Bill would provide a mechanism to do that, and I hope that the House will accept that it is a moral, if not legal, obligation to return stolen goods back to where they belong 200 years later.

2.21 pm

Hugh Robertson (Faversham and Mid-Kent) (Con): I start, as I did on the previous Bill, by congratulating the hon. Member for Hendon (Mr. Dismore) on introducing the Bill. I congratulate him also on his success with the previous Bill. As he correctly surmised, I suspect that I shall not be able to be quite as helpful on this occasion.

It might inform the debate if we considered for a moment the background details that affect the British Museum. It is one of the most visited attractions anywhere in the UK. Last year it had more than 6 million visits, which far exceeded the Department for Culture, Media and Sport target of 4.5 million. The year before there were a record 5 million visits. It is one of 22 museums and galleries that are sponsored by the Department and receive grant in aid. Of those, 14 are described as nationals because they were founded by Acts of Parliament. The British Museum received just over £41.5 million in revenue last year and just over £3 million in capital grant in aid from the Department. The Department has just confirmed the level of funding that it will provide the museum with for the next three years.

As the Bill suggests, the British Museum was set up by Act of Parliament, back in 1753. It was the first national museum in the world. The collection that it houses spans 2 million years of human history and contains art and antiques from ancient and living cultures. Its aim is to hold, for the benefit and education of humanity, a collection representative of world cultures, and to ensure that the collection is housed in safety, conserved properly, curated, researched and exhibited.

The relationship between the Department and the British Museum is underpinned by a crucial arm's length principle whereby Ministers set the financial, administrative, legal and overall policy framework for public bodies, but those bodies have a considerable and proper measure of independence in individual decision making. When asked about the matter in Parliament, the right hon. Member for Barking (Margaret Hodge),

the predecessor of the Under-Secretary of State for Culture, Media and Sport, the hon. Member for Stevenage (Barbara Follett), stated:

"It is a long-standing policy of successive Governments in the UK that decisions relating to museum collections are for museum trustees to take, and the Government do not intervene."—[*Official Report*, 5 February 2008; Vol. 471, c. 1040W.]

That is a principle with which we would wish to concur.

Under the British Museum Act 1963, which the Bill would amend, the trustees of the British Museum are the corporate body with the legal duty to hold the museum's collection and make it available to a worldwide audience. The museum is, of course, governed by a board of 25 trustees who are non-executive and unpaid.

On the disposal of artefacts from the British Museum, the trustees' general powers are limited to the disposal of objects that are duplicates, that are unfit to be retained, that have become useless for the museum's purposes and that are pre-1850 printed matter of which it holds photographic or other copies. Special new powers of disposal have been added to cater for special situations when those limitations have stood in the way of returning objects in response to acknowledged moral claims by former owners or their successors. One example of such a power, which the Human Tissue Act 2004 introduced, enables the trustees of the museum to de-accession human remains if it appears to them to be appropriate.

The Chairman of the Select Committee on Culture, Media and Sport, my hon. Friend the Member for Maldon and East Chelmsford (Mr. Whittingdale), noted in the Committee's report, "Caring for our Collections":

"It seems probable that there will at some time in the future be legislation to confer another special power, so that national museums will be permitted to return items which have been 'spoiated'. Legislation has been recommended by the Spoliation Advisory Panel, which was set up to resolve claims from people, or their heirs, who lost property during the Nazi era"—

as we discussed during the previous Bill's debate—

"which is now held in UK national collections. It advises both the claimants and the institution where the object is held, as to what action may be taken. The Panel provides an alternative to legal action, aiming to achieve a solution that is fair and just to everyone involved, taking into account the moral issues of every case".

However, the British Museum has a lending policy to allow its objects to be used in exhibitions elsewhere. Its trustees are able to make loans for the following reasons: first, to further knowledge, understanding and scholarship relating to the works in its care; secondly, to make the collections more widely accessible within the UK and throughout the world; thirdly, to increase national and international co-operation by the exchange of material and exhibitions; and, finally, to enhance the reputation of the British Museum and its good standing nationally and internationally.

The trustees of the British Museum make loans under powers conferred by section 4 of the 1963 Act; which is up for amendment today. The Act states that

"the British Museum may lend for public exhibition (whether in the United Kingdom or elsewhere) any object comprised in the collections of the Museum:

Provided that in deciding whether or not to lend any such object, and in determining the time for which, and the conditions subject to which, any such object is to be lent, the British Museum shall have regard to the interests of students and other persons visiting the Museum, to the physical condition and degree of rarity of the object in question, and to any risks to which it is likely to be exposed."

Those points cover the background to the matter. However, five particular issues are worthy of consideration. First, we are concerned that if the Bill is passed, it will breach the arm's length principle ensuring that Ministers of any party are not able to interfere with the day-to-day running of our national museums and galleries. Secondly, we believe that the British Museum is unique among world museums, in that its collection is able to tell the whole history of human civilisation under one roof. It therefore seems wrong to remove the Parthenon sculptures and put at risk that vital collection and that history.

Thirdly, it is important that the Parthenon sculptures stay at a museum where they are properly preserved and available to a world public for free, seven days a week. Indeed, by chance, I went to see them myself last Sunday. Fourthly, the British Museum trustees already have a power to loan the sculptures for a period in response to an appropriate request. I am not aware of any ongoing discussions along those lines with the trustees, but, indeed, that power already exists. Finally, a key part of encouraging people to visit museums is ensuring that our museums, particularly nationally, have high-quality exhibits.

For all those reasons, I have grave reservations about the Bill. I know that the Minister wants a couple of minutes to give her winding-up speech, so I shall sit down, but before I do it would be wrong of me not to say that I am afraid that my party too has grave reservations about the Bill.

2.29 pm

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Barbara Follett): Thank you, Mr. Deputy Speaker—

Mr. Deputy Speaker (Sir Michael Lord): Order.

2.30 pm

The debate stood adjourned (Standing Order No. 11(2)).

Ordered, That the debate be resumed on Friday 12 June.

Business without Debate

DRIVING INSTRUCTION (SUSPENSION AND EXEMPTION POWERS) BILL

Bill read a Second time; to stand committed to a Public Bill Committee (Standing Order No. 63).

Brazil (Violence and Police Corruption)

Motion made, and Question proposed, That this House do now adjourn.—*(Helen Goodman.)*

2.30 pm

Mr. Mark Hendrick (Preston) (Lab/Co-op): Let me start with the words of Severino Silva, a Brazilian photographer:

"Each day the violence grows, the firepower increases…their power of destruction is much higher".

He is not describing a war; he is describing his work photographing the streets of Rio de Janeiro. He continues:

"when I get a story the first thing I think is: I have to make it out alive…it's a conflict. It's an urban guerrilla war".

Violence and police corruption are a serious problem in Brazilian cities. According to Human Rights Watch, there are 50,000 homicides each year in Brazil, which is one of the highest rates in the world. A large number are concentrated in the shanty towns or favelas, as they are called. In one favela in Rio, for instance, 43 in every 100,000 deaths are homicides, compared with 14 in every 100,000 deaths in a middle-class area nearby. High levels of crime have created a culture of fear in Brazilian cities. In May 2006, for example, attacks against the police were orchestrated from inside prisons by leaders of the criminal gang called First Command of the Capital, or PCC, which brought panic to the city of Sao Paulo. Such incidents have resulted in public opinion demanding tough action against criminality in the favelas.

Let me deal with police violence. Policing in poor areas is often directed from outside the communities, meaning that residents are left vulnerable to criminal gangs. However, residents do not just suffer at the hands of criminals; violence often arises from the police themselves. According to the US State Department report on human rights, unlawful killings by the police are widespread in Brazil and, again, particularly so in poor areas. Official statistics show that police in the state of Rio de Janeiro were responsible for approximately one in every five intentional killings in the first six months of 2008. Such killings are registered as "acts of resistance". In other words, they are confrontations with alleged criminals. Between January and June 2008, 757 such police killings were registered in Rio de Janeiro state, at an average of four killings a day. Amnesty International has claimed that Rio de Janeiro law enforcement is characterised by large-scale operations in which heavily armed police units "invade" favelas. In August 2008, UN special rapporteur Philip Alston called such operations in Rio de Janeiro "murderous and self-defeating."

The increasing presence of militias is an additional problem for residents of Brazilian cities. The militias consist of off-duty policemen, prison guards, former soldiers and firemen. Born from a desire to gain control from drug gangs, the militias were initially welcomed. However, they soon began to charge "security taxes" and take control of services and items such as gas cylinders, cable television and local transport.

In one community in Rio in May 2008, a resident and three employees of the newspaper *O Dia* conducted an undercover investigation into militia activities. They were reportedly kidnapped and tortured by militia members. The captives endured beatings, suffocation, electric shocks and threats of sexual assault, alongside death threats. The militias have now developed strong links into local politics by using their power to affect voting in elections. Amnesty International has raised the concern that a number of state deputies have been elected in that way. Punishing the police involved in militia activity is difficult due to solidarity and fear of reprisals.

Amnesty International is currently working with Marcelo Freixo, a human rights defender and politician, who suffered death threats after campaigning for a parliamentary inquiry into the role of militias in Rio. The inquiry was approved by the Rio de Janeiro state legislative assembly in 2008 and led to a number of key arrests. Some militia figures, however, were able to bribe their way out of imprisonment, and Marcelo Freixo continues to receive threats to his life. I tabled early-day motion 1404, which deals with the human rights campaign, praising the work of Marcelo Freixo as a human rights defender investigating these militias. I greatly hope that Marcelo can be protected so that his work can continue into the foreseeable future.

That brings me on to police corruption and the culture of impunity. Brazilian law provides criminal penalties for official corruption and there are now many investigations into police involvement in arms and drug-trafficking rings, protection rackets and money laundering. However, the World Bank's worldwide governance indicators show that corruption remains a serious problem.

What are the Brazilian Government doing about it? First, there is the National Public Security and Citizenship Programme, the acronym for which is PRONASCI. The Brazilian Ministry of Justice introduced PRONASCI in 2007, putting into action the promises set out in President Lula's public security plan of 2003. The programme is initially being rolled out in the 11 areas with the highest crime rates in Brazil. Between 2008 and 2012, it is planned that about 6.7 billion reais will be invested in crime prevention and social development. The programme aims to modernise institutions, improve training and conditions for the police and invest in community projects.

The Minister for Justice, Tarso Genro, has talked about the need to invest in human capital rather than in guns and ammunition, which have had little effect on the security problem. A clear assessment is needed of what economic and social development is required so that local economies relying on trade in drugs and illicit weapons can be replaced by sustainable societies.

In Rio de Janeiro, the PRONASCI programme has involved permanently stationing hundreds of military policemen in the favelas, including in the notorious "City of God", where 700 policemen are deployed. It is hoped that the police will be able to build trust, gather intelligence and help rebuild the slums. The Rio de Janeiro state public secretary also announced that approximately $500,000 is being spent on less lethal weapons for the police arsenal, in the hope that it will cut down on the number of deaths and killings from the police side.

There are some concerns about PRONASCI. Despite that, the Government have admitted that their policy of confrontation will not end, and many residents have complained that the scheme is not so much a community policing operation as an effective occupation by the police of certain areas of certain towns.

Perhaps more worryingly, the authorities in Rio de Janeiro are planning to spend $17 million to build walls around many of the city's favelas. The concrete walls

will be 3.5 m—approximately 10 ft—high, and are due to surround approximately 40 favelas by the end of the year. Officials say that the walls will protect the Atlantic rainforest from illegal occupation, but many residents have complained that they are another means of containing the favelas and segregating residents from their richer neighbours.

Amnesty International has raised other concerns about the PRONASCI programme. It argues that the project depends on the same police forces that include violent, discriminatory and corrupt police. In addition, as a federal project in a country where policing is under the control of state governments, rifts between the two elements continue. The federal Government can do only so much to control how state governments implement such projects.

To be fair to the Brazilian Government, homicide rates have improved, so there is some good news. According to figures from the Brazilian Ministry of Health, the number of homicides in Brazil fell in 2008. That can be attributed to the sharp fall in homicides in the state of Sao Paulo, where rates have halved over the past five years. Much discussion of those figures has taken place. The authorities believe the drop is due to tighter gun control, improvements in forensic investigation, and bars being forced to close early. However, academic and judicial experts have questioned the accuracy of official statistics, and offer alternative reasons for the change. Amnesty, for instance, argues that important municipal and community projects have led to the decline in homicide rates. On a less positive note, in some areas of Sao Paulo the criminal gang called the PCC has acquired temporary control of the criminal agenda, reducing the need to kill local rivals and thus lowering the homicide rate.

How will such problems be addressed, particularly by Brazil? Brazil is one of the largest economies in the world and is projected to be a key player in the coming decades. As a consequence, its status and influence on the world stage is set to increase. But with that new power comes responsibility and scrutiny. It is clear that the Brazilian Government are taking steps to address this issue, and in recent months improvements have been made, but some would argue that measures so far act merely as a sticking plaster on a much deeper problem. Despite its expanding prosperity, Brazil remains a country of massive inequality. The gap between rich and poor, and black and white, is one of the most significant in the globe. Nowhere is this gap more apparent than in the provision of security, with residents of poorer urban communities much more likely to suffer violence than their middle-class neighbours.

Are our Government providing any assistance or resources to help the Brazilian Government improve public security in any of their cities? Addressing the issue of public security in Brazil is described by some as political suicide. Brazilians live in a state of fear and, as such, demand a strong police response to violence. Such a culture results in walls being constructed to contain favelas, as I mentioned, and human rights defenders being attacked for defending criminals. The lack of political will to address the underlying causes of the problems means there have been few long-term social development projects, and those that do exist often die out with a change of mandate.

Are there any methods of policing that we can pass on to the Brazilian Government? There may be techniques such as those used in Northern Ireland at the height of the troubles that are helpful to the point where police are seen as servants of the public rather than their enemy. To effectively address the problem of public security, responsibility must be moved to a national level, as opposed to its present location at state level. The gap between plans and implementation often comes down to differences between state and federal interests. That was a problem decades ago in the United States. It led to the formation of the FBI, allowing security provision from federal government when local state security was insufficient. Are there any examples in the United Kingdom, which could be passed on to the Brazilian Government, of the co-ordination of police activities across various forces working with national security agencies helping to deal with organised crime or internal corruption?

Constitutional reform is also required to provide more funding for the federal police. At present, the federal police deal with terrorism, borders, high-level corruption, money laundering, some environmental crimes, and indigenous issues. Their area of responsibility is therefore vast, and the federal budget for public security policing is very low. Currently, it is mainly spent on guns and tanks. Moreover, the federal force consists of just 8,000 police officers for the whole of Brazil.

There is a need to replace the heavy expenditure on weapons with programmes that will encourage a change in the police attitude to the general public change from one of control to one of service and protection. Neglecting the issue of public security has threatened the democratic process and the stability of state institutions, and has led to thousands of deaths. A country the size of Brazil, given its population and given its vast resources and potential wealth, cannot afford to have its democracy threatened because its people are not sufficiently protected and secure.

Are our Government doing all that they can to assist our friends the Brazilians, so that they can enjoy the same levels of security and peace of mind that people can reasonably expect in this country?

2.46 pm

The Minister of State, Foreign and Commonwealth Office (Bill Rammell): I congratulate my hon. Friend the Member for Preston (Mr. Hendrick) on securing this important debate. I know that he takes a keen interest in Brazilian affairs and Brazil's relationship with this country.

It is true that Brazil is a significant partner to the United Kingdom and a key emerging power. We engage with it on a wide and comprehensive range of issues, and we very much want the bilateral relationship to continue to broaden and deepen. That was demonstrated recently by the visits to Brazil in March by their Royal Highnesses the Prince of Wales and the Duchess of Cornwall and my right hon. Friends the Prime Minister, the Secretary of State for Business, Enterprise and Regulatory Reform and the Secretary of State for International Development.

It is also true that, in a wide range of areas, Brazil is key in a number of important international forums. That applies to trade—it plays an influential role in the World Trade Organisation—and to its aspirations for

[Bill Rammell]

reform of the United Nations Security Council: we support its aspirations for permanent membership of an enlarged Council. Migration has been an important area of discussion and co-operation between our two countries. Brazil also has a critical role to play in the crucial issue of climate change and also in that of nuclear disarmament, under the auspices of the non-proliferation regime.

However, as my hon. Friend made clear, there are real concerns and challenges on the human rights front in Brazil, as is readily acknowledged by the Brazilian Government. The human rights agenda is one of the key issues that we discuss with the country. Within the United Nations human rights framework, Brazil is very much engaged. It is an active player in the UN's Peacebuilding Commission, where it is taking a lead on Guinea-Bissau, and in the Human Rights Council. In February this year, the Human Rights Council held a special session, at the request of Egypt and Brazil, on the impact of the financial and economic crisis on human rights. I think that that in itself is a positive sign of engagement by Brazil and its Government in human rights concerns. Brazil has also ratified core UN human rights treaties and the major regional human rights instruments. In 2000, it signed the Rome statute of the International Criminal Court, a move that we greatly welcomed.

In recent years, Brazil has fulfilled a large number of its reporting obligations under the relevant UN human rights treaties. Since 2001, human rights rapporteurs and representatives have had a standing invitation, under special procedures, to visit Brazil, and the Brazilian Government have indicated a willingness to use the findings of the special procedures reports in their national human rights policies. Despite the challenges and issues that need to be addressed, that is exactly the kind of responsive and open approach that the international community should expect from any country, and I welcome the fact that the Brazilian Government operate in that way.

The Brazilian Government are also co-operative and transparent in their implementation of human rights legislation. For example, they invited the UN special rapporteur on extra-judicial, summary or arbitrary executions to visit in November 2007. Given what my hon. Friend has said about some of the challenges in terms of gang culture and the operation of the police, that is a very welcome move. The UN special rapporteur concluded that ending human rights abuses by the police and ensuring effective crime prevention by the police are tightly linked, and I support that view. We therefore support the Brazilian authorities' efforts in dealing with the hugely difficult challenge of protecting citizens in inner-city areas, and it is clear that good progress is being made.

We also very much welcome the Brazilian Government's focus on social improvements, with a significant investment programme on shanty town urbanisation, basic sanitation and house building. That cuts to the heart of what my hon. Friend was saying about the inequalities, and the divide between rich and poor despite their living side by side. I have certainly seen that when I travel to Brazil, and I know that the divide between rich and poor is emphatically at the heart of the Brazilian Government's agenda to try to improve the lot of all their people.

Since 1996, Brazil has had a national plan for human rights. The national secretariat for human rights was created in 1997, and on coming to office in 2002 President Lula elevated that secretariat to the rank of Minister, and also appointed special secretaries for women's rights and for the promotion of racial equality. Both those positions now also hold the rank of Minister.

The trafficking of women and children for sexual and labour exploitation is also a serious issue. In that regard, Brazil has ratified the Palermo protocol to prevent, suppress and punish trafficking in persons, and it is important that national legislation on these crimes be in full compliance with Brazil's international obligations. There is also special protection under Brazilian law for children and adolescents, and we welcome efforts to strengthen the juvenile justice system, which is at the heart of concerns.

Since a joint programme between the Government and the UN drugs and organised crime organisation was set up in 2003, there has also been some increase in convictions for such crimes, which is welcome. Brazil has active co-operation programmes with some EU member states and with international organisations such as the International Labour Organisation. In 2007, the Government adopted a national plan to combat human trafficking, and we have worked closely with the Brazilian Government to address human trafficking jointly as part of a broader programme of work on migration, and UK officials attended a conference on that issue in Brasilia in November 2008.

A number of positive statistical indicators also exist. Over the past few years, infant mortality rates have fallen, although the current rate of 31.1 per thousand live births remains one of the highest in south America. I agree with the International Labour Organisation's 2006 global report, which cites Brazil as an example of how Governments can reduce child labour. Between 1991 and 2004, child labour in the five to nine-year-old age group fell by 61 per cent. and by 36 per cent. in the larger 10 to 17-year-old age group. The Government have also introduced financial incentives for families to keep their children in school. Again, that is very much welcome. The ILO's 2009 report on forced labour in the Americas mentions Brazil, where legislation and Government action has combined with initiatives involving employers, workers and civil society to step up the fight against forced labour. The Brazilian Government publish a dirty list of individual property owners and companies that have been identified as using forced labour.

Co-operation between Brazil and the European Union on human rights issues is also good, and that work includes projects to improve the democratic accountability of Brazilian police forces. The focus of this policy work is on the observance of human rights and is aimed at seeing a reduction in the use of violent methods in the fight against crime. The EU aims to achieve that through strengthening the institution of police ombudspersons, training police on human rights and supporting community policing in Rio de Janeiro and Sao Paulo. Brazil itself acknowledges that there is a need for further progress to be made to improve prison conditions and to combat police violence, as was suggested by my hon. Friend.

Our Government support a number of human rights initiatives in Brazil as part of programmes implemented by the British embassy in Brasilia, the Department for International Development and the British Council,

and examples include: a project to combat torture, with a focus on the role of forensics; activities to promote gender equality and social inclusion; projects to promote access to information and justice, and to raise awareness of human rights in Brazil.

The UK Government also support projects to promote child rights. That includes reporting to the committee on the UN convention on the rights of the child; and supporting the work of Viva Rio to reduce gun violence and to prevent young people from becoming involved in drugs trafficking and gang violence. I have seen examples of that work when I have visited Brazil.

Many Ministers have had the opportunity to visit Viva Rio, as I did in 2002. More recently, the Prince of Wales visited a favela in Rio during his visit to Brazil in March, in order to see at first-hand the good work that is being done. Viva Rio received £500,000 in conflict-prevention fund money for a three-year initiative to tackle the supply of small arms and light weapons in the region, the aim of which was to help to reduce the amount of small arms-related urban violence in Rio de Janeiro—that is exactly the kind of initiative for which my hon. Friend was calling.

There are other examples of similar work being done—for example, projects to help children in conflict with the law in Brazil and a project aimed at alternatives to juvenile detention. Our Government fund a project, in partnership with UNICEF, to support the Brazilian Government in implementing the convention on the rights of the child committee's recommendations on juvenile justice. The project helps to build on the reform agenda between the Government, civil society, law operators and UNICEF to provide alternatives to adolescent detentions, and in the long-term it aims to reduce the abuses of child rights, including ill treatment and torture. The project strongly supported the creation of the bill of law, which is being discussed in the Brazilian Congress. That demonstrates how the project secured its main objectives of achieving political buy-in.

We also supported a two-year project that monitored, through a shadow report and enhanced civil society participation, the implementation of the convention on the rights of the child in Brazil. The shadow report was produced by civil society and involved the participation of 20 organisations. The project came at an opportune time—when the Brazilian Government were planning to present their second official report to the convention on the rights of the child committee—and has helped to contribute to a reduction of child rights abuses in Brazil.

We are also engaging in and supporting a project that strongly supports the creation and implementation of the national plan to combat torture in Brazil. The project's funds served as seed money to cascade implementation of the plan among the Brazilian states, working with the Brazilian Government at federal level. This partnership between the UK and Brazil exerted influence on the legislature to create a presidential decree, and in 2006 Brazil ratified the UN protocol on torture. That had a positive effect on the partnership and on the UK's profile.

I hope that I have been able to give my hon. Friend an indication of where the two countries are working together. We recognise the enormous challenges that Brazil faces in dealing with these issues. We continue to support the efforts of the Brazilian authorities and will continue to maintain a dialogue on human rights, as part of our broader bilateral relationship with Brazil. As well as acting bilaterally, we will work with our partners in the European Union. Brazil is a key partner in the international arena, and we want to continue to work with it to tackle its human rights challenges.

Question put and agreed to.

3 pm

House adjourned.

House of Commons

Monday 18 May 2009

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

HOME DEPARTMENT

The Secretary of State was asked—

Sexual Assault Referral Centres

1. **Lynda Waltho** (Stourbridge) (Lab): What funding her Department has allocated to sexual assault referral centres for 2009-10. [275709]

The Parliamentary Under-Secretary of State for the Home Department (Mr. Alan Campbell): In 2009-10, £1.6 million has been allocated for sexual assault referral centres—SARCs. As part of the 2008 funding round, £659,000 was allocated, and a further £941,000 was announced on 15 April this year.

Lynda Waltho: I welcome that fantastic news about funding, but when I met women from Women's Aid a few weeks ago they were concerned that funding, although welcome, may be diverted from rape crisis centres and that they will continually have to reapply for funding from different pots of money. Will my hon. Friend reassure me that that will not happen? After all, rape crisis centres were set up for women, by women, for a specific function that is slightly different from that of sexual assault referral centres.

Mr. Campbell: I am happy to give my hon. Friend that reassurance. We value the work of rape crisis centres and SARCs, and that is why we continue to invest in both of them. However, it is right that we look at co-ordinating provision where possible to ensure that we make the best use of funding.

Water Cannon

3. **Mr. Gordon Prentice** (Pendle) (Lab): What discussions she has had with police forces on the use of water cannon by police forces in policing demonstrations. [275712]

The Minister for Security, Counter-Terrorism, Crime and Policing (Mr. Vernon Coaker): The Home Office, working with the police, keeps all less lethal technologies, including water cannon, under constant review. There are no plans to introduce water cannon at the present time.

Mr. Prentice: The police have been severely criticised for their kettling technique, which they used in the G20 demonstrations a few weeks ago. Will my friend assure me that there is no question whatever of the police using Tasers for crowd control?

Mr. Coaker: To reassure my hon. Friend, I have said to the Joint Committee on Human Rights that Tasers should not be used in public order control situations, and Tasers were not used during the G20 demonstrations. Officers equipped with Tasers raided a residence in an operation to arrest individuals suspected of criminal damage at the G20 protest. My hon. Friend makes an important point, however: there is a right to protest in this country, and Tasers are not appropriate for use in controlling such demonstrations.

Chris Huhne (Eastleigh) (LD): Three weeks ago, four environmental protesters dressed as suffragettes superglued themselves to a statue of Viscount Falkland in Parliament. They were arrested for demonstrating unlawfully, held in detention for a total of 18 hours and given hugely restrictive police bail conditions, such as not being allowed even any contact with each other, although they were friends. Does the Minister accept that there is widespread controversy about the way in which lawful and peaceful protests are policed—as evidenced by the solicitors of the climate camp protestors today echoing our call for a full judicial inquiry? Does he agree that an inquiry would provide useful public guidance to the police on policing lawful and peaceful protest?

Mr. Coaker: The hon. Gentleman will know that there is always a balance to be struck between protest and the rights of law-abiding citizens to go about their business and the protection of property. That balance is difficult for the police sometimes to maintain, but notwithstanding the case to which the hon. Gentleman has referred, we have an excellent example outside Parliament currently of the police dealing with quite a difficult situation—controlling the Tamil demonstration but at the same time trying as far as they can to allow access to Parliament. The hon. Gentleman makes an important point, however, and he will know that Denis O'Connor, the chief of Her Majesty's inspectorate of constabulary, having been asked by the Metropolitan Police Commissioner, will consider the whole issue of public order and tactics. We await that review with interest.

John Bercow (Buckingham) (Con): The Minister of State's reply to the hon. Member for Eastleigh (Chris Huhne) is both measured and reassuring. Can I invite the Minister of State to confer with his right hon. and hon. Friends in the Foreign and Commonwealth Office in order that those Ministers can explain once and for all to the Government of Sri Lanka, a country that I recently visited, that the British police are not in the business of seeking to restrain or disperse protestors by the use of water cannon simply because they are holding placards or waving banners of which that Government happen to disapprove? It is not the British way.

Mr. Coaker: The hon. Gentleman makes an important point. The Foreign Office and Foreign Office Ministers are engaged in discussions with the demonstrators outside Parliament and, indeed, with the Sri Lankan Government

about the whole issue of protest. In this country, people have a right to protest. That is what is going on outside, and in my view and that of many people, the policing of that demonstration, by facilitating protest but as far as possible allowing the public and Parliament to go about their business, is a testament to the police. It is sometimes difficult for the police, because people may say that something ought to be done about Tamils who are sitting in the road, for example, but the only way to move them, if they will not move, is by force. The way in which the police have tried to persuade people to conform is the right way forward.

Mr. Gerald Howarth (Aldershot) (Con): Does the Minister not accept that what is going on in Parliament square is an absolute disgrace? It is an abuse of the right to protest. For seven weeks, the square has effectively been under semi-permanent occupation by the Tamils, and people going about their business in London have been disrupted. Why will the Minister not answer me when I ask how many police days have been devoted to the demonstration and how much it has cost? The Minister has told me that the Home Office does not keep those figures and that they are a matter for the Metropolitan Police Commissioner. Who is in charge of the Metropolitan Police Commissioner? The people of London should be told how much the demonstration is costing.

Mr. Coaker: The fact is that the number of officers and the amount of resources deployed are an operational matter for the Metropolitan Police Commissioner. The only point that I make to the hon. Gentleman is that, far from being an affront to democracy, what is going on out there is a victory for democracy.

Having said that, I should also say that of course there are issues about how any demonstration is policed. However, I pose this question to the hon. Gentleman: what would be the effect were the police to conduct a clearance operation, bring the tents down and forcibly remove people, including women and children? Then we would see a protest from the other side of the argument. We have to look at the issue in a proportionate, sensible and measured way. We have to try to facilitate protest while trying, as far as we can, to ensure that people can go about their lawful business.

David Howarth (Cambridge) (LD): I agree completely with what the Minister just said. However, it raises the point of what counts as the "community" for the purposes of the Association of Chief Police Officers guidance on keeping the peace, for example. That says that the impact on the community is the first consideration in these circumstances. Does the Minister think that when protests are being policed, the "community" must include the interests of peaceful protesters themselves and that the matter is not exclusively about keeping the traffic running?

Mr. Coaker: I absolutely agree, and I think that anybody would. Part of a protest is the individual demonstrator's being able to demonstrate and to say and do what they want, within reason. Alongside that, the police, while facilitating the protest, have a responsibility to try to ensure, as far as possible, that traffic keeps moving and that people who are not interested in the demonstration can go about their business. The only point that I was making was that the police are doing a very good job with what is happening in Parliament square at present. To go back to the original question about the use of water cannon and other such equipment, it is encouraging to see our police policing such a demonstration in normal uniform, by and large.

Michael Savage

4. **Michael Fabricant** (Lichfield) (Con): For what reasons she decided to prevent Michael Savage from entering the UK; and if she will make a statement. [275713]

The Secretary of State for the Home Department (Jacqui Smith): Michael Savage was excluded for engaging in unacceptable behaviour by seeking to provoke others to serious criminal acts and by fostering hatred that might lead to inter-community violence. The exclusion is in line with the strengthened policy on exclusions that I announced to the House on 28 October last year. In his radio broadcasts, Mr. Savage has spoken about killing 100 million Muslims, and he has spoken in violent terms about homosexuals. Coming to the UK is a privilege. I refuse to extend that privilege to individuals who abuse our standards and values to undermine our way of life.

Michael Fabricant: Notwithstanding the Home Secretary's answer, she will be aware that the things of which she accuses Mike Savage are also illegal in the United States of America, and he has not faced prosecution there. Does she realise how ludicrous her ban is and the disrepute into which she has put this country in the eyes of many right-seeing—and, indeed, left-seeing—people in the United States? Does she also plan to ban Howard Stern, Rush Limbaugh and other middle-aged, white, ordinary American radio presenters?

Jacqui Smith: I subscribe to the view, as expressed by another Member of this House, that

"It's clear for reasons of our security that we must expel or refuse entry to those who preach hate, pit one faith against another and divide our society."

Those were the words of the Leader of the Opposition, and I think he was right. Frankly, if the hon. Gentleman believes that it is appropriate for somebody to use words about Muslims such as,

"I said so kill 100 million of them, then there would be 900 million of them. I mean would you rather us die than them?",

then he has a very different set of values than I have, and I want to ensure that those are implemented in the decisions that we make about who we do and do not allow into this country.

Mr. John Gummer (Suffolk, Coastal) (Con): Many of us would agree with the thrust of what the Home Secretary has said. On the other hand, had that person come to Britain, he would find the great politeness of the people from her Department who welcome people to this country, but quite the rudest notices in the world. She—or someone—has removed "please" and "thank you" from every notice that her Department puts forward to visitors and returning people. Could she make Britain's welcome to those whom we want a good deal more polite than it is now?

Jacqui Smith: We have tried to improve the notices at our borders. It is important that when people enter the UK it is clear to them that it is the UK border and that we have certain conditions in place. My hon. Friend the Minister for Borders and Immigration is taking up points about the welcome to people coming to this country. The right hon. Gentleman makes an important point about our wanting to welcome those who come here in good faith—those who will make a contribution to this country, and who come here for holidays—and to differentiate between them and people such as Mr. Savage who clearly have no place in this country and would have no welcome here.

Mr. Crispin Blunt (Reigate) (Con): The Home Office's production of a "name and shame" list was a self-evident gimmick and demeaning to Government, and it has led to a completely avoidable legal action that is producing splendid publicity for Michael Savage. Does the Home Secretary think, on reflection, that that was a mistake and the wrong way for the Government to behave?

Jacqui Smith: No, I do not, because I agree with the hon. Gentleman's party leader that we need to be clear about who we will and will not accept into this country. We need to be clear about the values that we have. Where someone preaches hate and foments hatred in the way that has happened in this case, where they provoke others to serious violence, and where they use phrases such as, in relation to somebody who said on his radio programme that he was gay,

"You should only get AIDS and die, you pig!",

then it is right that we express our view about that. We recognise that coming to this country is a privilege, and we will express our values in terms of those we exclude.

Mr. David Winnick (Walsall, North) (Lab): If Savage had said what he said about Muslims about Christians or Jews, what would be the reaction?

Jacqui Smith: My hon. Friend makes a very important point. Had an Islamic preacher said the equivalent about killing 100 million Jews, there would rightly have been outrage. There would have been—as there have been from Conservative Members—calls for that individual to be excluded. In developing our policy, we have taken an even-handed approach in saying that if people foment hate—if their aim is to drive division between different faiths and potentially to cause inter-community violence in this country—then they are not welcome in this country.

Mr. Julian Brazier (Canterbury) (Con): If it is an even-handed approach, could the Home Secretary explain why we have welcomed back to this country from Guantanamo Bay two UK residents, but not citizens, who are not only suspected terrorists in Afghanistan but wanted on murder charges in Spain?

Jacqui Smith: We have, for some period of time, taken a position of wanting to see Guantanamo Bay closed. In order to help to facilitate that, we have accepted back, and in fact sought the return to this country, of those who are nationals and have previously been resident in the UK. I think that President Obama's decision to close Guantanamo Bay is the right one, not solely because of the individuals there but because of the ability that that gives us internationally to take forward the sort of values that we hold, and the US holds, in fighting and tackling terrorism.

Illegal Immigrants

5. **Andrew Selous** (South-West Bedfordshire) (Con): What recent assessment she has made of the effectiveness of measures to remove illegal immigrants from the UK. [275714]

The Minister for Borders and Immigration (Mr. Phil Woolas): The immigration system is undergoing the biggest shake-up in a generation. We have strengthened our borders, started the roll-out of local immigration teams, introduced civil penalties for rogue employers who knowingly hire illegal workers, and introduced tier 4 of the points-based system for students. We are committed to removing those with no right to be here, targeting the most harmful first. Last year, more than 66,000 people were removed from the UK or left voluntarily, including a record number of foreign criminals.

Andrew Selous: Many of my constituents want to know the reason for the huge delays in the Home Office, which lead to the failure to remove illegal immigrants, who then acquire the right to stay in this country. The figures show that the number of removals fell in the last quarter of 2008 and was lower than in 2007. Why was that?

Mr. Woolas: I do not accept the hon. Gentleman's point. The trend of our removals is significantly up. Of course, we have difficulties with some countries that refuse to issue documents, and that must be taken into account. However, there is steady improvement, as the report that the chief executive of the UK Border Agency gives regularly to the Home Affairs Committee—I see its Chairman in his place— shows.

Gwyn Prosser (Dover) (Lab): We would have far fewer illegal immigrants to remove if we were even more effective in reducing the flow of illegals from northern France to Dover. What progress has the Minister made in setting up a secure holding centre in Calais? What benefits will flow from that?

Mr. Woolas: I thank my hon. Friend for the question. Given his constituency, he knows more than most, if not all, about the issue. Let me reassure the House that the people trying to get into our country from Calais are not queuing up; they are locked out. Our bilateral conversations with the French have produced good progress. We will have a high-level bilateral meeting next month, when we hope to finalise the next stage of our reform to put in place what is already one of the most effective border controls in the world.

John Mason (Glasgow, East) (SNP): Can the Minister tell us why a four-year-old boy with medical problems has been imprisoned in Dungavel in Lanarkshire?

Mr. Woolas: It would not be right to comment on individual cases. If the hon. Gentleman wants to take up the matter with me, I will respond in due course. On the general policy of detaining children, it is, of course,

a last resort, and we have programmes to consider alternatives. However, regrettably, on some occasions, people who have not co-operated with the decisions of the independent tribunals and courts and would, in their view, otherwise abscond, face detention.

Andrew Mackinlay (Thurrock) (Lab): I think that this is the third time that I have asked this question of the Home Secretary and the Minister, but I am totally bewildered. Why can the Minister not get on top of cases of mums or dads who are married to or partners of British citizens—their kids, who are British children, run around my surgery—but cannot resolve their status? They might, yonks ago, have arrived here as illegal immigrants, but the problem is a no-brainer: they are not going back anywhere, so why cannot we get their papers regularised so that they can work and enjoy life? The problem is not small, but endemic. I have it every week in my constituency, and I do not want to wait till 2010 and 2011 to resolve it. When can those cases be resolved? Common sense should prevail.

Mr. Woolas: I can give my hon. Friend the reassurance. I refer him to the comprehensive information that we have provided to the Select Committee. The legacy cases for failed asylum and immigration problems are being got through at a pace. Under policy and law, we rightly have to look at each case on its merits. We are doing that and we are on track to complete that in the timetable that the Home Secretary outlined. If I may say so, we are doing a good job of it.

Mr. Nicholas Soames (Mid-Sussex) (Con): Does the Minister of State agree that the effective removal of illegal immigrants is an important underpinning for public confidence? Does he also agree that it is just as important that the Government take the steps that the right hon. Member for Birkenhead (Mr. Field) and I have raised with them to break the link between people coming here to work and those who settle?

Mr. Woolas: The answers to the hon. Gentleman's questions are yes and yes. It is important that temporary settlement rights do not automatically become permanent settlement rights and that that is made clear. One of the advantages of the points-based system is exactly that. It is backed up by the border control of counting in and counting out, which I know my right hon. Friend the Member for Birkenhead (Mr. Field) and he have supported. We have today introduced two new countries to the effective visa regime, and it is also important that those visas are counted in and counted out. I am grateful for the hon. Gentleman's support for that policy.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): Has the Minister given any more thought to the idea that if someone fails in their application for asylum, appeals and fails again, and is then told that they have no right to be here and no further right of appeal, that decision ought to be picked up in person, so that that person is not informed by letter and allowed simply to disappear into the community?

Mr. Woolas: There is much merit in that suggestion. When a failed asylum seeker's appeal rights are exhausted, the procedures that we follow are critically important. However, we are regularly subject to legal challenge on that, which mostly results in the UKBA winning the argument and winning the case. There is a constant campaign, if I may use that word, to ensure that the law is enforced, but I nevertheless thank my hon. Friend for her suggestion.

Paul Rowen (Rochdale) (LD): The Minister talked in his initial remarks about the steps that he had taken to strengthen the UK borders. Could he explain to the House how reducing the number of diplomatic posts that process immigration and visa applications is improving and strengthening our borders?

Mr. Woolas: I thank the hon. Gentleman; I know that the issue is important for his constituency. There is a misunderstanding abroad on that point. Partly as a result of security measures in some countries, but partly also as a result of change in management and improvements in efficiency, we now operate on a hub-and-spoke basis. It is important to recognise that our contracted agents are the first contact with the applicant, for both the application and the pick-up. If the hon. Gentleman looks at the number of positions that are designated to individual posts, rather [illegible] the number that are geographically located at [illegible]ces, he will find that there has been an improvement through the hub-and-spoke approach.

Chris Grayling (Epsom and Ewell) (Con): The Minister will remember my raising the case of the 5,000 illegal immigrants given clearance to work in the security industry by the Security Industry Authority 18 months ago. Can he give the House a categorical assurance that none of those workers is still working in the security industry?

Mr. Woolas: The hon. Gentleman knows that someone in my position can never give an absolute categorical assurance at a specific point in time, and no Minister could. I agree with him, however, that it is important for the confidence of the system that that is seen to be done. When we are able to report on the issue, he will see the effectiveness of the UKBA under its new structure and management.

Chris Grayling: I think that most people in this House and outside it would expect Ministers to have something of a handle on the issue 18 months later and to be able to give a clear answer. Let me then ask him two questions. We established two months ago that only 35 of those people had been deported. How many more have been deported since and where are the rest?

Mr. Woolas: I appreciate that the hon. Gentleman has a campaign on the issue, but a campaign should be based on the facts. He well knows that not all those people are liable for deportation, so his question is trying to move the goalposts. I appreciate that that is good propaganda; it is just not good policy.

Identity Cards

6. **Mr. John Leech** (Manchester, Withington) (LD): What assessment she has made of the likely uptake of voluntary identity cards in the pilot scheme in Manchester. [275715]

The Secretary of State for the Home Department (Jacqui Smith): Identity cards will start to be available to British citizens resident in Manchester from the autumn, at a fee of £30, and will, I am sure, become popular with members of the public who want a convenient and secure means of proving their identity.

Mr. Leech: I thank the Secretary of State for saying that with a straight face. Could she tell the House how low the take-up needs to be before the Government realise that they have very little public support and that the ID cards scheme is a complete waste of money?

Jacqui Smith: The most recent research on the national identity service as a whole has shown, as research has consistently shown, that about 60 per cent. of the British public support the identity card scheme and less than 25 per cent. disagree with it. People will have the opportunity—and have already begun to take that opportunity—to register their interest and, in Manchester, to get the security and convenience that comes from being able to prove their identity far more securely than they can now.

David Taylor (North-West Leicestershire) (Lab/Co-op): The cost of identity cards has surged by a further quarter of a billion pounds to the present figure of £5.3 billion, which excludes every Government Department apart from the Home Office, and also excludes businesses, citizens and many sectors of society. Does the Home Secretary believe that there is a risk that the Manchester citizens who signed up for the card—no doubt in the fiction section of the central library, while having a continental breakfast—have signed away their privacy for life and given a blank cheque to this and, perhaps, future Governments?

Jacqui Smith: I know that my hon. Friend would not want the facts to get in the way of an amusing question. He is wrong: the costs have not increased in the way in which he suggests. Last year, we were able to demonstrate a reduction of £1 billion in the cost of the instigation of the national identity service over the next 10 years. The cost for the people of Manchester to take up this opportunity on a purely voluntary basis will be £30, and we will see how many of them want to take up the opportunity.

Sir Patrick Cormack (South Staffordshire) (Con): Can the Home Secretary not acknowledge that, whatever the precise figure, it is an enormous one, and that the scheme is never going to happen because no sane Government will pursue it? So why does she not chuck it?

Jacqui Smith: There are already people in this country who have identity cards in their hands and in their wallets. We have already issued 30,000 identity cards to foreign nationals, and by November this year that figure will be 75,000. The hon. Gentleman might want to wish the scheme away, but it exists in this country now. I believe, given the level of support that we have consistently maintained for identity cards, that a sane Government will recognise the benefits to individuals of being able to find a more secure, more convenient way of proving their identity, which many of us have to do often in our lives. When we put that alongside the security that comes from being able to tie our identity to ourselves in a modern world, we can recognise the benefits. Also, as I pointed out to the House either at the previous Home Office questions or the one before, the idea that there are large sums of money to be saved by doing away with the scheme is completely fallacious. Anyone who suggests that will have a black hole not only in their plans for security but in their financial plans.

Damian Green (Ashford) (Con): With every month that passes, it becomes clearer that the ID card scheme will never be introduced, yet, as the Home Secretary has just said, at last month's Home Office questions she was determined to tell us about the new contracts that she had signed to create the system. There are billions of pounds of taxpayers' money at stake, so will she pledge today to publish the details of those contracts and the break clauses in them, to remove any suspicion that she is trying to tie the hands of her successors and land the British taxpayer with a huge and unnecessary bill for a discredited policy?

Jacqui Smith: I made clear and announced to the House the costs of breaking those contracts. I am sure that the hon. Gentleman is not proposing that I put commercially confidential information into the public domain—leak it, perhaps? We have been completely clear that, of the total cost of implementing ID cards, approximately 70 per cent. would need to be spent in any event, just to implement secure biometric passports. I presume that Opposition Members are not turning their backs on what every other Schengen country is going to do: put fingerprints into secure biometric passports. The operational costs of issuing ID cards in addition to that will be recovered largely from fees, so, as I said earlier, the Opposition's suggestion that there is a large amount of money to be saved by scrapping the ID card scheme suggests that there is a black hole not only in their plans but in their finances.

Crime (Public Transport)

7. **Mary Creagh** (Wakefield) (Lab): What steps she is taking to reduce levels of crime at bus and railway stations. [275716]

The Parliamentary Under-Secretary of State for the Home Department (Mr. Alan Campbell): The Government fund schemes such as the secure stations scheme to reduce crime at transport hubs, with extra CCTV cameras, better lighting, and customer help and information points.

Mary Creagh: I thank my hon. Friend for that reply. Last October, a 21-year-old woman was assaulted, robbed and raped at Kirkgate train station by a Romanian national, Ali Majlat, who has been given an indeterminate sentence and will serve a minimum of five years. What reassurance can my hon. Friend give my constituents that this evil man will be deported as soon as he leaves prison, with no leave to return? Will my hon. Friend also please knock some heads together at Northern Rail and Network Rail, to ensure that we get a live CCTV monitoring system so that the British Transport police can monitor what is going on at Kirkgate station?

Mr. Campbell: This was a grave and hideous crime, and my sympathies go to the victim. As my hon. Friend says, the perpetrator is in prison—and I think most people would expect him to serve his sentence in full and then be considered for deportation, which is exactly what is happening. On my hon. Friend's other points, I would be happy to meet her to see what else can be done.

Sir Nicholas Winterton (Macclesfield) (Con): Although the Government gave a very reassuring answer to the original question, does the Minister agree that many railways stations and even bus stations are unmanned at night and that in many cases those stations are very dark—almost like a morgue—and that there is a huge backlog of expenditure required to install the CCTV cameras and lighting that would make those stations much safer, particularly for the young and the elderly who are frightened to use public transport at night?

Mr. Campbell: The hon. Gentleman raises an important matter on behalf of his constituents. Policing at stations and, indeed, station security is, of course, the responsibility of the Secretary of State for Transport, but I would be quite happy to raise the hon. Gentleman's point with my colleagues.

Mr. Neil Gerrard (Walthamstow) (Lab): The safer transport team based at Walthamstow Central bus and tube station has had a really good effect on bringing down crime levels in the area, but one issue that does not help to persuade people that this is actually happening is the diversion created in people's minds by the use of section 44 of the Terrorism Act 2006 to stop and search people who have been taking photographs in and around the bus station. Will the Minister look at how that law is operating? We recently had a ludicrous incident when an Austrian tourist who was taking photographs of buses was stopped and searched. That does not help.

Mr. Campbell: We are looking at that. My hon. Friend the Minister for Security, Counter-Terrorism, Crime and Policing is in discussions on exactly that issue.

Mr. David Ruffley (Bury St. Edmunds) (Con): We all know that if police officers spend more time on the beat, crime will be cut. Four years ago, the Home Office told us that police officers spent only 19 per cent. of their time on the beat. Can the Minister tell us today what the latest figure is?

Mr. Campbell: What we need to be measuring is the length of time that police officers spend on front-line duties, not simply "on the beat". The hon. Gentleman is aware that if police are literally on the beat, they are obviously not involved in front-line policing. As soon as officers undertake some policing, it means they are carrying out front-line duties, which is subject to a different measurement altogether. The figures have been rising in that respect. What we need to do is not just have police officers with more time for front-line police services, but guarantee the number of those officers. Given the funding commitments—or lack of them—from the Conservative party, I am not sure whether police officers will be there to spend time on whatever duties.

Trafficking (Children)

8. **Mr. Stephen Crabb** (Preseli Pembrokeshire) (Con): What her most recent estimate is of the level of trafficking of children into the UK. [275717]

The Parliamentary Under-Secretary of State for the Home Department (Mr. Alan Campbell): The Child Exploitation and Online Protection Centre's "Strategic Threat Assessment" published last month, is the most recent study into child trafficking. It found that 325 children were identified as potential victims of trafficking or exploitation from data supplied covering the period 1 March 2007 to 29 February 2008.

Mr. Crabb: I am grateful for that reply, but the Minister will have seen the report from the Home Affairs Committee last week, which painted a grim picture of a growing modern slave industry here within the UK, where abused children are some of the principal victims. What practical steps is he, along with other ministerial colleagues, taking to ensure that all relevant agencies coming into contact with trafficked children are aware of the issues, to end the culture of disbelief that unquestionably still exists among some professionals, and, most of all, to put a stop to our care homes effectively becoming holding pens for trafficked children?

Mr. Campbell: We are concerned about children who are suspected of being trafficked, particularly if they go missing from care. The national referral mechanism is an important part of identifying those who may be victims of child trafficking. The young runaways plan brings together, across government, partners that are important in that process. The hon. Gentleman mentions local authorities; there will be increased guidance to them. They, at the end of the day, are responsible for children in such situations.

Keith Vaz (Leicester, East) (Lab): The hon. Member for Preseli Pembrokeshire (Mr. Crabb) is absolutely right to raise the issue of care homes. Last week, *The Guardian* reported that 77 trafficked Chinese children went missing from a home in Hillingdon, and hundreds more have gone missing in the past 10 years. I am grateful to the Home Secretary for coming to the Select Committee seminar last week, but will the Minister tell the House when she will be in a position to report back to the Prime Minister, who has asked her for an urgent report on the situation in care homes? Does the Minister not agree that the way to stop children being trafficked is to bring together the origin, destination and transition countries and put our faith in organisations such as Europol, which exist to try to stop this horrible practice continuing?

Mr. Campbell: My right hon. Friend is exactly right, and I pay tribute to the work of his Committee and to the important opportunity offered by last week's seminar, which my right hon. Friend the Home Secretary attended. There was an important sharing of views on these matters. He asks when the Home Secretary, and indeed the Secretary of State for Children, Schools and Families, will report back to the Prime Minister. I believe that that will happen shortly—within the next few weeks.

Mr. Anthony Steen (Totnes) (Con): Are the Government aware that they may be on the wrong point, as most children are trafficked from China and Vietnam? That being the case, should not the asylum-seeking provision be lifted for those children, because what we need for all Chinese and Vietnamese children is special screening by the border and immigration services—otherwise, children will always go missing from care homes?

Mr. Campbell: May I first place on record our appreciation of the hon. Gentleman's efforts? Few in the House have done more to achieve progress on this matter and I pay tribute to him. That screening, I am advised, is in place, but it is important that we have the closest scrutiny, particularly of the groups that he refers to. That is why it is important that we work in those countries to stop the flow of those people. We must also work hard here: it is not always easy to identify the age of a trafficked child, so we must have the mechanisms in place to proceed to identify exactly who the individuals are.

Mrs. Ann Cryer (Keighley) (Lab): Does my hon. Friend agree that, were we to reintroduce the recording of embarkation details—I think we are going to do it—that would help enormously in stopping the trafficking of children, because we would know whether a person had travelled out alone and returned accompanied by five or six children?

Mr. Campbell: Yes, we are doing that, and it is an important step forward, as are the operations that we run at key airports, which are having an effect on the number of children whom we suspect are being brought into the country and trafficked.

Community Policing

10. **Mr. Lindsay Hoyle** (Chorley) (Lab): What recent assessment she has made of the role of police community support officers in supporting community beat managers. [275720]

The Minister for Security, Counter-Terrorism, Crime and Policing (Mr. Vernon Coaker): In performing that role as part of neighbourhood policing teams, PCSOs offer valuable support to their community beat managers. The PCSO review, published in 2008, and the policing Green Paper were both broadly supportive of the PCSO role. In addition, the 2006 evaluation of PCSOs found that they had a key role to play in neighbourhood policing, and their provision of reassurance and visibility was welcomed by local communities.

Mr. Hoyle: I thank my hon. Friend for that reply. Does he agree that PCSOs have a role to play—as he says, an important role—in backing up policing? Will he ensure that we do not see PCSOs replacing real bobbies as a way of saving money?

Mr. Coaker: We of course understand the fact that there is a real difference between PCSOs and full-time warranted police officers, and we want to maintain that distinction, but my hon. Friend is also right to point out that PCSOs—integrated particularly in neighbourhood policing teams, working side by side with warranted police officers, specials and, indeed, neighbourhood wardens—make a huge contribution to keeping communities safe and reassuring people out and about in different communities.

DNA Database

11. **Andrew Stunell** (Hazel Grove) (LD): What factors her Department took into account in deciding on the options of retaining DNA samples for six and 12 years in its consultation on the national DNA database. [275721]

The Minister for Security, Counter-Terrorism, Crime and Policing (Mr. Vernon Coaker): We will be retaining samples for a maximum of six months, after which time they will be destroyed whether the person is convicted or not. On DNA profiles, the public consultation paper "Keeping the Right People on the DNA database", published on 7 May 2009, sets out our proposals and the thinking behind them. Our approach is supported by evidence on the propensity to offend, which indicates that there is a span of four to 15 years within which retention periods can be justified.

Our key consideration is implementing the judgment of the European Court of Human Rights in the case of S and Marper in a way that balances the need to protect the public with the need to safeguard the rights of the individual.

Andrew Stunell: Will the Minister not act to remove immediately from the DNA database those who have been falsely accused? I draw to his attention the case of my 50-year-old constituent who challenged a group of unruly youths and faced false accusations. His DNA is now stuck on that database for ever. Can the Minister not assure the House that those falsely accused will be taken off the DNA database and the Court's ruling complied with immediately?

Mr. Coaker: I do not know the particular case that the hon. Gentleman refers to, but of course people can appeal to a chief constable to be taken off the DNA database, and indeed new guidance will be prepared to try to ensure that people in certain situations, perhaps such as the situation that he refers to, will be able to get their DNA taken off the database.

Topical Questions

T1. [275734] **Richard Ottaway** (Croydon, South) (Con): If she will make a statement on her departmental responsibilities.

The Secretary of State for the Home Department (Jacqui Smith): The Government continue to make progress against the threat that drugs pose to communities and families. Since publishing the drug strategy in February last year, we have made record numbers of drug seizures in England and Wales, we have seized more of the cash and assets of criminals and we have helped more people than ever before to access drug treatment. We have seen overall drug use fall to its lowest level since British crime survey measurements started, and we have seen drug-related crime fall, but we will continue to build on that progress and respond to emerging threats. That is why I will be launching a public consultation on the control of GBL later this month. As tragically shown by the recent death of Hester Stewart, controls are necessary to prevent the use of such precursor chemicals, and we will work to determine the best controls of that substance.

Richard Ottaway: The Home Secretary goes on about her drugs policy at length, but is she aware of the damning indictment of it by the Centre for Policy Studies? It said:

"Labour's War on Drugs has not, despite the rhetoric to the contrary, been fought. It has been a Phoney War—and an expensive failure."

When will the Government adopt the Conservative party's proposals, and stop managing addiction and instead focus on its root causes?

Jacqui Smith: There are many inaccuracies in the report that the hon. Gentleman refers to. Overall, drug use is at its lowest level since measurements through the BCS began. As I said, we have seized more cash and assets in the past year than ever before. We made a record 216,792 drug seizures in England and Wales in the past year, and the Serious Organised Crime Agency seized more than 90 tonnes of class A drugs. We have seen the wholesale price of cocaine rise as a result of the impact of its work. We have got more support and treatment to young people than ever before and helped more people to access drug treatment, with more than 200,000 people now able to do so. We have also introduced well regarded campaigns to tackle drug use, and we are considering how to reform drugs education in our schools. That is a comprehensive list of progress.

T2. [275736] **Martin Salter** (Reading, West) (Lab): One organisation that has been actively campaigning against settlement rights for the brave Gurkha soldiers is the odious British National party, which is circulating a leaflet defacing the image of the recently fallen Corporal Kumar Pun, a man who gave his life for this country. Does the Minister agree that it is high time that the Gurkha settlement issue was resolved in favour of the historic debt of honour that this country owes Corporal Pun and his comrades?

The Minister for Borders and Immigration (Mr. Phil Woolas): I thank my hon. Friend for his question and repeat the assurance that we gave the House on 29 April that we are working on new proposals. I am grateful to the Home Affairs Committee, of which my hon. Friend is a member, for its facilitation of that discussion.

On the British National party, all of us in the House would recognise that the increased scrutiny of that party is now exposing the true nature of its policies. I imagine that we would all wish to condemn wholeheartedly its policy of instructing its members not to describe people as being "black British" or "British Asian", and its comments regarding the footballers Ferdinand, Walcott and James as not being English.

T3. [275737] **Norman Baker** (Lewes) (LD): Following the question from my hon. Friend the Member for Hazel Grove (Andrew Stunell) about DNA samples, may I ask whether the Minister really thinks it appropriate to keep samples for six or 12 years, given that the European Court of Human Rights has lauded the Scottish model in which no samples from innocent people are kept except samples from those who have been acquitted of a sexual or violent offence, which are kept for three years? Why do we not adopt that model?

The Minister for Security, Counter-Terrorism, Crime and Policing (Mr. Vernon Coaker): The hon. Gentleman's question gives me another opportunity to put on record the Government's categorical statement that we will not retain samples, which are genetic material, for longer than six months. As for profiles, to which I think he is referring, we know that keeping the profiles of those who have been arrested will enable us to solve crimes in the future. That is a proportionate approach.

If the hon. Gentleman reads what was actually said in the European Court judgment, he will find that the objection was to the indiscriminate, blanket nature of our policy, and that keeping DNA from those who had been arrested was not considered necessarily to be wrong.

T5. [275739] **Christine Russell** (City of Chester) (Lab): Most people find the presence of CCTV in their neighbourhoods reassuring, and most police officers find them very helpful in assisting the detection of crime and the reduction of antisocial behaviour. However, there is also a strong view out there that they can result in a real invasion of an individual's personal liberty. Has the Department commissioned, or will it consider commissioning, a fully independent survey of the effectiveness of CCTV cameras?

Mr. Coaker: My hon. Friend has raised an important point about the balance between the rights of the individual and the protection of the community. The Home Office is examining the way in which we manage CCTV systems throughout the country, and also the possibility of establishing a national CCTV board.

According to a recent report from the Campbell Collaboration crime and justice group, CCTV has

"a modest but significant desirable impact on crime".

The report says that it is most effective in reducing crime in car parks and targeting vehicle crime, and that it is more effective in reducing crime in the United Kingdom than in other countries. I think that that is an endorsement of CCTV, but we must of course consider the impact on the privacy of the individual as well.

T4. [275738] **Mr. John Leech** (Manchester, Withington) (LD): In south Manchester we face the prospect of losing PC Steve Hobson as our crime reduction adviser. Steve has done more than any other police officer in Manchester to help combat crime. Will the Minister join me in supporting the Save Our Steve campaign, which aims to persuade Greater Manchester police to keep Steve on after his 30 years of service?

Jacqui Smith: It is officers such as PC Steve Hobson who—particularly through neighbourhood policing teams—are helping communities all over the country to feel more confident and helping to make crime fall, and it is the actions of this Government that have ensured that there are 14,000 more police constables like Steve Hobson across the country now. Our difficulty is that Conservative Members have steadfastly refused to commit themselves to safeguarding those numbers.

Nia Griffith (Llanelli) (Lab): We all understand that we need the strictest possible border controls to deal with immigration, but can my hon. Friend the Minister for Borders and Immigration offer any reassurance to a constituent of mine who holds dual nationality that if she leaves this country using her New Zealand passport she will not encounter any difficulties, or any threat of deportation, when trying to return here using her British passport?

Mr. Woolas: I can do my best to give that reassurance. Certainly no aspect of policy should produce a problem. However, I am sure that if there is a problem, my hon. Friend, as a hard-working Member of Parliament, will be on the phone to me immediately. Her question also gives me an opportunity to reassure her about the merits of the border control policy, including the electronic borders that now count people in and out of our country, and I ask all Members to support us in that endeavour.

T6. [275740] **Sandra Gidley** (Romsey) (LD): Owners of weapons deactived prior to 1995 hold certificates to say that they are, in fact, non-weapons, and only a handful of crimes have been committed in reactivating the "deacs"—the deactivated weapons. Would not Government time be better spent in tackling illegal gun sales than in trying to penalise law-abiding members of the community further?

Jacqui Smith: I believe that we need to do both. That is why we have taken action, not least internationally through the Serious Organised Crime Agency and with Her Majesty's Revenue and Customs, to tackle the import of guns, and why we are working with the National Ballistics Intelligence Service—NABIS—and its database in order to be able to track guns and where they come from more clearly. It is also why we will take action against deactivated firearms and why we have had a 16 per cent. fall in gun crime over the last year.

Mr. David Heathcoat-Amory (Wells) (Con): Why is the Home Office still proposing to retain the DNA profiles of innocent people for six years? Is the Secretary of State aware of correspondence that I and many others have sent to the Department about entirely innocent people who have been not only not convicted, but not even charged with any offence, and who believe that the march of the state and the surveillance society must be stopped, and that this is a very good place to start?

Mr. Coaker: As I said to the hon. Member for Lewes (Norman Baker), the European Court judgment actually said that the indiscriminate blanket nature of the retention of DNA was the issue and that that meant we were in breach of our human rights obligations. It did not say that we should not keep any DNA on arrest. As a result of the consultation we brought forward last week the Government have given a proportionate response to the judgment of the courts as we try to balance retaining DNA with our ability to solve crime. We have all seen that the retention on the DNA database of the DNA of those arrested but not convicted has led to a large number of crimes being solved that otherwise would have remained unsolved, including rapes and murders. That is something the right hon. Gentleman must also consider.

Bob Russell (Colchester) (LD): Further to the earlier question from the hon. Member for Chorley (Mr. Hoyle) about police community support officers, what is the Government's policy on Neighbourhood Watch? Does it have a role to play in the fight against crime, and if so, what support are the Government giving it?

Jacqui Smith: Neighbourhood Watch has a fundamental role to play alongside the neighbourhood policing teams that are now in every community in this country. That is why we are investing an extra £1 million to help Neighbourhood Watch maintain that important role, alongside that performed by increased numbers of police officers and of PCSOs.

Mark Pritchard (The Wrekin) (Con): The Secretary of State will know that the vast majority of police officers and PCSOs in the West Mercia police area, and also those covering Shropshire, are hard-working and dedicated. Will she therefore give a commitment to the House today that there will be no cuts in front-line officers in the next financial year?

Jacqui Smith: I agree with the hon. Gentleman that the police officers in West Mercia do a very good job, which is why crime has come down in his area and in mine. I have given a commitment to maintain our increased funding for the police grant, which will enable us at least to maintain police numbers. Unfortunately, the shadow Home Secretary has refused to give me a commitment that his spending plans, which would have reduced spending to the equivalent of about 3,500 police officers this year, would not be instituted. I can give a commitment to maintain police funding; the hon. Gentleman's Front-Bench colleagues cannot.

Mr. Peter Bone (Wellingborough) (Con): The Home Secretary refers to police numbers, but it is no good having policemen if they are not out on the beat. Why is it that under her Government the amount of time the police spend on the beat is falling? In my county it is down to 10 per cent.

Jacqui Smith: I am sorry, Mr. Speaker, but that is just wrong. Not only do we have—

Mr. Bone: It is not wrong!

Jacqui Smith: Ooh!

Not only do we have more police officers and a funding commitment that the hon. Gentleman's party has signally failed to match, but, through cutting bureaucracy and providing handheld computers, we have more police officers and more PCSOs with more time to spend on their duties, which is why we continue to see crime in this country falling.

Bob Spink (Castle Point) (Ind): May I thank the Government for their action over the past 10 years on Gurkhas' resettlement rights, while encouraging them to ensure that their new proposals are much more generous and give the necessary concessions? Will those proposals be implemented in time for us to celebrate them during the armed forces celebration day on 27 June?

Mr. Woolas: The hon. Gentleman, like the rest of the House, will have to be patient. As I said on 29 April and as has been said in evidence to the Select Committee, we are putting in place new proposals to move towards the point that was made by the House in that debate, and I am optimistic.

Speaker's Statement

3.30 pm

Mr. Speaker: I would like to make a statement on Members' allowances. We all know that it is the tradition of this House that the Speaker speaks to the whole House, but in doing so please allow me to say to the men and women of the United Kingdom that we have let you down very badly indeed. We must all accept blame and, to the extent that I have contributed to the situation, I am profoundly sorry. Now, each and every Member, including myself, must work hard to regain your trust.

As a matter of urgency, and within 48 hours, I am calling the Prime Minister and party leaders, including those of the minority parties, to meet me and the other members of the House of Commons Commission. Also present will be the right hon. Member for Islwyn (Mr. Touhig).

Leaders of all parties have made announcements on what should be done. Some of their proposals are very similar to those put to the House on 3 July last year by the Members Estimate Committee—which I chair—copies of which are lodged in the Vote Office. I want discussion to centre on the additional costs allowance and all those matters that have caused the greatest controversy and most anger with the public, and I include in that the early publication of the additional costs allowance, office costs and travel material.

While we await the work of the Committee on Standards in Public Life, we must search for agreement, so that the Leader of the House can bring forward resolutions to give an opportunity for the House to deal with the immediate situation. In the meantime, I do urge all hon. Members not to submit claims for approval. Last week, I had a most productive meeting with Sir Christopher Kelly, who explained to me his hopes to bring forward reasoned proposals in the autumn. While we await the outcome of his work, it is imperative that we continue to improve our accounts and practice in the interim, and get in place measures that work and are seen to be working. I say again that we all bear a heavy responsibility for the terrible damage to the reputation of this House. We must do everything we possibly can to regain the trust and confidence of the people.

Several hon. Members *rose—*

Mr. Speaker: I call Mr. Prentice.

Mr. Gordon Prentice (Pendle) (Lab): On a point of order, Mr. Speaker. A motion of no confidence in you, Sir, will appear on the Order Paper tomorrow. Am I right in thinking that it will be debated tomorrow and voted upon?

Mr. Speaker: This is not a point of order—

Mr. Prentice: Oh yes it is—

Mr. Speaker: Order. Please allow me to answer. These are matters for debate on an appropriate motion.

Mr. Douglas Carswell (Harwich) (Con): Further to that point of order, Mr. Speaker. As you will be aware, Members on both sides of the House have now tabled a substantive motion calling for a vote of no confidence in you. When will Members be allowed to choose a new Speaker with the moral authority to clean up Westminster and the legitimacy to lift this House out of the mire?

Mr. Speaker: I know that the hon. Gentleman has taken—*[Interruption.]* I will answer. I know that the hon. Gentleman has taken advice, but it is not a substantive motion. It is an early-day motion—*[Interruption.]* The hon. Gentleman is telling me that it is not. Please give me credit for having some experience in the Chair. It is not a substantive motion; it is an early-day motion. The hon. Gentleman knows—

Mr. Richard Bacon (South Norfolk) (Con): It is a substantive motion. The Deputy Leader of the House just told me that it is a substantive motion.

Mr. Speaker: Order. Let me ask the Clerk; if I am wrong I will say so. It is a motion on the remaining orders, and can only be proceeded with if it becomes a substantive motion.

Mr. David Winnick (Walsall, North) (Lab): Further to that point of order, Mr. Speaker. There is, as you say, great public anger outside that undoubtedly has harmed the reputation of this House. We all bear responsibility; I take my share of the responsibility, like any other hon. Member. I am not associated with the motion, Sir, but will you bear in mind that it would be very useful for the reputation of this House—I say this with reluctance, but I say it all the same—if you gave some indication of your own intention to retire? Your early retirement would help the reputation of the House.

Mr. Speaker: The hon. Gentleman has served under more Speakers than I have and he knows that that is not a subject for today.

Mr. Winnick: It should be answered by you, Sir—

Mr. Speaker: Order.

Mr. David Heath (Somerton and Frome) (LD): Further to that point of order, Mr. Speaker. I have a great deal of personal sympathy for the impossible situation in which you find yourself. I have to say that the statement you have made would have been extremely welcome had it been made a few weeks or months ago, but I have very grave doubts, given the appalling situation in which we find ourselves—this midden of the House's own making—that any action taken by Members of this House will restore the trust that we need. Is it not therefore necessary, and can you assist us in this, Mr. Speaker, for this House to resolve to accept unequivocally the results of Sir Christopher Kelly's decisions—

Mr. Speaker: Order. I must stop the hon. Gentleman. I cannot give an assurance as to whether the proposals of any organisation will be accepted by this House. This House must make that acceptance.

Mr. Heath *rose—*

Mr. Speaker: Let me finish. I think that I must clarify a certain situation. I said it in the statement—Sir Christopher Kelly will not report until the autumn and therefore steps have to be taken within this House.

Mr. Heath: Further to that point of order, Mr. Speaker. What I was asking was that the House be given an opportunity to resolve to accept the recommendations of that independent committee, to resolve to remove the remaining barriers to transparency so that everything can be revealed as soon as possible, and to accept that those right hon. and hon. Members who put us into this position by resisting reform cannot possibly be the right people to lead us out of the mire.

Mr. Speaker: I say to the hon. Gentleman that until resolutions are put forward—I hope that they come forward in the meeting that I have proposed—for which the Leader of the House will have responsibility, and only then, will the House be able to proceed. He mentioned transparency, and, yes, as I have stated, I have heard leaders of the parties and others talk about many issues, some of which were brought up on 3 July by the Committee that I chair. What I can say about that point is that anything about transparency can be on the agenda at the meeting that will take place within 48 hours and can hopefully be translated into a resolution that this House can consider.

Sir Patrick Cormack (South Staffordshire) (Con): Further to that point of order, Mr. Speaker. The times that we are living in are unprecedented, as far as Parliament is concerned. What is at stake is the institution of Parliament and its integrity. May I just say that I very much hope that you will take account of the fact that profound concern is voiced in the motion that is to go down tomorrow? May I ask you to bear in mind that the condition of the House today is rather like the condition of the country at the time of the Norway debate, and could you reflect on that?

Mr. Mike Hancock (Portsmouth, South) (LD): Further to that a point of order, Mr. Speaker. *[Interruption.]*

Mr. Speaker: I cannot hear the hon. Gentleman.

Mr. Hancock: At the meeting that you, Mr. Speaker, will convene within 48 hours, will you ask Sir Christopher Kelly what resources he would need to bring his report forward from the autumn, because that date seems wholly unacceptable? If it is a question of resources, they should be made available to enable him to do the work, certainly so speedily that it is done one month from now. I urge you to discuss that with the party leaders and the House of Commons Commission.

Mr. Speaker: I take on board what the hon. Gentleman has to say.

Mr. Lindsay Hoyle (Chorley) (Lab): Further to that point of order, Mr. Speaker. Would it not be possible for Kelly to bring forward a very early interim report, with something that we could adopt, to make the changes more immediate?

Mr. Speaker: I have heard what the hon. Gentleman had to say.

Mr. Richard Shepherd (Aldridge-Brownhills) (Con): Further to that point of order, Mr. Speaker. The reputation and standing of the House, in the views of those who send us here, are at the lowest point that I can ever remember. This is a constitutional crisis, and we now have to hear a statement about the future. Many out there will not believe that we are serious about the changes that are necessary as long as you are in the Chair. That is the terrible situation that we are in. I feel the greatest sadness that I have even had to raise this point. There is a motion on the Order Paper, and it should be debated, and the Government should acknowledge that it will be debated.

Mr. Speaker: What the hon. Gentleman is doing, through a point of order, is debating the matter. *[Interruption.]* Order. He has a point of view, and I do not deny him that right, but he knows the rules of the House. That is not a debate that he can enter into through a point of order.

Mr. Shepherd: How do we discuss things in this House if—

Mr. Speaker: If the hon. Gentleman does not know that, no one will know. *[Interruption.]* Order.

Sir Stuart Bell (Middlesbrough) (Lab): Further to that point of order, Mr. Speaker. The majority in this House will fully support the statement that you made today. The majority in the House will fully accept that there has never been, in the history of our land, such an attack on the Speaker of the House of Commons. There has never been such an attack on the chairmanship and speakership of this House. Are not the steps that you are taking, with the steps that Sir Christopher Kelly is taking, the steps that the Prime Minister has asked for and the review of four years of our expenses, all designed to restore public confidence and public trust? Should not the House calm itself down, have a period of reflection, and support you, as the Speaker is entitled to be supported?

Mr. Speaker: All I say to the hon. Gentleman is that the House of Commons Commission, which this House created—*[Interruption.]* Order. As far as I know, the Commission was created under statute. The House of Commons Commission has a responsibility. The party leaders—all of them, including the leaders of the minority parties—have a responsibility. What I am saying is: let all the parties involved meet and discuss the matter. That has never happened. What has happened is that one party has said one thing, the Prime Minister has said another, and the Liberal party another. Other individual Members have had a point of view, too. For the first time, people will be under the one roof, talking about this matter.

David Davis (Haltemprice and Howden) (Con): Further to that point of order, Mr. Speaker. It is a sad day for all of us. The point that you made earlier is, I am sure, absolutely right: the motion is an early-day motion, not a substantive motion. Is it within the power of a Back Bencher to put down a substantive motion, and if so, how?

Mr. Speaker: It has to be on the Order Paper, and not under the remaining orders. That is a matter for the Government, not for the Chair. [HON. MEMBERS: "Ah!"] Order.

Bob Spink (Castle Point) (Ind): Further to that point of order, Mr. Speaker. I welcome, as I am sure the House must do, your statement today—*[Interruption.]*

Mr. Speaker: Order. Given the difficulty we are in, I should be able to hear an hon. Member who is speaking.

Bob Spink: Thank you very much, Mr. Speaker. The whole House must welcome your statement today, so thank you.

Sir, in view of the Whit recess next week, will you be able to come to the House and make a further statement following your meeting with the party leaders? Following that statement, may we have a debate, so that I can make it plain that my constituents, like most people's constituents, do not want to see you made a scapegoat for the actions of these Members?

Mr. Speaker: I will make a statement as soon as I am in a position to do so regarding the report back, but I assure the hon. Gentleman that I will keep the House informed in every way possible.

Susan Kramer (Richmond Park) (LD): Further to that point of order, Mr. Speaker. I ask for your guidance as to whether there is anything in your power to guide the Government to provide us with an Opposition day debate in which this matter, which most of the House wishes to debate, could be introduced as a substantive motion?

Mr. Speaker: I have no responsibility for the subject of debate. I have to make it clear that I am not continuing with what seems to be a debate on this matter. I have made a statement.

Several hon. Members *rose*

Mr. Speaker: To be helpful, I call Sammy Wilson.

Sammy Wilson (East Antrim) (DUP): Further to that point of order, Mr. Speaker. First, may I say that I welcome the opportunity not just for the main parties in the House but for the minority parties to have a discussion on the issue with you and to make recommendations? I believe, as other Members have said, that the very reputation not just of the House but of the future of good governance in the United Kingdom is at stake. May I ask, Mr. Speaker, whether you can give us an assurance that, after those discussions, a report will quickly be given to the House as to their outcome so that the matter can be put behind us and settled?

Mr. Speaker: I will do that—I promise that I will do that.

Mr. Mark Field (Cities of London and Westminster) (Con): Further to that point of order, Mr. Speaker. The right hon. Member for Scunthorpe (Mr. Morley) and the hon. Member for Bury, North (Mr. Chaytor) have confessed to claiming fraudulently tens of thousands of pounds of taxpayers' money for phantom mortgage claims.—*[Interruption.]*

Mr. Speaker: Order. Please—*[Interruption.]* Order. We have to be careful about what we say. There are things that I could have said from the Chair expressing anger about certain things, but I had to be careful. I must ask hon. Members to do so, too. I caution the hon. Gentleman, not for my sake, but for his sake: he should not say this. In fact, I have to stop him saying it, and I give him good advice.

Opposition Day

[11TH ALLOTTED DAY]

Skills in the Recession

Mr. Speaker: I inform the House that I have selected the amendment in the name of the Prime Minister.

3.48 pm

Mr. David Willetts (Havant) (Con): I beg to move,

That this House regrets the Government's failure to deliver the skills training and education needed if the economy is to emerge stronger from the recession; condemns the incompetent management of further education colleges' capital projects; is concerned that the percentage of young people not in education, employment or training has risen significantly since the start of the decade; notes the concerns of training providers that funding allocations for 2009-10 will not support current apprentices to the end of their training; is disappointed that an estimated 1.4 million adult learning places have been lost since 2005; and urges the Government to set out, in consultation with the Association of Colleges, clear criteria for the prioritisation of funding for college building projects, to provide support for more Masters degrees in science, technology, engineering and mathematics (STEM) subjects during the downturn, to fund learners over the age of 25 in level 3 STEM skills and to help apprentices at risk of losing their places to find new employers or new training places.

Our motion is about the economic crisis facing our country, but I sense that it is not the House's preoccupation at this very moment. However, the situation that we are in is perilous, because we face serious economic difficulties, which is the subject that we are debating, at a time when the country has clearly lost confidence in us as the House of Commons. We have to reflect on the seriousness of the constitutional challenges that we face, as well as the economic challenges. It is the combination of the two that makes our situation so serious.

The seriousness of the economic situation was brought home to us by last week's unemployment figures, which showed an increase of 250,000 in three months—the fastest quarterly increase on record, taking unemployment to the level it was when Labour came to office in 1997. The Opposition's fear is that young people in particular will be the victims of the recession, one estimate being that if, tragically, unemployment were to rise to 3 million, more than 1.25 million of those unemployed people would be aged under 25.

Ian Stewart (Eccles) (Lab): If unemployment is a tragedy now, why would the hon. Gentleman not accept and admit it was a tragedy for 3 million people to be unemployed when he was in government?

Mr. Willetts: Indeed, it was a tragedy when 3 million people were unemployed before. The aim of our debate today is to identify the measures that can avoid that happening again. That is what we are focusing on.

Mr. Oliver Heald (North-East Hertfordshire) (Con): I do not know whether my hon. Friend had an opportunity to see the recent statement by the Association of Learning Providers, pointing out how excellent the community programme under the Conservatives in the 1980s was, and saying that something similar, coupled with apprenticeships, could be a way of ensuring that apprentices do not lose their education and skills because they are thrown out of work. Will he look at that idea?

Mr. Willetts: My hon. Friend makes a valid point. It is certainly an idea that needs to be considered.

Although the recession has increased unemployment already, it is worth remembering that even in the boom years when the economy was growing, we were suffering from an increase in the rate of youth unemployment. The rate of unemployment among people aged 16 to 24 grew from 13.4 per cent. in 1997 to 14.4 per cent. in 2007, so even in the good times before the recession hit we were already going backwards and losing ground, compared with other OECD countries.

Mr. Lindsay Hoyle (Chorley) (Lab): The hon. Gentleman is very generous with his time. I agree that skills are important, not only for young people but for everyone. Does he share my belief that we should be investing in skills and keeping people in employment through the short-time working subsidy, rather than allowing them to go to the jobcentre and trying to reskill them there? Would we not be better off investing in employment through the short-time working subsidy?

Mr. Willetts: That is an interesting idea that is worth considering. Indeed, that is something else—going back to the intervention from my hon. Friend the Member for North-East Hertfordshire (Mr. Heald)—that we introduced in the early 1980s, when unemployment was high before.

John Bercow (Buckingham) (Con): I have an unresolved concern about clause 84 of the Apprenticeships, Skills, Children and Learning Bill. My hon. Friend has at least two brains and probably an exemplary memory, so I trust he will recall that both on Second Reading of that Bill and at questions to the Department for Innovation, Universities and Skills—that is to say, on two separate occasions—I raised my concern that clause 84 as it stands is overly prescriptive because it would preclude from participation in apprenticeship schemes people with special educational needs, who might be well suited to an apprenticeship but who do not have level 2 and level 3 qualifications. The Under-Secretary of State for Innovation, Universities and Skills, the hon. Member for Birmingham, Erdington (Mr. Simon), and the Minister of State, the right hon. Member for Tottenham (Mr. Lammy), said that that concern would be addressed. I hope that in the other place it will be.

Mr. Willetts: For a terrible moment I thought my hon. Friend expected me to remember what was in that clause, without jogging my memory. I am grateful to him for reminding us. It is an issue about which he is rightly passionate, and he is correct. One of our concerns about the Government's approach to skills is that they are so obsessed with funding only the production of paper qualifications that people who, for whatever reason, may not be capable of getting a national vocational qualification level 2 are often deprived of access to training under the Government's new model.

I remember a conversation at, I think, Coventry college, with a young lady with learning difficulties who was doing a course in horticulture. Because that course would not get her to an NVQ level 2, it was no longer going to be provided because of the priorities that the Government had set for the Learning and Skills Council. It is very important that people who can benefit from learning and from the most basic training, even if it will not get them an NVQ level 2, continue to have access to training and apprenticeships. My hon. Friend is absolutely right on that.

Lembit Öpik (Montgomeryshire) (LD) *rose*—

Rob Marris (Wolverhampton, South-West) (Lab) *rose*—

Mr. Willetts: I shall give way to the hon. Member for Montgomeryshire (Lembit Öpik).

Lembit Öpik: I am grateful to the hon. Gentleman for making just that point. It strikes me, as a former training and development manager, that the worst thing we can do is to be over-prescriptive on the process and outcomes from a distance. Does he agree that the best thing we can do is find a system that delivers high-quality training but allows training providers to provide what is needed to achieve the outcome we all want—namely, employment?

Mr. Willetts: The hon. Gentleman may have been studying the widely read green paper that we produced on the subject, because that is absolutely our approach on the Conservative Benches.

Rob Marris *rose*—

Mr. Willetts: I shall take one more intervention and then try to make some progress.

Rob Marris: I am grateful to the hon. Gentleman for his generosity. Further to his response to the intervention by the hon. Member for Buckingham (John Bercow), will he have a word with the Conservative-run council in Wolverhampton, which has cut £640,000 from the adult education service budget over a two-year period? That is absolutely monstrous, because it cuts courses for the very people whose access to education and training the hon. Gentleman supports.

Mr. Willetts: There have been savage reductions in adult education because of the priorities of the hon. Gentleman's Government and the way in which the Learning and Skills Council allocates funding only to those courses that produce paper qualifications. If the hon. Gentleman cares so much about the subject, he should sign the early-day motion that I and my hon. Friends have tabled, supporting adult learning and asking the Government to change their approach so that the cuts of 1.5 million places in adult learning over the past few years are reversed.

Mr. Heald: Does my hon. Friend not think it a real cheek for the hon. Member for Wolverhampton, South-West (Rob Marris) to talk that way when the LSC has said that the Hitchin campus of North Hertfordshire college cannot go ahead with the building project that it has been encouraged to put up? The hon. Gentleman tells us about cuts, but, goodness gracious, this Government have cut back hard. My constituents really use the facilities, and we in Hitchin need the building programme to go ahead.

Mr. Willetts: My hon. Friend speaks for many Members, from all parts of the House, who are very concerned about what is happening to the proposals for their local further education colleges and their capital programmes.

Dr. Julian Lewis (New Forest, East) (Con): Will my hon. Friend give way?

Mr. Willetts: Before dealing with that issue, I give way to my hon. Friend.

Dr. Lewis: When my hon. Friend turns to that horrific topic, will he make reference to Brockenhurst college in my constituency, which I think he knows a considerable amount about, and the terrible position it has been left in as a result of the LSC's appalling mismanagement?

Mr. Willetts: My hon. Friend is absolutely right: I did indeed visit Brockenhurst college recently for a briefing on the problems that it faces. I hope to turn to that specific issue in a moment, but, first, I should like to make some progress, because I have a bone to pick with the Secretary of State.

Ian Stewart: Will the hon. Gentleman give way?

Mr. Willetts: I shall take the hon. Gentleman's intervention in a moment.

The bone that I have to pick concerns what is happening to the number of young people not in education, employment or training. On the Government's own figures, which we obtained in a parliamentary answer, and which have been constructed in a consistent series only since 2000, the number of young people not in education, employment or training in 2000 was 630,000. In 2008, eight years later, the figure had increased shockingly to 860,000. When I released the Government's figures, the Secretary of State responded by saying that there had been a "straightforward deception". He added:

"What the Conservatives don't take into account is that there are far more young people of that age group in our society than there were 10 years ago."

He therefore says that, because there has been such a big increase in the number of young people, it is misleading to count the absolute figures. However, I invite him to make that point to the Prime Minister, who, when challenged in this Chamber on the number of NEETs, said:

"In 1997, 5.2 million 16 to 24-year-olds were in full-time education or employment. The figure is now 6.1 million." —[*Official Report*, 22 April 2009; Vol. 491, c. 229.]

If the Secretary of State believes that referring to absolute figures is a straightforward deception, I invite him to agree that the Prime Minister's use of absolute figures in that answer in the House was clearly a straightforward deception. If the Secretary of State looks not simply at the absolute figures but at the proportions in respect of what is indeed a growing number of young people, he will find that in 2000—the base from which we have to take these statistics—12.3 per cent. of young people were NEETs, and that by 2008 that proportion had gone up to 14.2 per cent.

There has been an increase in both the absolute figure and the proportion of young people not in education, employment or training—and it happened even during the boom years. It is important that the Government recognise the scale of the problem over which they have presided and do not attempt to avoid the implications of the failure of their own policies.

Ian Stewart *rose*—

Mr. Willetts: I now give way to the hon. Member for Eccles (Ian Stewart).

Ian Stewart: I thank the hon. Gentleman, who has been extremely kind in allowing me to intervene again. He will not know of my personal interest in these matters, although some of his colleagues will, and I

should say that at times I am not an uncritical friend of the Government. My point is meant constructively. I recruited and served youth training scheme trainees, youth opportunities programme, or YOP, trainees, community enterprise scheme trainees and community programme participants. I have to say to the hon. Gentleman that in those days, his Government's provisions were make-work programmes without technical and training content. Does he agree that the Government should spend more money, because training and skills are expensive? Would he spend more money on the training and skills element?

Mr. Willetts: We have put forward practical proposals on how, in this very financial year, we could put in more money—particularly, for example, to help young people who need training in science, technology, engineering or maths, also known as the STEM subjects. However, we need a mix. We need work experience; it is better to be doing something than to be doing nothing. If we are to emerge from this recession with a stronger and better balanced economy, it is absolutely essential that we invest in training and skills. That is why the Department for Innovation, Universities and Skills is so important and why my hon. Friends and I have called this debate.

Mr. Mark Lancaster (North-East Milton Keynes) (Con): On a more positive note, I am sure my hon. Friend will join me in commending the innovative work of the Open university when it comes to reskilling young people. Does he share my concerns that that fine institution has not been well served by the Government in the past couple of years?

Mr. Willetts: My hon. Friend is an eloquent advocate of the Open university, which I have enjoyed visiting with him. He is absolutely right: the Open university, which has an enormous role to play, has suffered from the Government's reductions in funding through the notorious equivalent or lower qualification, or ELQ, cuts. To be doing that during a recession seems absolutely extraordinary.

Mr. Eric Illsley (Barnsley, Central) (Lab) *rose*—

Mr. Willetts: I give way to the hon. Gentleman, who I hope will speak eloquently in favour of the case for his college.

Mr. Illsley: I hope to do that a little later. For now, I just want to address the hon. Gentleman's point about young people not in education, employment or training. It is not true that the Government did not make efforts to reduce the figures. My area of Barnsley has traditionally had a low take-up of post-16 education and training; last year, however, it managed to reduce its number of NEETs from about 15 to 8 per cent. thanks to the valiant efforts of the Connexions service and Government funding. If a constituency such as mine can do that, other areas obviously can. We managed to do it through Government funding and very hard work by our local Connexions service.

Mr. Willetts: I completely agree that it is possible to reduce the number of NEETs. Indeed, I have visited some fantastic programmes, often run by social enterprises, that do just that. I remember going to one in Keighley, for example, that was clearly reducing the number of young people not in education, employment or training. However, as in the example of those with learning difficulties, I was told that when the programmes do not yield a level 2 or level 3 national vocational qualification rapidly enough, the LSC cuts back the funding. A lot of programmes help to get young NEETs doing something—motorbike repair or whatever. However, programmes that do not immediately get students a paper qualification of the type that the LSC is willing to fund are suffering. That is partly why the number of NEETs is going up—it has gone up in absolute terms and as a percentage of the number of young people—and why the Secretary of State's attempt to escape the implications of those figures was so irresponsible.

Mrs. Ann Cryer (Keighley) (Lab) *rose*—

Mr. Willetts: I will give way to the hon. Lady, although I seem to be giving way a lot at the moment.

Mrs. Cryer: The hon. Gentleman mentioned Keighley, my constituency. I understand that he was recently there, but is he aware that Keighley now has a £35 million LSC-funded capital build programme due to be completed next year, and within budget? I look forward to that development, which will form part of Leeds City college, and I hope he will wish it well. We are heading in a new direction in Keighley, and I am very proud of what is going on.

Mr. Willetts: I am pleased for the hon. Lady that that capital programme is going on in her area. There is a lively debate about the Leeds City college plan. I personally think it is important that the merger mania in further education does not go too far. I am here to speak on behalf of the 144 colleges with capital projects that are not being funded in the same way as in her area.

Mrs. Maria Miller (Basingstoke) (Con): As a fellow Hampshire MP, my hon. Friend may be aware of an organisation in my constituency called ITeC. It has a fantastic record of success—87 per cent. of its students, who are between the ages of 16 and 24, go forward to be placed in employment—yet it is facing significant cuts because of LSC funding problems. It is also facing the prospect of cutting up to 50 places before the end of July—the sorts of places that would help my constituents to get back into work. Would he care to comment on that?

Mr. Willetts: My hon. Friend is absolutely right. The reason for this debate, and the point that we make in the motion, is that there is an enormous gap between the rhetoric from the Prime Minister, the Chancellor and the Secretary of State, which is all about the importance of investing in skills in the recession, and the reality on the ground, which is the complete opposite of what they talk about in this Chamber. Further education colleges cannot secure the capital funding that they need to improve their provision, and many practical training courses are being cut because of the inability of DIUS and the LSC properly to manage their funding streams.

Undoubtedly the most serious crisis in skills provision is in the financing of further education capital projects. I would like—on behalf, I am sure, of Members on both sides of the House—to pay tribute to the work that colleges do. Many of us who visit colleges in our own constituencies and around the country realise that they are crucial in improving social mobility, providing practical

[Mr. Willetts]

training and giving people hope that they can emerge from this recession with more skills and better opportunities in life. I am sure that we all also appreciate the excellent work that the Association of Colleges does on behalf of colleges.

Mr. Gordon Marsden (Blackpool, South) (Lab) *rose—*

Mr. Willetts: I will just make a tiny bit more progress, and then give way.

I have been visiting a range of colleges that are suffering from the capital funding crisis, and I have been shocked by what I have discovered. Last week, I was at Huntingdon college, where I was briefed at first hand about the problems that it faces. It clearly needs to move to a new site, which it has already secured. It is part of a regeneration project that now has a question mark over it.

Mr. Jonathan Djanogly (Huntingdon) (Con) *rose—*

Mr. Willetts: My hon. Friend, who represents that constituency, is catching my eye, and I happily give way to him.

Mr. Djanogly: I am pleased that my hon. Friend is mentioning the college in my constituency, which was grateful to him for visiting and taking the time to hear about what is going on there. He will have seen the state of its dilapidated 1960s buildings, where the staff are doing the best they can. Does he therefore understand why my constituents and staff at the college are appalled that they have lost out on £40 million that was promised for redevelopment at a time when we need to be investing in training, not taking money away?

Mr. Willetts *rose—*

Mr. Deputy Speaker (Sir Michael Lord): Order. Before the hon. Gentleman responds, may I say that some of the interventions are now long enough to be mini-speeches? A large number of Members will be seeking to catch my eye, and this is a half-day debate. Although interventions are important, contribute to the debate and help the whole thing along, every one means that it is less likely that an hon. Member will have the opportunity to make his speech.

Mr. Willetts: My speech is being cut even more rapidly than the FE capital programme.

I accept the point that my hon. Friend the Member for Huntingdon (Mr. Djanogly) makes—I have listed other colleges, which have a similar story to tell. One example is Brockenhurst—my hon. Friend the Member for New Forest, East (Dr. Lewis) is in his place—to which a clear commitment was made to provide new training opportunities. Colleges have often been encouraged to bid and then told, "Ah, you're only bidding for £20 million—that's pathetic. Have you thought of bidding for £50 million or £60 million?" They have been actively encouraged to do that. Even when the original idea was for refurbishment or a modest set of improvements, they were told, "No, knock the whole thing down and go for a grandiose capital project." Having had their hopes raised by the LSC, the Department and Ministers, they now find those hopes dashed. That is a cruel trick to play on a crucial part of training and skills in our country.

The Secretary of State for Innovation, Universities and Skills (Mr. John Denham): The hon. Gentleman has said several times in the House and outside that Ministers have encouraged colleges to submit inflated or over-grand bids. Will he give me just one example of a Minister going to a college and asking it to withdraw its bid and submit a new one? If he cannot, I would be grateful if he stopped making that allegation.

Mr. Willetts: I shall deal with the Secretary of State's responsibility in a moment. He has to accept some responsibility for the LSC's actions. As with his denial of the figures for NEETs, it is not good enough for him to try to escape responsibility for the policy, when he must have known what was going on. If he intends to tell us that, for the past 18 months, when the LSC was telling colleges to bid for more capital, he knew nothing about it, he is admitting to incompetence and failure to discharge his responsibility as Secretary of State.

Justine Greening (Putney) (Con): South Thames college, which is just outside my constituency and used by many of my constituents, received the other piece of bad advice that colleges got. It had an ambitious project and was advised to submit it in two halves. It got funding for the first half, but funding for the second has been put on hold, so it is stuck with a half done project that is no use to anyone.

Mr. Willetts: My hon. Friend is right. Some colleges have already started demolishing part of their fabric, and lessons are taking place in temporary classrooms as they wait for permission for a capital project. In other colleges, the new project was to be part of the wider regeneration of an area. Many serious problems face at least 144 colleges.

I want to ask the Secretary of State some specific questions on behalf of many of those colleges about what is going on. My first question follows from his intervention. Why did it take so long for the Department for Innovation, Universities and Skills, for which he is responsible, to realise what was happening?

We know from Sir Andrew Foster's excellent report that alarm bells were sounding as early as February 2008, when the LSC's director of property and infrastructure prepared a report. Its analysis of the capital promises being made concluded:

"This simply proves that the continuation of the current payment profile of projects is unaffordable to the Council."

We know that that report from February 2008 was discussed by the LSC's capital policy group in April 2008. We also know from Sir Andrew Foster's report that the Department attended all the meetings of these groups at a senior level as an observer. Nevertheless, the Secretary of State said, and I accept his word, that he knew about the problems with the capital funding of FE only in November 2008.

How on earth can we have a Department in which senior officials are aware from April, possibly February, that they have an unaffordable set of capital commitments—we know from the minutes, which I obtained through freedom of information requests, that members of the Department's top management team attended the meetings—and the Secretary of State seems to have been kept in ignorance for six months? That is an extraordinary way to run a Department.

Mr. Marsden: *rose—*

Mr. Willetts: If the Secretary of State will not answer that challenge, I will happily accept the hon. Gentleman's intervention.

Mr. Marsden: The hon. Gentleman's litany of concern for colleges would have rather more force if the Government whom he supported in the 1990s had done anything about their funding. Does the shadow Secretary of State agree that his position is greatly undermined by the fact that last year the National Audit Office pointed out the appalling lack of investment from his Government before 1997?

Mr. Willetts: The one thing that colleges all say is that when they were funded by the Further Education Funding Council they were trusted to exercise discretion, which meant that they could tackle local problems such as NEETs without being funded by the Learning and Skills Council simply to produce paper qualifications. Colleges look back upon that freedom to run their own affairs very fondly indeed, and we are committed to restoring it to them. The best way to ensure efficiency and high performance from colleges is to give them the freedom to run their own affairs, and that is what we are committed to doing.

I want to pursue the important question of exactly why it took almost a year, from the first report by the Learning and Skills Council, in February 2008, for the Secretary of State to make his first public comment on the matter, which he did in late January 2009. Indeed, even now we are still waiting for him to come to the House to make a proper oral statement about what is happening to college funding. It is now 15 months since the problem was first identified. When he last made a written statement to the House, he said:

"I will make a further statement to the House after the recess".—[*Official Report*, 1 April 2009; Vol. 490, c. 72WS.]

We have already had that recess; in fact, we are about to have another one, and still there is no sign of the Secretary of State volunteering any information. At every stage, the information has had to be secured by us, making freedom of information requests, tabling written questions and calling debates. It is a pity that at no point has he felt able to come to the House to volunteer information in Government time about what is happening to our colleges.

Mrs. Cryer: Will the hon. Gentleman give way?

Mr. Willetts: I am going to make some progress.

We know from Sir Andrew Foster's excellent report why the problem built up in the way that it did. Sir Andrew gave one reason why the information was not percolating through to the Secretary of State:

"I am left with a distinct feeling that bad news was itself bad news, too difficult to handle; yet this is exactly what management has to do."

People were not willing to bring to the Secretary of State the bad news about what was happening in the Learning and Skills Council and in further education capital projects. I regard that as a serious dereliction of duty.

Rob Marris *rose—*

Ian Stewart *rose—*

Mr. Willetts: Let me make some more progress.

The problem is worse than that, however. We know, from the freedom of information requests that we have made and from the minutes that we have read, that the "no bad news" culture spread as far as giving deliberately misleading accounts of what happened at some of the crucial meetings of the Learning and Skills Council. The minutes of the meeting on 17 December 2008, which was attended by the Secretary of State's senior officials, as all the previous ones were, show the following crucial item, when the problem was finally confronted:

"Council asked that a correction"

be made to the minutes of the previous meeting. The minutes continued:

"The report stated that 'At its meeting on 5 November 2008 the Council did not have time to consider and determine the project proposals...recommended at the...October Capital Committee meeting'."

That was what the minutes of the November meeting stated. This is what was added subsequently:

"It was noted and acknowledged that the main underlying reason had been concern over affordability."

In other words, it was recognised that the minutes of the previous meeting had been misleading. The council had pretended that the problem was that there was no time to discuss the capital projects; they admitted, at the subsequent meeting, that the underlying reason was "concern over affordability".

The problem reached the stage that the minute-taking in the Learning and Skills Council was deceitful, in that it was not willing to acknowledge the capital problem. That is why there was a failure of management in the capital project. At no stage was anyone openly reporting between the LSC and DIUS or between DIUS officials and Ministers about what was happening. The Secretary of State has to take responsibility for that culture, and for the way in which the Learning and Skills Council functions.

Ian Stewart: I thank the hon. Gentleman for giving way; he has been generous with his time. This is an important issue, and it is important for us to get to the bottom of it. I am intrigued by the details that he has put forward today, but is he aware that, when the former chief executive of the Learning and Skills Council stood down, he went on record to say that he did not become aware of the issue until October, and that the reason for that was, he claimed, that the council was looking at in-year figures? The hon. Gentleman has hit on some interesting points today, and perhaps we can get to the bottom of this.

Mr. Willetts: There were clearly managerial failings within the Learning and Skills Council, but I do not think that it is feasible to say that the problem was simply a matter of those failings. We, the Opposition, are trying to hold the Government to account and to find out why there was a culture of bad news not being reported, of minutes of meetings being misleadingly reported, and of crucial information not being conveyed. We need to find out why there was almost a year between the problem first being identified and any public statement being made by the Secretary of State, and why we still have not had the statement that was

[Mr. Willetts]

promised before the last recess. As hon. Members in all parts of the House understand from other contexts, there is a need for openness, and a lack of openness has contributed to the scale of this problem.

Rob Marris: Will the hon. Gentleman give way?

Mr. Willetts: I am going to try to make some progress, because many other Members want to speak.

I want the Secretary of State to comment on certain other crucial points. We need him to tell us, authoritatively, how many colleges are affected by this problem. The figure of 144 comes from a letter that I received from the Learning and Skills Council after I had asked questions in the House, but we need the Secretary of State to give us an updated account. As soon as the list of colleges was released, I started getting e-mails from people asking why their college was not on it. We then discovered that there were other colleges involved that had not been on the first, official list, but we have not had a further, authoritative update from the Department on how many colleges it thinks are affected by the crisis.

May I also ask the Secretary of State what criteria will be applied as he tries to get the further education colleges out of the appalling mess that they find themselves in? We realise that there will have to be priorities, because there is a capital overhang of £3 billion or more, and that the needs of all the colleges cannot be met easily or rapidly. However, there needs to be far more public information than we have had so far on the criteria that will be applied and on how the limited amount of money will be dispensed.

Mr. Marsden: Will the hon. Gentleman give way?

Mr. Willetts: No, I want to make some more progress.

We are told that one criterion will be whether a project is shovel-ready, but there will be others. What about the projects that are part of the wider regeneration of a town or district, for example? What priority will go to them? We also need to know what will happen to those colleges that have made commitments to buy land or commitments to move. How much weight will be attached to that consideration?

It will be tempting—and I suspect that the Secretary of State will succumb to the temptation—to say that the crucial issue will be to knock down the building costs charged by the building industry, and indeed there might be some savings to be made in that way. Will he acknowledge, however, that one reason that these projects have turned out to be so expensive is the extraordinarily cumbersome regulatory procedures surrounding them, involving preferred builders and preferred planning consultants who might be approved of for one region but not for another? Many colleges have told me that they could have delivered their capital project at a much more modest price than it was ultimately billed for, if only they had been free from the bureaucracy of the LSC.

Will the Secretary of State also explain exactly how costs that have already been incurred by colleges will be treated? According to the Association of Colleges, £187 million-worth of expenditure that was thought to be part of capital projects might already have been incurred, but if those projects are no longer going ahead, that money could count as current expenditure instead. Counting it as current expenditure could drive colleges into deficit. I see my right hon. Friend the Member for North-West Hampshire (Sir George Young) in his place. He, too, has raised that matter, because it affects his local college. Some colleges might find themselves in breach of banking covenants if their current expenditure budgets are suddenly hit. Therefore, we need authoritative advice about the accounting treatment in these circumstances and about the prospects for colleges to get redress for the costs that they have already incurred.

It is interesting to look through the minutes, because another revealing item from them suggests one of the reasons for the secrecy surrounding all these matters. The minutes state:

"Members asked that a clear action plan be in place to respond to any legal challenges arising from its decision to carryover project approvals from its December 2008 meeting".

One suspects that the LSC is legally vulnerable when colleges have incurred these items of expenditure; again, we are waiting to hear some authoritative guidance from the Secretary of State.

Members of all parties will be concerned about the problems facing colleges in their constituencies and I want to give as many of them as possible the opportunity to raise their specific concerns. However, as well as noting the individual injustices and grievances, we should not lose sight of what this tells us about the importance of investing in skills in a recession and this Government's failure to give FE colleges the opportunity to do just that.

If we wanted to know what was wrong with this Government's approach to skills, I could think of no more vivid example than the recent report from the UK Commission for Employment and Skills. The Secretary of State would not need to read even the executive summary; all he needs to read are the statistics on the cover, which show the international ranking for the three levels of skills. For the highest level, the UK's position is 12th internationally. The Government's ambition is that we should be eighth by 2020, but the report projects that, on current policies, we will be 10th. For intermediate skills, we are currently 18th in the international league table. The Government's aim is for us to be in the top eight, but the report says that on current policies we will go down to 21st by 2020. As regards low skills—we have a particular obligation to people with low skills because the issue is fundamental to social mobility—our current international position is 17th. The Government's aim is for us to be eighth by 2020, but the independent report suggests that, at this rate under this Government's policies, we will be 23rd internationally in 2020. That is why we need a different approach and why I commend the motion to the House.

4.27 pm

The Secretary of State for Innovation, Universities and Skills (Mr. John Denham): I beg to move an amendment, to leave out from "House" to the end of the Question and add:

"notes the Government's belief that in a recession it is important to give people the skills they and their employers need to recover from the downturn; commends this year's Budget for investing £1.2 billion in creating jobs and providing training to young people who have been unemployed for 12 months; further notes that there are now more 18 to 24 year-olds working or engaged in

full-time education compared to 1997; commends the Government for its sustained investment in skills with record numbers of people now receiving training, far more than was originally planned for this year; further commends the Government for spending over £5 billion on adult skills this year, helping three million learners, and for increasing investment in higher education by 24 per cent. in real terms since 1997; further notes that the Government is prioritising helping people to gain employability skills; further notes that the Train to Gain budget has risen to £925 million this year; further notes the budget for apprenticeships is over £1 billion this year and that there are 250,000 starts planned; commends the Government for confirming that no current learner will lack the funds to complete their course; further notes that this Government is spending £2.6 billion on further education capital projects over this spending review period; and further notes that Sir Andrew Foster has recently produced an independent review of the Building Colleges for the Future programme."

I welcome this debate, but I am surprised by the temerity of the hon. Member for Havant (Mr. Willetts) in raising it. The hon. Gentleman quite often repeats unfounded allegations that, as the House heard earlier, he is unable to justify. That is a shame, because the issues we are debating are of real importance to our society and they are better conducted by not making allegations that cannot be substantiated.

It is true that, as this country works to recover from the impact of the global recession, it is going to be British business and the skills of the British people that ultimately ensure that the upturn comes as quickly, as strongly and as sustainably as possible. Investing in the skills of the British people is one of the most important things we can do. Through training, we can improve their productivity and the productivity of their companies. Through training, we can give individuals the skills they need—skills to keep their jobs, skills to get new jobs and skills to develop their careers and provide a decent life for themselves and their families.

Mr. Heald: When I was a Minister, I expected my officials to tell me as soon as they knew something was going wrong, in case the Opposition spokesman gave me a hard time. In fact, it was the right hon. Gentleman. I would like to know whether he works on the same basis; and, if so, what went wrong? Was the junior Minister not told about the meetings that officials were attending where all the money was obviously wrong?

Mr. Denham: We will come on to the Learning and Skills Council in due course, but I point out to the hon. Gentleman that, yes, I do expect to be told. One of the reasons I commissioned the Foster report—it did not just appear out of nowhere; I commissioned it before anyone had a clear picture of the size and scale of the problem—was that I wanted to understand what had happened. That is the way I have always worked as a Minister. I gave him a hard time when he was a Minister and I was Opposition spokesman, and I think I often told him things that he did not know, but Ministers do and should expect to be informed. Where that does not happen, clearly it is a matter of regret and we usually follow such things through.

The hon. Member for Havant set out a series of charges. I intend to rebut each one. I will set out clearly why he is wrong and why his criticisms are misplaced, and say why the Government should be proud, although never complacent, about our record. I will do more than that: I will set out why, according to all the evidence we have on the Opposition's record and their current plans, they pose a threat to everything that has been achieved in recent years.

I warn any Conservative Member who plans to intervene on me that I will challenge them to tell their constituents the truth about how Conservative plans would hit their constituents and their colleges.

Rob Marris: Does my right hon. Friend find it surprising that the hon. Member for Havant (Mr. Willetts) lambasted rhetoric, but then proceeded—in speaking to a motion containing some good points, albeit not many—to put no flesh whatever on the bones of how the worthy proposals that he might propose would be funded? It is just rhetoric unless the Opposition say how much they would spend and how they would raise that money.

Mr. Denham: My hon. Friend makes a good point that I will come to later, but I make the point now that, having read the Opposition motion, I was looking forward to a detailed explanation of the plans for young people that were announced with a flourish a few weeks ago and of where the £600 million that is to be invested would come from. Despite speaking for the best part of 50 minutes, the hon. Member for Havant did not even mention his party's policies, where the money would come from and how it would be funded. I will explain why he—despite what I have said, he is a man of integrity, honesty and intelligence—could not bring himself to discuss those policies in the House.

Mr. Marsden: Among the rather curious lacunae in the shadow Secretary of State's speech was any reference to the importance of higher education delivered via further education, yet we know that 12 per cent. is so delivered in this country, notably in my constituency at Blackpool and The Fylde college.

Does my right hon. Friend the Secretary of State agree that if we were to take the previous Government's record of investment in higher education from 1992 as an indication of what this Conservative party would do for higher and further education, my constituents and my college in Blackpool would be right to be concerned?

Mr. Denham: My hon. Friend is absolutely right. The Government's record of investment over 10 years and of increasing real spending in higher education stands in sharp contrast to what happened in the previous 10 years, when funding per student fell by 30 per cent. The expansion of colleges such as his, which bring the opportunity of higher education to many students who, for all sorts of reasons, either choose not to or cannot travel away from home to go to university, has been an enormous achievement over that period.

The truth is that much of the speech made by the hon. Member for Havant was made up of complaints that we are not spending enough money on something when everybody knows that the Opposition's policy is to spend less money on everything.

David Tredinnick (Bosworth) (Con): I understand that the Secretary of State is trying to blunt the attack from this side of the House, but we are the Opposition and it is our job to bring the problems to his attention. I was at North Warwickshire & Hinckley college on Thursday, at the college's request. It is confronted with

[David Tredinnick]

a £2.5 million cut in expenditure to which it is already committed, including £1.5 million on Train to Gain, which is 30 per cent. of the budget. Will he please be generous enough to allow me a short meeting with him to explain the situation at the college, where a little extra money would solve a lot of problems to do with committed expenditure?

Mr. Denham: Given the motion, I rather expected some reference to be made to these issues by the Conservative spokesman, but he missed them out entirely. If I may, I shall turn straight away to the position of Train to Gain and the apprenticeships programme, and the hon. Gentleman may then feel that he has been reassured.

The most important and fastest-growing programme of training for people at work is Train to Gain. It provides training at work, chosen by employers and described by the deputy director general of the CBI as

"exactly the product we need at this time."

Last summer, of course, the Opposition promised to abolish Train to Gain. In the two years 2008 to 2010—this academic year and the next—we set out to train 1.291 million people. Train to Gain has been hugely successful—so successful that overall we will deliver 100,000 more starts and learners over those two years than we had previously planned. That success means that we are training tens of thousands of people today who might otherwise have started their training only late this year or next year, and who would not have been trained at all if the Opposition had their way. We need as much training as possible in the recession, so that people being trained and their employers can benefit now and make the recovery stronger.

Rob Marris: My right hon. Friend is making a powerful case in relation to the official Opposition, the Conservative party. May I urge him, when he has finished wisely and carefully savaging the official Opposition, to turn his attention to savaging the Liberal Democrats? In this debate on skills in the recession, they can muster one MP for a debate that has now been going on for more than 45 minutes. Does he not agree that that indicates what a low priority the Liberal Democrats place on skills in the recession?

Mr. Denham: I am grateful to my hon. Friend for drawing that to my attention, because I must admit that I had not noticed the Liberal Democrat.

I return to the success of Train to Gain and the Opposition's plans to abolish it and prevent 1.291 million people from learning at work over two years. It is a huge tribute to colleges, training providers and employers that they have done so much to expand training. That backs up the changes that we made to make Train to Gain more flexible and better tailored to company needs, particularly those of small businesses. Obviously no budget can be unlimited, and in the longer term we need to ensure that the commitments made do not outstrip our resources. Because the programme has been so successful, I have considered every way in which I can find more resources. Today, I am confident that the number of people who start Train to Gain this year will be in line with our published plans. As I have said, overall there will be 100,000 more starts and learners in 2008-09 and 2010-11 than we first planned.

There has also been a huge increase in apprenticeships for the over-25s. We expect 60,000 over-25s to start apprenticeships this year, compared with the 29,000 that we had planned. That, too, is good news, and we still have sufficient money—more than £1 billion—to start 250,000 apprenticeships in the coming year.

In relation to the point made by the hon. Member for Bosworth (David Tredinnick) about north Warwickshire, the very success of the programme, which is doing so much for the country and for learners, has meant the LSC adjusting and readjusting contracts with colleges and providers. That has created uncertainty for some colleges and other providers. The LSC is writing to providers today, giving a similar message to mine about the coming year. It is working quickly with individual providers to resolve funding allocations for the rest of the year. I refer to the Opposition motion in saying that that letter will include an absolute guarantee that the funding will be there for every learner who has started a course or apprenticeship to complete it.

Joan Walley (Stoke-on-Trent, North) (Lab): I am heartened by the news that we have just heard, but in view of the announcement that he has just made, can my right hon. Friend give me an undertaking that where there is uncertainty about local colleges having sufficient funds to carry on providing all these wonderful training opportunities, there will not be any need to make redundancies of any kind?

Mr. Denham: The Learning and Skills Council is working with colleges as quickly as possible in order to provide certainty. What I wanted to do today was give the headline news that the number of learners whom we expect to start on Train to Gain in the coming year is the same as the number that people will have seen in published plans. It is hard for me to give details of each college, but I have at least been able to specify the global amount of training that is available.

Mr. David Anderson (Blaydon) (Lab): The Secretary of State has referred to the policy vacuum in the Conservative party. What does he think are the party's plans for the 22,000 union learning reps or the 250,000 learners who went to learn at work last year? Does he think that it has any plans for them?

Mr. Denham: As far as I know, the Conservatives are completely silent on the issue. On Friday I presented certificates to learners at the town depot union learning centre in Southampton, in my constituency, and everyone there was well aware that it was the Government who had invested in union learning reps and made it possible for so many people to learn.

Mr. Marsden: I thank my right hon. Friend for being so generous in giving way. Is he aware that the Conservatives recently produced a lengthy policy document on skills in which union learning reps were not mentioned once? Given their failure to make any commitment, is it not the case that we can have no trust or belief in their ability to support the programme if they ever came to office?

Mr. Denham: My hon. Friend makes a very good point, which I am sure will be noted by all who care about the future of union learning reps. Incidentally, that does not apply only to union learning reps themselves. One of the interesting aspects of the programme is the

number of employers who say that it has transformed their productivity and the quality of service they provide for the people to whom they sell products.

Mr. Willetts: The Secretary of State is trying to address what is indeed a serious worry felt by many learning providers about their funding for 2009-10, but may I ask him to clarify one key point? When he refers to 2009-10, does he mean the Government's financial year or the academic year, which is what many providers use for the purposes of their planning? The letters that they received recently from the Learning and Skills Council concern the academic year 2009-10.

Mr. Denham: I am glad that the hon. Gentleman has raised that point now. His motion refers to it, but he forgot to mention it in his speech. That will suggest to many providers that he does not consider it a particularly important issue and would rather spend his time reading out large chunks of the Foster report, which all Members have been able to read for themselves.

The answer to the hon. Gentleman's question is that the figures that we published, which I have described as planning totals, relate to academic years. The Department obviously works in the context of financial years, as do all of us who come under the Treasury's remit, but the figures to which I referred related to the current academic year. I made that clear at the time, but I have now clarified it again.

Mr. Mark Hoban (Fareham) (Con): The Secretary of State spoke of the uncertainty of funding for colleges for the next academic year. Fareham college in my constituency expects to recruit another 100 to 150 16-to-18-year-olds in line with increasing participation, but there is currently no certainty in regard to whether that increase will be funded by the Hampshire branch of the Learning and Skills Council.

Mr. Denham: I shall deal with that point later, but I shall deal with it now as well. The hon. Gentleman should know that the budget for the next two academic years includes a total of £655 million for the sixth-form and 16-to-18 college sector to enable those colleges to expand and offer additional places. That is a very significant investment in the future of young people, but the Conservative party's policy of refusing to borrow and refusing to invest so that we can grow our way out of the recession means that it could not be made if it came to power. The hon. Gentleman should tell Fareham college that the Labour Government is to invest £655 million in young people over the next two years, and then say "If you vote Conservative in Fareham you will not get the money." That would be the honest way of approaching his constituents.

It is our belief in a demand-led training system that has enabled the successful expansion of Train to Gain and adult apprenticeships. As I acknowledged, it has created tensions between the dynamic entrepreneurial training system we want and the need to manage public finances, and I know that the LSC wants to work out with providers how those tensions should be managed in future.

Our work is not just about delivering the promises we made in the past. The recent Budget gave us new resources to invest, but the Opposition could not do that; they oppose our decision to use borrowing to sustain investment to grow our way out of recession, so they could not have introduced the guaranteed offer of work or training for young people who are out of work for a long period. As part of that package of £1.7 billion of investment, my Department will be able offer more than 80,000 training places for young adults who have been unemployed for more than 12 months. We will start that from the autumn. The Opposition also could not match the extra £250 million we are already putting in place to help people with flexible training and advice to improve employability skills and to get them back into work, including 75,000 training places for people who have been out of work for six months. People will be able to start that training when they are out of work by going to college, and then continue it when they are in work through Train to Gain.

Mrs. Cryer: Keighley is doing very well, with a new-build college, which will be excellent, and I appreciate that. Does my right hon. Friend remember, however, that the Thatcher Government got rid of the industrial training boards, which were wonderful organisations for producing training for skills? What will the Conservatives' demolition job be next time if, unfortunately, they get elected again?

Mr. Denham: The reality is that everything we hear from the Conservatives suggests that they will return pretty much to the same position, which is that if employers are not prepared to pay for skills training, that should not happen.

Mrs. Maria Miller: The Secretary of State talks a great deal about the investment he plans to put into this sector but, as my hon. Friend the Member for Fareham (Mr. Hoban) pointed out, that does not marry with the reality on the ground. What message would the Secretary of State give to organisations, such as ITeC in my constituency, which are cutting places before the summer comes because the money he is talking about simply is not forthcoming?

Mr. Denham: The hon. Lady clearly has not quite grasped the gist of the debate so far. What I have said—very clearly—is that we have far more people in training today than we had planned to have in training today. I have also said that in the coming year we will train the same amount of people whom we had planned to train. Because we have had the great success of training people early and because budgets are not unlimited, we are having to adjust the budgets of training providers, but I say to the hon. Lady that this is not a cut. We are not reducing the number of people being trained. More people will have been trained over this two-year period than we had planned. Next year, as many people will be planned for as the providers would have been expecting. I have acknowledged tensions in the handling of that, but that is the picture that she needs to take back to her college. She should say to it, "The good news is that, despite the fact that the training system in this country is currently training more people than it had planned, it is still confident that it will be planning for as many people next year as it had set out." That is enormously good news, and I hope I can rely on the hon. Lady—I am absolutely sure that I can—to take that message back to Basingstoke, rather than to return there and say that the situation is different. The LSC will send the detailed allocations out to colleges as soon as possible.

[Mr. Denham]

I have talked about the investment that the Budget enables us to make in the future of young people, and which the hon. Member for Havant and his party would not match. That is why it is so extraordinary that the hon. Gentleman raises the NEETs issue. There is an old debate here, and at the crux of it are two issues. The first issue is the hon. Gentleman's reluctance to give the Government the credit for having 1 million more young people in education, work and training than 10 years ago. That was not an act of God or an accident; it was something that Government policy set out to achieve. The second reason we have disagreed with him is that he has always made the most of the figures by including in his list of NEETs young mothers who are at home bringing up families. I always feel that he comes here to attack the Government over NEETs and then goes outside to make speeches about the importance of family policy. I have always acknowledged that we should focus on a smaller group of young people who seriously are detached from the labour market—from education, work and training. In some ways, that is the debate that he and I have had with great regularity over the past two years.

Let us acknowledge that today there is a more pressing debate, because times are harder for young people. We are determined not to write off a generation of young people, as the Conservative party did in the recession of the late '80s and early '90s. That is why we are raising the participation age over the next few years to keep young people in education and training and work with training—that practical measure to help young people is opposed by the Conservatives—and why we are putting a further £655 million into 16 to 18 learning this year and next to enable colleges and sixth forms to meet rising demand. The Conservatives' policies could not match that investment, and the hon. Gentleman cannot honestly match our guaranteed offer of work and training to young people who cannot find work for a long time. I am happy to debate NEETs. It is a serious issue and we recognise the challenges facing young people today, so I must say to him that investing in those young people and creating opportunities for work, for training and for education is how we must tackle the number of young people who are doing none of those things, not cutting the support we provide for them.

Mr. Marsden: Does my right hon. Friend acknowledge that work-based learning is a key element and that in my county of Lancashire that grew by 30 to 35 per cent. between 2006 and 2007? Does he also agree that part of this is about using frameworks and structures in which employers and the general public can have confidence and that the Conservative party, by its failure to get wholeheartedly behind the diplomas process and, indeed, aspects of the apprenticeships process, has hindered rather than assisted the process?

Mr. Denham: Yes, it has always been a matter of shame that the Conservative party has blown so hot and cold on the development of the diplomas. For many young people, they provide a range of options of learning that has not been in place previously, including the important work-based learning.

Let us turn to the further education capital programme. The position we are in, with over-commitments made and expectations raised unrealistically high, should not have happened. I have made that clear and, as Secretary of State, I have also come to the House to apologise to those who have been affected. It was me who asked Sir Andrew Foster to carry out the review, and I, like the hon. Member for Havant, think that his report has set out fairly the mismanagement that led to the problem. But let us be clear about the background to this debate. Twelve years ago, when the Opposition were in power, there was no budget for FE capital. *[Interruption.]* This is rather important, because when hon. Members talk movingly about their dilapidated 1960s buildings, as happened today, we must ask how long buildings—sometimes those much older than that—were left to be dilapidated. It is relevant that the starting point— *[Interruption.]*

Adam Afriyie (Windsor) (Con): They have had 12 years to sort it out but failed.

Mr. Denham: The hon. Gentleman asks me about 12 years and whether a Government should have managed, within that period, to transform all the legacy that his party left. I have to say no, but we have made a very good start—we have done much better than we would have done with the zero capital budget that we found.

The second background point is that the Conservative party, despite its history, fails to give any credit—ever—to the huge scale of investment that has been and is being made in FE capital. I would have a lot more time for the criticisms that are made by the Conservatives if they acknowledged the scale of what is being achieved. Since 2001, 700 projects, at nearly 330 colleges, have been funded and in those areas that has transformed the FE estate for learners. In the current spending review we were committed to, and will spend, £2.3 billion, and that was on top of the £2 billion spent between 1997 and 2008. It is true that despite the huge scale of that programme, its management by the LSC has raised the expectations and hopes of colleges. I can understand the feelings of those who do not know where they stand or feel that they might not get their colleges within the time scale that they had hoped. That is why, in the recent Budget, my Department was allocated £1.2 billion on top of the investment that we had already received, enabling us to get vital schemes going within the next two years and to plan for the future.

By contrast, the hon. Member for Havant went to the Association of Colleges conference last October, where he was asked whether he could guarantee that the Conservatives would deliver the planned spending even for 2010-11. He told the conference that he could not. That is the truth. While we are working through the LSC and with the AOC to begin to prioritise more schemes and to get them under way, a Government with the hon. Gentleman in it would cut the schemes that are already under way.

We are doing what the resolution calls for—or, rather, the LSC is working with the AOC to work out priorities and to deal with the difficult task of prioritisation. The LSC is out to consultation at the moment and is working with the AOC on those criteria. When I have received advice from the LSC on that, it will be in a position to publish the criteria.

Mr. John Hayes (South Holland and The Deepings) (Con) *rose—*

Mr. Denham: The hon. Gentleman is trying to intervene as if there is a major issue here. This has to be got right. We know that large numbers of colleges are anxiously awaiting these decisions and that is why it is important that the LSC, working with people in the sector, gets this right.

Mr. Hayes: I acknowledge the investment that the Government have made in FE capital in the past, but there is a major issue, so will the Secretary of State answer two very simple questions? First, how many colleges are affected—140, 150, 180 or 200? Secondly, did the officials in his Department know about the problem in the first half of last year?

Mr. Denham: The figure of 144 colleges that we have published is the information supplied to us in March by the LSC through its analysis. I understand that it has been suggested that other colleges felt that they had schemes in preparation, regarded those schemes as being in the pipeline, had been in discussions and so on. In reality, that is the latest and most accurate figure with which I have been provided by the LSC.

The Foster report sets out in some detail the meetings that took place where my Department was represented at official level in the early part of last year. Foster's conclusion is that opportunities were not taken to prevent this problem from happening. That is undoubtedly a fair judgment. I would say two things about that. First, there is no ambiguity that Ministers were first alerted to the existence of a problem—not the problem as we now define it, but a potential or emerging problem—in November. Secondly, Foster raised the core issue of the clarity or otherwise of how accountability is exercised between a Department and its non-departmental bodies. The hon. Member for South Holland and The Deepings (Mr. Hayes) will know that when we published the Foster review, I asked the permanent secretary of my Department to carry out a view of the accountability arrangements. We have many non-departmental bodies, and they are all different in nature. It is critical that officials know precisely what level of authority they are expected to exercise.

The hon. Gentleman will know that in the case of the LSC the previous chief executive, who was himself not informed until late in the day, took responsibility for what happened and left the LSC. The hon. Gentleman will also know that the LSC is being replaced by the Skills Funding Agency, which will not be a non-departmental public body. I think that that will help. I hope that something like this will not happen in the future, but in such a situation the lines of accountability and responsibility will be much clearer.

Joan Walley: I recognise that the Secretary of State has come to the House and said that there are problems, and that he takes responsibility for putting those problems right. However, in respect of the Foster review and the discussions taking place between the Learning and Skills Council, further education colleges and their associations, it is critical that he looks at the role of regeneration in places where communities need to be transformed. I welcome the fact that on 4 March he announced to the House that detailed consent would now go ahead for the Building Colleges for the Future programme in Stoke-on-Trent and for seven other colleges. I have already had a meeting with a Minister in his Department on that. The Stoke-on-Trent college application related to a phased programme, which included two new builds on the Shelton and Burslem sites. It is critical that regeneration and the ability of people to change their aspirations and skills are part of the new review, so that the much-needed investment in the Burslem campus in Stoke-on-Trent can go ahead, too.

Mr. Denham: I recognise the points that my hon. Friend raises, and the way in which she has argued the case for her constituency. Of course she is right that the relationship between a college programme and regeneration must be one of the criteria. I do not want to get drawn into the criteria debate. I simply say, and I hope that the House will understand, that it is relatively simple to list the issues that should be taken into account; the challenge is to decide what weighting should be given to the different factors, so that when everybody looks at the final outcome, people at least feel that it is fair and consistent, although it will be impossible to produce an outcome in which everybody is happy. That work is going on at the moment.

I should make some progress, and bring my remarks to a close. The hon. Member for Havant repeated his criticism about the reduction in the number of non-vocational leisure courses as a result of our having prioritised training for work. That is one of the reasons he wants to scrap Train to Gain, but his priority is wrong. It is not just me saying so; the CBI and the Institute of Directors have both said that Train to Gain is the right policy. The CBI said that it was

"concerned by plans"

that is, Opposition plans—

"to divert money from the Train to Gain programme, as this is designed to ensure that public funds are invested in training that delivers improved business and workforce performance."

The Institute of Directors said, in response to the Opposition's proposal:

"The Train to Gain scheme is not perfect, requires greater flexibility and needs to promote higher level skills as well as the basics. But the principle of the initiative has great merit and the focus of policy should be on improving the service rather than diverting funds away."

I am as keen on learning for its own sake as anyone. That is why I worked across Government to launch the White Paper, "The Learning Revolution", and why we have just opened bids for a £20 million fund to get informal learning going in new ways and new venues. However, the real priority today must be the skills that we need to get Britain out of recession.

Finally, let me turn to the hon. Gentleman's proposals for new investment, because I find them a little distasteful. We are talking not about party political point-scoring, but about the hopes and aspirations of an anxious generation of young people, who deserve to be treated honestly and with respect. When he announced his £600 million package, we could not understand where the money was coming from. Then the Conservatives told us: it was to come from the cuts that they had already announced—the £610 million-worth of cuts to my Department's budget for this year, announced by the Leader of the Opposition on 5 January. I wrote to the hon. Member for Havant on 15 January, asking what he would cut. He never replied. That is the disgraceful scam revealed. The idea is to claim that one could cut £600 million without saying how, and then publish a really attractive list of proposals funded from the same

[Mr. Denham]

non-existent cuts. The point is that that is not the way to treat young people or their parents. They deserve to be treated honestly and with respect. The hon. Gentleman proposed this debate, but I think that he made a mistake.

5.4 pm

Stephen Williams (Bristol, West) (LD): Investment in skills and training is always important, whether we are in the middle of a period of prosperity or a recession; the latter is the background to this debate. I am sure that all three Front-Bench spokesmen visit many further education colleges as part of our work. I certainly visit the City of Bristol college and Filton college in Greater Bristol, and see the important work that is done in those colleges to upskill the population of Bristol. I have seen the skills work that they do in construction, and in catering. I have even had several lunches at City of Bristol college prepared by its excellent catering students, and served by those who are learning waitressing and waitering skills, if that is the right word, in the college.

I have even been offered hair and beauty treatments on some of those visits. You and I have something in common, Mr. Deputy Speaker, and I do not think that tonsorial assistance in those matters would be very productive. I have had to decline several offers to have my legs waxed. However, I was interested to learn that accountancy training was offered in further education colleges. I am the only Member of the House to hold a professional qualification in taxation and business as a member of the Chartered Institute of Taxation. Given Mr. Speaker's earlier statement, an innovation urgently required for all hon. Members would be a crash course in accountancy, audit, transparency, disclosure and perhaps in some cases, professional ethics. The reputation of the House and the skills sets of all hon. Members would benefit from such a course.

Last week was adult learners week, and the Under-Secretary of State for Innovation, Universities and Skills, the hon. Member for Birmingham, Erdington (Mr. Simon), the hon. Member for South Holland and The Deepings (Mr. Hayes) and I spoke at the excellent reception on the Terrace to promote adult learning. Several reports from the National Institute of Adult Continuing Education were discussed. One stark finding was that after 12 years of a Labour Government, while much has indeed been done, there is still a real social mobility gap affecting those who participate in adult education and learning. People from the top two social classes are twice as likely to participate in learning post-school as people from the two lower socio-economic groups. At the reception, I quoted Helena Kennedy, a Member of the other place, who some time ago said that the problem with English education in particular was as follows:

"If at first you don't succeed, you don't succeed."

That is a serious problem with English education and skills.

That is not helped by the Government's fixation on the belief that learning should lead to an accredited qualification or certificate. Learning, as the Secretary of State acknowledged in his closing remarks, can have other purposes relating to emotional well-being. This morning, in Bristol, I visited the charity Studio Upstairs, which works with adults with emotional and mental health problems through the medium of art. It invited me to do a drawing, and I did a not-very-good illustration of the Houses of Parliament as seen from the other side of the Thames. None the less, the work that the charity does is important, and learning does not necessarily need to lead to an accredited qualification—it has other purposes as well.

The motion tabled by the hon. Member for Havant (Mr. Willetts) rightly mentioned the fact that far too many people are not in education, employment or training. We can have a debate about the number of people involved and what the situation was in 1997, and what the situation is in 2009, but I must tell the Secretary of State that the Education and Skills Act 2008, which raises the age of compulsory participation in education and training, is not the answer. Engagement, particularly with young people, is much more important. If, at the age of 14, people have mentally dropped out of education and at 16 are deemed to have failed the academic education offered to them under existing arrangements, forcing them to stay until they are 17 or 18 is probably not going to lead to a significant improvement in their life chances. Positive engagement with those young people, however, could make a difference. Many of us are well aware of the work of the Prince's Trust, and in my constituency, the charity Fairbridge does excellent work with young people who have been marginalised, perhaps from their families, and have certainly not achieved well in education.

There is an important role, too, for social enterprise—a new type of business model that should be encouraged. Last week, I visited the social enterprise, Aspire Bristol. It works with adults who have been unemployed for a significant time, or people who have recently been homeless but who are now seeking to return to a productive role in society. It takes them on and pays them just above the national minimum wage in order to learn such skills as window cleaning, gardening and decorating. Social enterprise could be more encouraged and would be able to earn a decent income that it could pass on to participants if local government and central Government were able to find more of a place for it in their multimillion pound—or, in the case of central Government, multibillion pound—contracts and procurement programme.

I turn briefly to the further education capital programme. I shall not repeat everything—

Mr. Hayes: The hon. Gentleman, as ever, is making a well-informed case, but before he moves on to the nub of the FE issue, will he acknowledge what the Secretary of State did not acknowledge—that many of what the Secretary of State calls non-vocational, recreational courses are the very routes by which some of the most difficult disengaged people are able to re-engage in education and training, and that they provide opportunities for further training, leading to employment, for those such as women returning to work after having time out?

Stephen Williams: As usual, the hon. Gentleman makes a pertinent point. I could be cruel and mention the mistake that the Government made in their decision on equivalent and lower qualifications cuts last year. One consequence is that the ability of universities to offer evening classes to their community—for instance, in Bristol, where people from all walks of life can come together to study for a course that does not necessarily

lead to a certificate at the end of it—will be taken away. Many universities will probably start closing down continuing education departments as a direct result of a decision that the Secretary of State instructed the Higher Education Funding Council to take, and many people will lose out on the introduction to learning that the hon. Member for South Holland and The Deepings mentioned.

I come back to further education colleges. I shall not repeat everything that the hon. Member for Havant said, or all the many points that have been made as we discussed the issue over recent months, both in the Chamber and in Westminster Hall. Last week I visited Sussex Downs college and met the principal there, and the principal of Plumpton college, along with my hon. Friend the Member for Lewes (Norman Baker). Those colleges are in a difficult situation. They have not, under the Learning and Skills Council's criteria, got as far as approval in detail, but none the less, they have well worked-up schemes.

Plumpton college had a three-stage scheme. Stages one and two have already progressed and stage three was the conclusion. Sussex Downs college has invested millions of pounds in professional fees in building up the case that the LSC required for it to make its application. It was specifically encouraged by the LSC to come forward with ambitious plans. The Secretary of State asked the hon. Member for Havant for an example of encouragement having been given to a college to come forward with ambitious plans. There is one for him. But now those ambitious plans do not look as though they will be realised. Many other colleges throughout the country are in the same situation.

We need certainty from the Government soon as to what will happen both to those capital schemes and to the professional costs that the colleges have already incurred in working up their plans. As the hon. Gentleman said, we also need some transparency from the Learning and Skills Council. Unlike the Higher Education Funding Council for England, the LSC does not routinely publish its minutes on its website to show how it arrived at its decisions.

The Budget, which has not featured much in the discussion so far, announced a further £300 million in order to try to apply some sticking-plaster solutions to the further education capital funding fiasco. As well as that sum being given to the FE sector, the Budget contains a target for efficiency gains for the Department for Innovation, Universities and Skills to find. I understand that the target over the rest of the comprehensive spending review period for the FE and skills part of the Department is £340 million. On the one hand, the Government promise something to sort out a problem that they have created, but, on the other, they are going to take it away through efficiency savings.

The provision of adequate buildings is not the only barrier to participation in learning; there are other costs, too. The motion refers to the training costs of those who are

"over the age of 25",

although I do not remember the hon. Gentleman speaking to it specifically in his speech. There is, nevertheless, an absurd anomaly in our financial structure, whereby, once someone reaches 25, it is not deemed appropriate for the state to fund their first participation in a level 3 qualification. We are in a time of recession and the work force are ageing, and people in a dynamic economy, whether in a recession or prosperous, will have to retrain throughout their working lives, so enabling adults over the age of 25 to acquire a level 3 qualification free of cost should be a priority.

There is also the question of encouraging employers to take on more apprentices. For small employers, in particular, the cost of off-the-job training is often an important barrier, so re-allocating the growth in the Train to Gain budget of £500 million over the forthcoming years would make an enormous difference to employers and their ability to take more people into adult apprenticeships. The Government have set themselves some ambitious training and educational attainment targets for 2020 as a result of the Leitch report. However, they will be much harder to realise if we do not have investment in further education and skills or ensure that it is secure for the future.

One of the most interesting parts of the hon. Gentleman's motion which, again, he seemed to skate over in his speech, is the section about science, technology, engineering and maths—STEM—subjects. Last week, it was my pleasure to welcome to the House some Bristol university young engineers and a graduate engineer who are working with Airbus in Bristol. They are taking part in a national project, sponsored by Airbus, to discuss the relationship between aviation and climate change. I have said many times in such debates that there is a consensus around what we are going to do about our other 2020 targets—apart from the Leitch targets—on climate change. If we are to meet our ambitious targets for a carbon neutral economy, or for a much lower dependence on carbon, we will need more scientists, engineers and technicians. Otherwise, it will be impossible to realise those aims. If we do not have the people to construct the wind farms, service the dynamos or expand nuclear energy, although my party does not support that, we will not be able to meet our 2020 climate change targets.

The problem with STEM subjects begins right the way back in our secondary schools, as do many of our problems in education, so we need to enthuse children to take part in science and engineering subjects. In that respect, I praise the work of Bristol university's ChemLabS outreach programme, which goes to schools all over the west country and invites pupils and teachers into the chemistry laboratories at Bristol university to show children experiments, retrain teachers in experimentation and make science exciting and appealing. As ever, information, advice and guidance are absolutely essential, too.

There is a big gender imbalance in engineering. When I met those five individuals last week, I said to them, "There's only one problem with you: you're all men." That is a problem for the engineering profession, but the profession itself has to do some work, too. Government is not always the answer to every problem; the engineering profession must do more to raise the esteem in which it is held. Two or three years ago in Bristol, we commemorated the bicentenary of Brunel's birth. In the 19th century, Brunel was a celebrity figure comparable to many well-known politicians, authors and artists, but we do not have a celebrity engineer at the moment. There is a gender balance and high participation in catering; perhaps engineering needs to find equivalents to Jamie and Delia to encourage young people to take part.

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[Stephen Williams]

There is a national emergency; we are in a deep recession. In his concluding remarks, the Secretary of State referred to the "anxious generation" of young people who are leaving school and do not know what is ahead of them—particularly if they aspire to go to university. As we already know, there is to be a crisis in respect of finding sufficient places for those who get the right A-levels or other level 3 qualifications sufficient for university entry in September this year; it looks as if there will not be enough university places to meet the demand. Those who will leave as graduates in just a couple of months' time, after doing their finals and receiving their degrees, will enter the most uncertain graduate job market for decades.

There is a stark statistic from the last deep recession of the 1980s. I hope that we will not see in this recession a mirror image of what happened to adults, particularly those over 40, who lost their jobs in previous recessions. Many such people in south Wales, where I grew up, and other depressed industrial areas of the country, did not find another job for a couple of decades afterwards; they were never able to return to full productive work. In this recession, we must all agree that investment in skills for those people is absolutely essential. The issue is not only about young people.

Mr. David Anderson *indicated assent.*

Stephen Williams: I see that the hon. Gentleman agrees.

We need investment in capital and skills now. We need a new, sustainable and ethical business model for the future. Above all, we need to give everyone in this country a sense of urgency and of hope that we are going to solve the crisis in our economy and in our politics as well.

Several hon. Members *rose—*

Mr. Deputy Speaker: Order. I remind the House that there is a 15-minute limit on Back-Bench speeches. That starts from now.

5.22 pm

Mr. Eric Illsley (Barnsley, Central) (Lab): I want to make a few comments about Barnsley college in the context of the motion and the amendment to it. Obviously, I will speak about the Building Colleges for the Future programme as it affects the college. I shall go on to say a little about the college's performance in relation to the motions before the House.

As the House knows from previous debates, Barnsley college was part of the Building Colleges for the Future programme. Like other colleges, it had a four-phase college programme. Two phases have been completed on budget and to time, but unfortunately the third phase, which started towards the end of 2008, was halted in January when the funding was stopped. Unfortunately, the college had started demolition work on its Old Mill Lane site. The town centre has been left with a completely demolished area, which was the flagship part of Barnsley college.

Construction stopped. Miller Construction, the contractors, had to stop work; its contractors have been laid off and some have been made redundant. We are now waiting for the results of the Foster review and what follows on from it. We Barnsley MPs have had meetings with Ministers and the Prime Minister to try to find a way forward. We have a real difficulty: there is a demolition site where part of the college once was. The building programme has been delayed for several months and it looks as if that will continue.

When we met representatives of the Yorkshire and the Humber learning and skills council, we were told that the Foster review would draw up criteria which, hopefully, would be considered by the end of April. We were also told that decisions would be made by the beginning of May. That has not happened. The Foster report has been produced, the criteria are being drawn up and the meetings are being held. However, the announcement on which colleges will go forward will be made, we hope, on 3 June—that, at least, is what the colleges were led to believe. Since then, it looks as though the timetable may have been reviewed. In discussions with the college principal as recently as Friday, it came to light that perhaps the decisions will be made only tentatively on 3 June. It should be borne in mind that the applications of 145 colleges will be decided on, and only a handful will go forward. We are obviously anxious, as are all the other colleges, that our application should be proceeded with, because we do not have accommodation for our students. We will have temporary buildings, but not the buildings that we had hoped for.

The LSC drew up its so-called "Key Steps and Timetable", with five steps and a timetable for progressing the situation:

"Cross LSC National Officers group meeting to score potential projects against criteria w/c 18 May…LSC National Officers group send recommendations on projects to be funded to LSC National Capital Committee enhanced with regional council chairs attending w/c 18 May…LSC National Capital Committee meeting to score potential projects against criteria enhanced with regional council chairs attending w/c 25 May…National Capital Committee send recommendations to LSC National Council 27 May…LSC National Council meeting to approve National Capital Committee recommendations 3 June."

So far, so good. However, that appears to have been amended, with the contractors to the LSC now stating:

"3rd June 09—Discussion on how many and which projects will be selected as the initial (Priority 1) tranche to go forward (selection only—not approval)…The selected colleges will then have to go through the VfM"—

value for money—

"process to reduce costs which will comprise…5 week period post 3rd June to sort out project/tender costs and achieve savings as required…6 weeks after that to finalise all costs…Final approval during August 09…September 09 Start on site."

If that timetable is applied to Barnsley college, assuming that we are successful in getting our programme back on track, it will mean a nine-month delay in the programme going forward. None of the colleges decided upon on 3 June will be able to start work until September.

It is possible that because Barnsley college is halfway through the programme and has already gone through most of the paperwork, planning process and so on, those post-3 June criteria may not apply. I sincerely hope not. We hear about a value for money process to reduce costs and to achieve savings, but Barnsley college has already been required by the Foster review to reduce the third-phase costs from £42 million to £33 million, and the programme had to be quickly redesigned to accommodate that, so we have already lost £9 million of our project funding through the consultation process

and the problems that have been created. In addition, the college has spent £12 million of its reserves and borrowings and has a substantial interest bill to meet in 2010. If our college is not selected on 3 June, it will face real financial difficulties, because it cannot expand its student base on the basis that it had hoped in order to meet the extra costs. The refurbishment and redevelopment were carried out on the basis that the student body would increase and the college would receive further funding to help to meet the costs of what has been spent.

It is extremely important to Barnsley that the college capital rebuilding programme is completed. We are extremely concerned not only for the third phase, which is to rebuild a demolition site, but for the fourth phase, which is to rebuild the sixth-form college provision.

Barnsley college deals with 90 per cent. of sixth-form teaching in Barnsley, yet we are contemplating not having a sixth-form college if the final phase of the project goes by the wayside. It is important to look at those items, and the time scale and the reason for its sliding further from 3 June—as far as September. Given the intervention of summer holidays and so on, that start date is likely to slip even further.

The refurbishment programme is important to Barnsley college because our record on post-16 education has historically never been good, but it has improved in recent years and continues to improve, and the college is in a strong position to ensure that it meets Government and local priorities. That was shown in its annual Ofsted inspection, which took place in March and resulted in four "significant progress" and three "reasonable progress" judgments—one of the best results in the country. The college has an ambitious business plan to consolidate and grow its success in surpassing targets and meeting national and local priorities.

We will have 300 more FE-funded learners later this year—a 9 per cent. increase on last year. Student numbers in that category are currently 241 above the LSC target. We have recruited 1,830 adult FE-funded learners—100 more than the LSC target. There are approximately 150 more learners than the previous year in that category—a 6 per cent. increase. We have heard much about Train to Gain this afternoon. The number of learners under that scheme is 198 more than the LSC target.

There are currently 20 per cent. more applications for the 16-to-18 programmes. That is wonderful news for Barnsley. We have heard about the problems of NEETs—indeed, I intervened on the Opposition spokesperson because we have worked hard in Barnsley to try to reduce the number of young people in that category. A 20 per cent. increase in the number of applications for post-16 education is therefore encouraging.

Adult success rates have improved by 8 per cent. in the past three years. The Train to Gain success rate is 91 per cent.—well above the national average. That is not something that one has associated with Barnsley's education in the past few years.

The apprenticeships programme has rapidly expanded, with success rates of 81 per cent.—again, well above the national average. The college will deliver the diploma programme—10 separate diploma lines—in September. It has been approved to provide 14 diploma lines, and the remainder will start in September 2010.

On worklessness, the college has just been successful n winning a contract to improve the employability and skills base of long-term unemployed people who live in Barnsley. That is great news and a success story for Barnsley college.

However, all that will go to waste if we get it wrong or if the capital programme is not reinstated quickly. We have already considered redundancies for the college's construction programme. I am concerned about whether we can deliver all that increased education provision in the forthcoming academic year and the subsequent one. Without the college rebuilding programme, we will struggle. Again, I urge my right hon. Friend the Secretary of State to examine the timetable and try to encourage the LSC to stick to the time scales that it has set out in its programme. I also urge him to try to get decisions made and, particularly for Barnsley, allow the programme to continue. Otherwise, we have only half a college.

5.34 pm

Mr. David Curry (Skipton and Ripon) (Con): Although we are, of course, all interested in how we got into this mess, I am much more interested in how we get out of it. It would be easy to give a litany of complaints and simply recite the virtues of one's own college—I will not omit to do that. However, I want to pay tribute to the LSC's regional staff, who deal with Yorkshire and Humber. They are deeply embarrassed by what has happened, they are doing their best to help and I would not like the contamination of mismanagement at the centre to be attributed to everybody who works for that organisation, which will be replaced in any case.

I want to begin by talking about the district of Craven. The north Pennines is fairly remote and has an economy that rests on extremely fragile pillars. A lot of the area is a national park, but tourism has a relatively low value and is predominantly made up of day visitors—indeed, many people spend precious little when they get into the dales. The area depends on agriculture, and we all know that some sectors have experienced extraordinary difficulties. Indeed, the Rural Payments Agency was probably ahead in the charts as the agency that had made the biggest financial mess, until the Learning and Skills Council came along as a late competitor for that accolade, and there are still problems in getting the money to farmers.

There is also the hidden industry of all areas of the countryside, which is looking after the elderly. Anyone who goes to any significant village in my constituency will find households looking after elderly people and an awful lot of people working part time to make money to supplement low income being earned elsewhere in the family, enabling people to maintain, for example, an agriculture holding. There is also a host of small businesses. We have the Skipton building society, which is the giant in the area—a very prudent giant, as a matter of fact—but there is also a huge constellation of small businesses, ranging from micro breweries, of which there has been a refreshing multiplication, to those involved in package recycling and other tiny operations.

Craven is therefore an area of high employment. I do not claim that the demands of Craven rest on economic hardship in the way that it might be experienced in places such as Barnsley, which the hon. Member for Barnsley, Central (Mr. Illsley) spoke about. However, although there is high employment, there is also low pay and a lot of part-time employment. If anything were to illustrate the vulnerability of Craven's economy,

[Mr. David Curry]

it is foot and mouth disease, which simultaneously shut down agriculture and tourism. That demonstrates the urgency of finding an economic base that is more diversified and less vulnerable to catastrophic events.

Many people in Craven would also complain of a draining of public services from the area, as there has been pressure to introduce economies in public expenditure. The police presence, as well as the rank of the police establishment, and many other public services, if not the ability of the people doing the serving, have been seen to be reduced.

What Craven needs is a much better skills base. Indeed, Skipton building society and the smallest small businesses both complain about their difficulty in recruiting people with sufficient skills, whether they be IT or more basic skills. Craven also needs much better facilities in winter, so that there is a tourist offer in the winter months to supplement the tourist offer in the summer, and a vigorous small business sector that can take advantage of the spread of broadband, which is not yet universal in my constituency, and the exceptional environmental advantages of Craven. Broughton hall, with its sophisticated business park, is the exception, not the rule.

There are also particular needs that stem from the fact that Craven is not merely a rural area; rather, a great deal of it is upland, which is the most difficult kind of rural area. There is a huge difference between a rural area in East Anglia, where someone could strike a billiard ball and watch it go for miles, and my constituency, which straddles the Pennines. In addition, Craven is the only area in North Yorkshire that has selective education. The two excellent selective schools in Skipton—Ermysted's and Skipton girls high school—are outstanding, but they ought to be outstanding, given the sociology of North Yorkshire and the selection process. However, that means that it is incredibly important to ensure adequate provision for the 16 to 18-year-olds who do not come out of the selective system.

That brings me to Craven college in Skipton, which is at the heart of a series of interlocking programmes designed to address the broad economic disadvantages and the particular sociology of Craven. Ten years ago, Craven college had between 500 and 600 full-time students in one year group, and about 2,000 part-time students. Now it has 1,600 full-time students, of whom 1,250 are 16 to 18-year-olds drawn from some 80 schools—the college serves not only Craven but a huge rural constituency that goes way beyond the boundaries of Craven itself—and some 5,000 people in part-time employment in any one year.

So the college's expansion has been constant, and it has taken place using very limited resources and in the context of certain disadvantages, which I shall explain. First, it operates on 11 sites. My hon. Friend the Member for Huntingdon (Mr. Djanogly) was complaining that his college had to operate in 1960s buildings. How lucky it is! Two of our buildings are Victorian, and the college operates in 11 sites across Skipton. This has two implications: the first relates to costs and the division of effort; the second is the very real health and safety problem of operating in buildings that are far from being fit for purpose.

A further disadvantage of being in a rural catchment area is that it is often difficult to achieve the necessary critical mass of students to make a course viable. It might not be too difficult to assemble nine or 10 people who want to study the same subject at the same time and in the same place in a metropolitan area, but it is difficult to do so in a rural area. That means that the college is punished in the sense that it does not get the funding, but there are also fewer opportunities because it cannot achieve the critical mass necessary to realise them. The rurality issue has not been addressed in the funding of colleges of further education.

I said that Craven college was at the heart of the regeneration programme for the Craven area. There is a new campus planned. It is in the third tier of progress; the work is awaiting approval, but the plan is very well developed. It is part of one of the wider regeneration programmes that so many colleagues have mentioned today. In particular, it will incorporate a complex for climbing and caving. That might sound eccentric, but climbing and caving are major tourist attractions in that part of the Pennines and the Yorkshire dales, and a knowledge of those subjects will assist the development of winter facilities and enhance what is a unique selling point economically in the area.

If the activities of the college could be brought together on one site, it would gain through much greater economies of scale in terms of costs and teaching efficiency, and such a move would also make a huge difference to the social environment of the college. It would enable all sorts of interactions to take place between the students that are impossible if they end their day in 11 different places around the town.

So what is going to happen? There have been two recent events, on the first of which I would like the advice of the Minister. Within the past few days, the Learning and Skills Council has offered to pay half the £356,000 fees that have been spent on developing the Craven college project, provided that the head of the college signs on the dotted line by noon tomorrow. Should he sign, or is the LSC offering an out-of-court settlement against the threat of a legal action to recover a greater proportion of the fees, such as I understand some colleges are nurturing?

I have had discussions with Craven college, with which I have dealt in every year since I have been a Member of Parliament, and I have to say that we have not carried the fiery cross around the countryside. We have not said that the college would collapse or that further education in Craven would to come to a halt. We will struggle through, as we have always done. So we are not being alarmist. We are trying to be responsible in dealing with this very real issue, but the head of the college faces a real dilemma over how he should respond to that offer. I pay tribute to the regional staff of the LSC for that offer, because I think they are trying to be helpful.

We have also talked about Train to Gain. Craven college was harried to step up its Train to Gain activities. It was positively cajoled to expand its programme. It has done so, and it was expecting to spend about £1.6 million on such provision up to the end of the academic year that we have been talking about. That money has been stopped in its tracks overnight, and the provision has been capped at some £1 million. There was no warning of that at all. So having gone out to

employers to persuade them to sign up to the Train to Gain programme, the college now has to go back and say, "Sorry, we can't deliver on the very programmes that we encouraged you to sign up for a short while ago."

What is the way forward? We know that the Government have promised £300 million a year in capital expenditure until 2013, and we also know that there are going to be some transparent new criteria based on need rather than on "first come, first served", with the deadline set for spring 2010—still a long way away. I ask the Minister to ensure that when those criteria are drawn up, there is a fair assessment of rural needs.

Rural needs are not simply an offshoot of a national need; they respond to difference economic and social circumstances, and entirely different definitions of how to be efficient apply in serving the sort of wide rural area that my college serves. I do not want to do down any of the metropolitan areas; we are on the edge of Keighley, and we take students from Keighley as a matter of fact. What I do want to ensure, however, is that there is fair crack of the whip for the rural areas I am talking about. In other words, whether we are judged to have succeeded or not, we want to be able to say that at least it was a fair call and a fair judgment. We want to be judged by meaningful criteria that we are capable of delivering and fulfilling, not against criteria that are designed for entirely different circumstances.

I would ask that all programmes be started from scratch. We should start with a blank sheet of paper and the all programmes that have reached a certain degree of maturity should be examined in the light of those different criteria in the different circumstances. A set of programme priorities should be drawn up that reflect the new criteria—not simply the "first come, first served" basis. If the Government really want the best bang for their buck, if they really want to ensure that their money is being spent as well as possible and if they really want to be assured of value for money, they must do that. If they want to be able to turn around and say they have sorted out an appalling mess in an equitable way so that people feel that fairness has been applied to all sections of the country in all the different circumstances of the country, that is what they should do.

I hope that the Government will be fair in addressing those problems. I have not gone into too much detail today, as we will be joining the long procession of people intending to meet the poor Minister—he will be able to do a "Mastermind" on colleges of further education, I suspect, in a couple of months' time—and we can provide the detail then. If the Minister does what I have suggested, Craven will continue to give him, as it has always has done, the biggest possible bang for the buck. The benefits will then be spread over a huge area of rural England.

5.47 pm

Hugh Bayley (City of York) (Lab): It is a great pleasure to follow two other Yorkshire Members in this debate.

Our country is in the middle of an extremely severe recession—the first global recession since the 1930s. It is global in the sense that, for the first time since the 1930s, global output is likely to fall. This recession, as we all know, was triggered by the sub-prime mortgage crisis in the United States. It spread quickly around the world because of the globalised nature of the banking and financial services sector these days, and it was amplified by light-touch regulation in this and other OECD countries. One of the lessons to be learned from this recession is that the Thatcher-Reagan doctrine that private institutions are always best regulated by themselves rather than the state has come to an end. I do not want more regulation, but I do want smarter regulation so that the lessons of the recession are learned.

Before I turn specifically to deal with further education, let me say that I chair the Economics and Security Committee of the NATO Parliamentary Assembly. The week before last, our committee was in Washington DC to meet the International Monetary Fund and the World Bank to discuss the recession. They predicted that, from the peak to the trough of the recession, global output is likely to fall by 3 to 4 per cent. They also say that if Governments such as ours and other OECD Governments had not adopted fiscal stimulus packages, global output would fall by something like 9 per cent.

Let me explain the difference. If global output falls by 3 or 4 per cent., it will mean a very severe recession—more severe than any since the second world war. But if output falls by 9 per cent., we will be in the territory that existed between the two world wars when there was a decade-long depression and unemployment soared for years at a time. The fiscal stimulus is a necessary response and it is right to put Government funding behind education and training, particularly vocational training. I was pleased to see hundreds of millions of pounds being set aside in the Budget for that purpose.

It is extremely important to invest in skills—both in vocational training and in broad liberal education—so that we see benefits in our national economy and so that individual citizens in our country see the benefits of jobs and job security. It is important to do so now, so that the country benefits when the upturn comes. We do not want to make the same mistake as was made when the Conservatives were in power and people were simply parked on benefits during the recession, without the funding for training, and vocational training in particular, that we have at the moment.

During the 12 years that the Labour party has been in government, a strong platform has been created within further education to provide the skills training that we need. In my constituency, in 1996-97, some £12.1 million was allocated to York college and the York sixth-form college, which was a separate institution. Since then, the two have merged, and in 2008-09, the budget was £20.5 million—an increase of £8.4 million, or 69 per cent.

It is not just in York that additional resources have gone into further education. There are eight colleges in York and North Yorkshire. Two are specialist colleges—Henshaws college, a specialist college in Harrogate that provides education and training for people with visual impairment and additional physical or learning difficulties, and Askham Bryan college, one of the largest land-based colleges in the country—and there are six more general further education or sixth-form colleges. Between them, and including Craven college, which the right hon. Member for Skipton and Ripon (Mr. Curry) spoke about, they work with some 50,000 young people and have a combined turnover of £70 million a year.

In the past five years, the Government have allocated some £80 million of capital to improve the colleges. They have partnerships with almost 10,000 businesses

[Hugh Bayley]

and train some 7,000 employees a year. They have degree and higher-level programmes for more than 2,000 students. The colleges in York and North Yorkshire educate nearly 12,000 16 to 18-year-olds—more than all the school sixth forms in York and North Yorkshire put together.

It is important to have the right balance of numbers to guarantee choice for young people at the age of 16 between courses and between settings—school and further education. The two Departments—the Department for Innovation, Universities and Skills and the Department for Children, Schools and Families—need to talk further about how the school sixth form presumption works. In 2007-08, which is the latest year for which I have figures, there were 4,129 16 to 19-year-olds from York in college and 1,079 in school sixth forms. Each individual 16-year-old has a choice about whether to attend one of the five schools in York that has a sixth form or to go to York college, or indeed one of the other colleges, such as Askham Bryan or another further education college close to York.

The schools provide continuity and familiarity for the students. They are smaller and, as a result, provide a narrower range of subjects. They provide extremely good education. York college, like the schools, achieves excellent A-level results, but its curriculum provides about 40 subjects, including a full range of modern languages, which none of the school sixth forms can provide; specialist subjects such as archaeology and ancient history, which have a particular purpose and which we have a need for in a city such as York; and specialist art courses such as photography. Indeed, Freddy Bulmer, an 18-year-old at York college, has just won first prize in the national Colleges on Camera competition. His winning photograph shows the impact that the £65 million investment by the Government and the college in the new York college has had on him and his fellow students. It is good to see excellence coming from a further education college.

Perhaps I should tell hon. Members that four years ago, after the general election, I did what I usually do after elections—commissioned a local artist to make a limited-edition print to celebrate life in York. The artist I commissioned on that occasion was a young man from York college, Michael Kirkman, who produced a fabulous print of building work at York hospital. That was his choice of subject, which he felt summed up the type of life that people live in York now. I am pleased to say that one of his prints is in the collection of York art gallery while another hangs in the boardroom of York hospital. Several others hang in GP surgeries around the city—it is marvellous work. That, again, shows that colleges can provide excellence at the highest level.

Recently, Archbishop Holgate's school used the sixth-form presumption to establish its own sixth form. There were concerns from other 16-to-18 educational providers in the area that it might dilute provision elsewhere. There were discussions between the head of Archbishop Holgate's school—an old and venerable institution headed by John Harris, who is a head teacher I respect enormously—and the local education authority. They agreed that there was already good level 3 A-level provision in York, but that more level 1 provision was needed for the 4 or 5 per cent. of students who are not in education, employment or training. Archbishop's sixth form is making a real contribution in that field, focusing on the needs of the NEET group and of young people aged 16 to 18 who have disabilities.

However, there are other schools—good schools—in York seeking sixth forms. If they were all to take individual decisions, we could end up with poorer 16-to-19 provision overall. There is a tension between school choice on the one hand and the LEA's commissioning role on the other. I believe that a different balance is needed on who can take a decision. The Government's decision to give LEAs responsibility for further education and schools will help a new balance to be struck.

It is important for the Government and LEAs to recognise that learner choice is not the same as school choice. We need learner-centred provision so that young people in York and the surrounding area can choose between school or sixth-form college and between a wide range of subjects—not just A-levels, but vocational provision.

I also want to say a word or two about the discrepancy in funding between school sixth forms and further education. School sixth forms receive a premium of about 5.6 per cent. If York college received the same funding as school sixth forms, it would get about £900,000 more per year. Quite quickly, as I have been raising the matter for several years, I would like to see that gap being closed. It is more likely that that will be achieved now that LEAs have responsibility for further education as well as schools.

I congratulate the Government on their capital funding for schools and for colleges. In 1996-97, schools in York received capital funding of less than £1 million a year. In the 12 years since then, they have received, on average each year, more than £10 million—a tenfold increase for York's schools. As I said, we have a brand new York college, built at a cost of £65 million, more than £20 million of which came in the form of Government grant.

Once again, however, there is a gap between the capital regime for further education and that for school sixth forms, which receive 100 per cent. capital funding whereas further education does not. In order to build a new college building, York college had to borrow some £4.5 million on its own account, and a proportion of its general income is used to pay back that loan. Schools do not pay VAT on services and equipment, but colleges do. Although both school and college-goers receive the education maintenance allowance, which is an important Labour innovation because it makes it possible for people from low-income families to continue in education after 16, in schools young people from low-income families also receive the benefit of free school meals, which are not available in FE. If one takes all the funding differences together, the gap is not 5.6 per cent., which is what the Government acknowledge, but rather more—possibly as much as 15 per cent.

Colleges admit a greater proportion of students from disadvantaged neighbourhoods. Some 29 per cent. of those in FE come from such neighbourhoods, compared with 19 per cent. of those in school sixth forms and, for comparative purposes, some 20 per cent. of those in universities. It is important that students from more disadvantaged neighbourhoods get the same quality and level of funding as those in schools, and LEAs must address that.

I should say a word in response to what the Conservative spokesman said about the problem of overstretch in the Building Colleges for the Future budget. York is very fortunate to have its new college, and I want other people, such as those in Barnsley, to have that benefit, too. I have tabled an early-day motion expressing my concern about the cuts in Building Schools for the Future, and I urge hon. Members to sign it. It makes the case for increasing Government funding for FE capital projects. In an economic downturn, there is a strong case for investment in public infrastructure.

I regret that the Conservative spokesman did not welcome the level of investment that the Government are putting into colleges—some £2.6 billion in the current spending period. I see that he is coming back into the Chamber, and I hope that he will commit to a fiscal stimulus package to counter the recession, including further investment in further education.

6.2 pm

Sir George Young (North-West Hampshire) (Con): I commend the hon. Member for City of York (Hugh Bayley) for his tradition of commissioning an important work of art from a local artist following his election to Parliament. I am sure that his successor will wish to follow that tradition.

I want to drag the debate south from Yorkshire, where it has been for the past three speeches, to Hampshire, where it began with an excellent speech by my hon. Friend the Member for Havant (Mr. Willetts). I wish to pick up the point that the hon. Member for City of York and my right hon. Friend the Member for Skipton and Ripon (Mr. Curry) made about the fiasco of the Building Colleges for the Future programme.

Many of us took part in a debate in Westminster Hall in March, when the Under-Secretary of State for Innovation, Universities and Skills had an uncomfortable 90 minutes being beaten up by Members of all parties. If I may give him some respectful advice, perhaps his response to this debate might be less pugnacious than it was on that occasion and a little more constructive, bridge-building and conciliatory. Whereas other Ministers have come to the House and told us that they are bringing forward the capital programme for counter-cyclical reasons, he has had to tell us of a freeze in the further education capital programme with projects, far from being brought forward, being indefinitely postponed.

Two years ago Cricklade college in Andover merged with Sparsholt college, just outside Winchester. Thanks to the energy and commitment of the principal, Tim Jackson, and his team, the quality of education in Andover has been driven up since the merger. They are doing a fantastic job in challenging circumstances, but they have not been assisted by recent events. At the time of the merger, the LSC wrote to me:

"Current thinking is that there will be a required investment of up to £30 million in Andover and £20 million in Winchester."

It went on to say that those figures were indicative at that stage, but concluded:

"I would wish to reiterate the LSC's commitment to ensuring an appropriate level of investment is forthcoming to support the ambitions of the merged college."

The scheme grew to £100 million, reflecting the encouragement given to colleges by the LSC to raise their sights and build for the 21st century. On one visit, the LSC officer told the college that he hoped the main administrative building would be knocked down and replaced because it looked dreadful. It was not, and that is not in the plan at the moment.

The college applied for in-principle approval in Andover last November, expecting the go-ahead in February or March. In the meantime, it got planning consent from Test Valley borough council. The scheme was an integral part of the regeneration of Andover town centre, complementing plans that have already been introduced in one part of the town and are about to be in another. Then, along with 143 other colleges, in March we were told that the deal was off. There is great disappointment in the town.

To pick up on points that have been made in the debate, I understand that decisions are about to be taken on how to spend the money that is available, topped up by the funds announced in the Budget, which I welcome. It seems that schemes that are "shovel-ready", to use the words of my hon. Friend the Member for Havant, will get the go-ahead, while other schemes that might have progressed in the near future will go to the back of the queue. It would be helpful if the Minister said a little more in his winding-up speech about the criteria that will be applied when deciding who goes first and who comes last, and if he could indicate for local consumption the earliest date at which the project in Andover might now get the go-ahead.

On top of the capital debacle, there is also a revenue headache as a result of the gamble that colleges were encouraged to take by the LSC in bidding for funds. Some will now turn in financial deficits, which would not have been the case, unless the LSC is able to step in and refund their fees. I was interested to hear my right hon. Friend the Member for Skipton and Ripon say that his local college has had an offer of a contribution towards abortive fees, although I am not quite sure why it has to decide so quickly. In the case of Andover, about 70 per cent. of the £2 million spent in fees is now abortive. That risks turning a potential surplus of £500,000 into a potential deficit of £900,000. Will the Minister say something about which colleges are getting help, and of what sort, in meeting the abortive fees?

The other frustrating thing is that the LSC is responsible for monitoring the financial health of colleges. In many cases, the reason for the deterioration has nothing to do with the college but is entirely due to the LSC. Unless it can come up with the necessary help with abortive fees, some colleges will go into deficit and may breach financial covenants. Many will have to borrow funds from the bank, incurring interest payments.

I move on to a subject that has not been touched on at all—provision for adults with learning difficulties and disabilities. There is a need for much greater clarity about what is done for adults on the education side of the equation and what is done by social service departments on the social and personal development side. A few years ago, colleges would accept those with learning difficulties on courses, and would interpret the rules broadly. People would continue to attend college year after year, even though they were not really progressing. It was an important part of their life and self-development.

A few years ago the rules were tightened, and colleges are now required to ensure that courses attended by adults with LDD lead to clear, successful outcomes in qualifications. When an adult has fulfilled the requirements of a particular qualification and there is not necessarily

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anything appropriate for them to progress to, they are unable to be recycled year after year, so they stop going. That change was made a few years ago at the point of transition. That issue might not be one for the Minister, but it is certainly one for the Government if we are to have joined-up government.

This morning I was rereading "Valuing people now", the Government's three-year strategy for people with learning disabilities. It is very much a health-focused document, with not a lot in it about education, but I found one sentence about education that I will have to read out, in the hope that the House will understand what it means better than I can. It states:

"The cross-government Work, Education and Life Group will also lead implementation of 'Progression through Partnership' (the post-16 education strategy) and the Getting a Life project, which aims to achieve an integrated assessment and decision-making process that will allow people to use public resources flexibly to get the outcomes they want".

I hope that that means that folk will be able to go on courses that are suitable for them, but I say to the Minister that it is by no means clear how the education-social services interface will work. I hope that he will ensure that there are suitable courses for people with learning difficulties that are provided either by social services or by education.

I turn briefly to some other issues in the motion. The number of NEETs in my constituency, as in those of other colleagues, has risen. It is now at 185, having risen from 135 in December, five months ago. Many fewer adults are now attending training courses at Andover college than was the case in 2005. I suspect that that is because in some cases there is a real issue of affordability when it comes to the fees. There was a 29 per cent. drop in 2007-08 compared to 2006-07, and a 41 per cent. drop in 2007-08 compared to 2005-06. I hope that the Minister will say a little about the Government's response to that.

We heard a great deal from the Secretary of State about Train to Gain, which, in a sense, has been too successful. In my constituency, as in Skipton and Ripon, we now have a moratorium on new starts. Private providers and colleges have been told to stop, current activity with employers has been curtailed, and future contracts are being held back to avoid over-commitment in the forthcoming year. There is considerable frustration about the fact that after everyone has been geared up, they are having to be geared down again.

The subject of unfunded students was raised earlier, and I need to see what the Secretary of State said in response. At present there are about 120 unfunded places for the autumn in my constituency. The college has submitted a bid. The Secretary of State's speech suggested that we might be given answers about the bids; perhaps the Minister could shed some light on that. As for apprentices, there is understandably less capacity in the workplace to take on, in particular, young and inexperienced trainees. Sadly, in Andover we have seen a rise in the number of apprenticeship redundancies, which has pushed up the number of NEETs.

Let me make a general point. Further education colleges find sudden changes in funding flows very challenging. When commitments to engaging additional staff are required, the stop-start approach to funding is very difficult to manage. As all Members have pointed out, colleges are crucial to the economic and social well-being of the areas in which they operate. They cannot be expected to operate as a very small business might be expected to, moving resources in and out from one week to the next.

I hope that the Government will exercise continuing stewardship over the financial well-being of colleges. That is especially important when the commissioning of much of their work switches to local authorities, with funding supplied via the Department for Children, Schools and Families, while the overarching stewardship of colleges rests with the Department for Innovation, Universities and Skills.

Finally, let me say to my hon. Friend the Member for Bexleyheath and Crayford (Mr. Evennett), who will wind up the debate, that it would be interesting to hear whether he considers that we are totally satisfied with the rather blurred responsibility for the age group that we are discussing, or whether he thinks that the issue might need to be revisited in a year's time.

6.12 pm

Mr. David Anderson (Blaydon) (Lab): It is possible that I am the only Member present who served a full apprenticeship, although I stand to be corrected on that. When I served an apprenticeship as a mechanic, there was respect for the traditions of people who had served apprenticeships for many years. We felt, as apprentices and as craftsmen, that we were part of a culture in which what was learnt was passed on, and it was part and parcel of the pride that we took in doing the job that young people were introduced to it. It was heartening for me to become a time-served craftsman and work with young people in learning skills. However, it was disheartening for me to be part of a generation that saw the last of the apprenticeships in the industry in which I worked, the coal industry.

It was directly owing to the policy of the Conservative party that we saw a decline in apprenticeships. It made policy decisions that largely destroyed the coal industry, decimated the railway industry, did away with the shipyards, cut back the steelworks and privatised British Gas, the electricity boards, the water boards and BT. All those were national companies with major training schemes, which employed many, many young people. What happened to young people in my village was that, instead of working with people like me—as apprentice mechanics, electricians or welders—they ended up as apprentice burglars and apprentice drug-takers, and became very good at taking cars without the owners' consent and taking radios from cars. That is not much to pass on to the next generation.

In the days when I trained with the National Coal Board, everyone had some form of education, right up to degree level. People were not just given vocational training; they were taught how to stay alive underground and, importantly, how to keep their fellow workers alive. A huge vacuum was created at the end of the 1980s and during the 1990s, but I am thankful that my party's Government have begun to fill it. It is true that things are not perfect, but we have, without a doubt, modernised and restructured apprenticeships in a way that addresses the challenges of the 21st century. Those

challenges are, and will continue to be, different from the challenges that I faced when I became an apprentice. The fact remains that the Government have invested additional money this year. They have agreed to provide a further £140 million, which will fund 35,000 apprenticeships. That is good for the public, and for the people for whom the apprentices are working. In 1997 there were only 65,000 apprenticeships in the country; today there are a quarter of a million, and completion rates are at an all-time high. That is something we can be very proud of.

During the Secretary of State's speech, I raised the subject of union learning reps, which is never mentioned by the Conservative party. That may appear unsurprising, given its attitude to trade unions. There are 22,000 accredited union learning reps out there working with people. I was involved, with the National Union of Public Employees, in a scheme called Return to Learn, which helped people many of whom had no literacy or numeracy skills, and experienced great problems even in reading or writing. For the first time since leaving school, in many cases as young as 15, people were told "We value you. You may only be doing menial, manual work in society's eyes, but your contribution is important, and because of that we want you to become re-engaged in the world of education." Such schemes have been one of the keystones of workplace learning in this country. Last year, a quarter of a million people were given access to learning at work through union learning reps.

Mr. Willetts: I can assure the hon. Gentleman that I had a most enjoyable meeting with TUC representatives only the other week, during which they made the case for union learning reps almost as eloquently as the hon. Gentleman is making it now.

Mr. Anderson: I am very glad to hear that, but I did not hear the hon. Gentleman say "I agreed with what they said, and I will continue to provide and develop the union learning scheme." I will sit down and let him say it if he wants to, but it appears that he has no reply.

Mr. Willetts: I was very sympathetic to the case that they made.

Mr. Anderson: I love the hon. Gentleman's use of the word "sympathetic". I realise that he has two brains, but it does not take two brains to understand what the word "sympathetic" means. What I am asking him for is action, but he is clearly not prepared to commit himself to that.

Last week, I was not talking to the TUC; I was talking to learning reps on the ground at Gateshead council. I was talking to people such as David Smith, who has helped many young people, as well as older people, into the workplace. They benefited from real dedication and real praise from their employers and others who took part in the schemes. Last year I was very proud when an old colleague of mine, Felicity Mendelson, who works for Newcastle city council, was recognised by the Queen for the great work that she had done as a union learning rep. She was awarded the MBE.

Real credit has been given to people who have done real work for people on the ground. But credit must again be given to the Government for the money that they have invested in the foundations of building colleges, and expanding further education. I am aware of the problems, and it would be wrong for me or any other Member to deny that the LSC has let people down, but I do not think that the Secretary of State intends to do the same.

Last week I met representatives of Balfour Beatty, who are worried about what may happen if we do not put right what has gone wrong in the last few months. I know that the Conservatives do not agree with this, but I strongly believe that we should be building our way out of the recession. We should be using that terrible term "fiscal stimulus", and companies such as Balfour Beatty—along with many other people—should be rebuilding colleges and schools. The Balfour Beatty representatives told me that a potential 40,000 jobs are available to people who could be employed in the building industry, but may not be. The Government must start to address that. I hope that, when he responds, the Minister will go some way towards allaying my fears.

Like every other Member who has spoken so far, I shall say something about the colleges in my area. I want to tell the success story of Gateshead college, which has never been afraid of embarking on partnerships. It does not believe in standing about whingeing, or in promoting doom and gloom. It wants to get on with the real work. That is why last year it moved out of the building in Durham road where it had been for many years, sold that building and went forward in partnership. It has been given £60 million by the Government to build the new Baltic college on the regenerated Gateshead quayside. It has been a tremendous success. There are 7,000 students and 500 staff, working at a college that is a source of great pride to me and the people who live in the area.

A £5.5 million skills academy on a nearby industrial estate has done tremendous work with companies such as Nissan and others in the automotive industry, which is so important to our local economy. A £15 million academy for sport has also been developed on the former Gateshead stadium site, and I hope it will play a major part in the development of Olympic athletes for this country.

The college has been recognised across the board. In the last two years it gained "outstanding" grade 1 marks in Ofsted inspections in all six areas tested. It has a success rate of 83 per cent. and it is within the top 10 per cent. of colleges in the country.

The college completed the renovation of its estate with the opening of the Baltic campus and the skills academy, the result of a £60 million investment. It has been recognised by the LSC for outstanding financial performance in a very challenging environment, and by Ofsted for providing outstanding value for money. It has provided more than £10 million to local companies for Train to Gain, and turnover has increased by more than 25 per cent. In 2008-09, it also achieved growth in the number of full-time 16 to 18-year-old students, which rose from 1,757 to 2,272. It has been officially named as the top college in the region for delivery of apprenticeships and the lead provider for the National Skills Academy for Manufacturing. It secured the Ford master apprenticeship programme for the north-east and it is the preferred training provider for Nissan. It has also been awarded many other accolades.

We are proud of Gateshead college, and so we should be, but the outside world is also proud of it. It entered the culture for success competition, and Andrew Dixon, chief executive and judge, said this about it:

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"Gateshead College is a shining example of cultural success alongside tremendous facilities and a huge range of effective external business partnerships. This is a business that has grown fast and is loved by its customers—thoroughly deserving of the Culture for Success Overall Winner award."

This is not a doom and gloom story, therefore; it is a story of real success on the back of hard work by many people.

The college is continuing that work. Shortly before Christmas, it answered the call; Nissan was facing serious problems and it asked the college to help it try to keep people in work. Working with MPs, and with a great contribution from the Secretary of State concerned, the college and Nissan drove forward training programmes from this year to the back end of last year, which extended the working life of hundreds of Nissan employees in Sunderland. Although for some of them it was extended only for a short period, it at least meant they were able to get to Christmas without facing the threat of the dole.

The college is also working closely with the Department for Work and Pensions, the regional development agency and local authorities to establish an early warning system, so that when people may be about to lose their jobs, or have lost their jobs and have been made redundant, the college and other partners are there to pick up the pieces and help them get back into work as quickly as possible. The college is working closely with the local council, which has decided to bring forward its capital programme. It is helping the council create 500 new apprenticeships, and it is also working with local businesses to get even more apprentices into work. If we want to use a slogan that many people may well have heard of, we could say that this is an example of "Real help now".

This is all about creating choices, and about denying the official Opposition's narrative that everything is doom and gloom and we should stand back and do nothing. We will not stand back and do nothing, either in this party, in this Government or in the place that I come from. We are going stand up for people, and stand by them; we are not going to stand back. The official Opposition may be led on this issue by a man with two brains, but the leaders on the issue should be people with some heart.

6.24 pm

Mr. Adam Holloway (Gravesham) (Con): The importance of this debate is underlined by the OECD's economic outlook; it says that unemployment in our country could rise to 10 per cent., and it said in November that it could rise faster than in any other G7 country. Accurate and promptly published analysis of unemployment trends is important for the providers of training and further education, particularly in a recession, which is also an opportunity for reskilling. In terms of the data available to inform training providers, the jobseeker figures provided by Jobcentre Plus and the Office for National Statistics seem to vary by between 10 per cent. and 15 per cent. That is concerning in itself, but when we add in the number of those who are economically inactive but who want a job, the unemployment figure in Gravesham is almost trebled.

I wish to highlight a group of motivated adults who could not read or write but were turned away by their college of further education. They had all taken the difficult step of deciding to learn to read and write and had filled in all the forms. Some of them were motivated to do so because they wanted to start to do homework with their children, some because they wanted to expand their businesses, while others just wanted to achieve their potential. They went to their local FE college and, to its credit, they found a great class that they enjoyed, but there was a problem: the Government's policy to phase out funding on equivalent or lower qualifications. They had taken a huge step in admitting that they could not read or write, and had grasped the basics, but they wanted to do more advanced things such as write job application letters. That was deemed to be a bit too advanced to be funded, however. Indeed, the policy required members of the group to learn individually using a specially designed computer programme. The group set itself up in a local church hall, and a saint-like teacher from the local college agreed to work on a much lower rate of pay. Some of the adult learners valued what they were learning so much that they funded the course from their benefit payments. I am delighted that this community group was able to fund and deliver that learning and development, and such community-organised solutions are always refreshing, but do we want motivated people to be turned away from training?

Another group I wish to highlight is those who are already skilled but who want to retrain for work in sectors that are offering jobs. Let me offer the examples from Gravesham of a construction worker who had a back injury and a bus driver who had suffered a stroke, which prevented them from performing manual work and driving. Both men enjoyed computing and wanted to be retrained in that field, where one could expect a motivated and qualified person to find a job. The man with the stroke was expected to recover fully over about three years and, rather than sit around on disability benefits during that period, he wanted to spend the time retraining. He faced some hurdles, however. Under the current rules, jobseekers can wait up to 18 months before they are able to take a full-time training course while claiming benefits. Nevertheless, jobcentres can help to arrange shorter training courses sooner than that. The problem is that the choice is fairly limited unless one wants training in basic English or maths, which many newly unemployed people do not need.

I can also offer the example of a man who was a service manager in a car dealership, which is not a good organisation to be employed in right now. He therefore wants to reskill as a locksmith as he has identified a gap in the market, but he is finding it very difficult to get help to retrain to do that.

Another problem is that any additional training can be limited to what are described as "growth areas". I identified Gravesham's only growth area when making representations following a visit to 50 employees who had worked for the local branch of Woolworths. They were mainly women in their mid-40s and 50s, and a fair number of them had left school without qualifications, and had gone to work for Woolworths after raising a family. I made inquiries on their behalf at our jobcentre to determine what training they would receive, and was told that the only identified growth area was the care sector. The care sector offers good careers in Gravesham, of course, but what struck me was the idea that that was the only available option, because not everybody is suited to working in the care sector.

Training opportunities for people should be not only rational, but flexible; they should not simply be linked to the main growth areas. We must keep the recently unemployed keen, motivated and focused and then get them back into work. The Government must do more to differentiate the recently unemployed and the long-term unemployed. Of course all unemployed people should remain on our radar, but we must avoid the recently, first-time unemployed joining the long-term unemployed—their needs are not very subtly different. The newly unemployed need rapid training to avoid their joining the benefits-cycle club.

In conclusion, we need more accurate data; a streamlined funding model for further education that is flexible to the needs of the local community and individuals; and rapid retraining, specifically of the recently unemployed. Finally, I would be grateful if the Minister could update me on the position of the building works at North West Kent college in Gravesend.

6.30 pm

Mr. David Evennett (Bexleyheath and Crayford) (Con): This has been an important and interesting debate on the vital subject of skills in the recession. Regrettably, Britain is in a serious recession and there is a serious skills shortage within our society. A new approach is absolutely necessary, because this Government have undoubtedly failed in their attempt to improve skills. In the main, we have had a constructive debate about the issues highlighted in our motion, and Conservative Members have presented the Government's failings in the areas of college capital funding, apprenticeships, training, skills shortages and adult education. In our motion and in a number of speeches made by my Conservative colleagues, we have put forward an alternative approach with policies designed to ensure that we have the necessary skills for the future.

My hon. Friend the Member for Havant (Mr. Willetts) opened the debate with a characteristically analytical approach to the failings of the Secretary of State and his team, highlighting the real problems facing us, noting the failings of Labour in government and presenting our approach. My hon. Friend's excellent speech raised the concerns of colleges, employers, students, workers and adult learners. Regrettably, in his speech, the Secretary of State floundered and gave the usual Government gloss—*[Interruption.]* The hon. Member for West Ham (Lyn Brown) laughs, but he did flounder and did give a gloss, and he was very selective in his responses. He was terribly party political, backward-looking, disappointing, faltering and unconvincing—*[Interruption.]* And he enters the Chamber at this very moment. Even he did not appear to be convinced of his arguments and explanations, let alone the rest of us. Regrettably, he made wide generalisations and, as always, his contribution was rather lacking in detail. He said that the college failings should not have happened, but they did—they happened on his watch. Why was that? We heard too much history, not enough of the contemporary and not a lot for the future—it was very disappointing.

The hon. Member for Bristol, West (Stephen Williams), who spoke for the Liberal Democrats, made some very good points and covered, with a broad brush, most of the points in our motion. I agreed with some of what he said, but not with all of it.

Stephen Williams: I owe the hon. Gentleman an apology, because it was of course he who spoke at the adult learners week reception last week. I had got the constituencies muddled and said that the hon. Member for South Holland and The Deepings (Mr. Hayes), who does so many joint events with me on such occasions, had done so. I just wanted to correct that point.

Mr. Evennett: I am very grateful for that. There are real concerns within our society and across the country about skills, training, opportunities and employment. As has been said, in every constituency, whatever its political colour, there are real concerns for the future. I congratulate my right hon. Friend the Member for Skipton and Ripon (Mr. Curry) on his excellent speech, in which he gave an account of the issues facing Craven college in his constituency and small businesses in the area.

My right hon. Friend the Member for North-West Hampshire (Sir George Young) made an excellent contribution, highlighting, in a powerful speech, the issues of further education capital funding and regeneration, and the disappointment in his constituency at the situation in which the constituency and the college find themselves. He also raised the situation of adults with learning difficulties, on which he made some effective and constructive points. May I reassure him, as he wanted Conservative Front Benchers to do, that our further education funding council will have a simple funding flow? It will be one body and it will be less bureaucratic. I hope that that provides the reassurance that he sought on that matter.

My hon. Friend the Member for Gravesham (Mr. Holloway), who is my near neighbour, also made a powerful contribution, in which he spoke with real passion about his constituency, community groups, funding issues and North West Kent college—he was obviously particularly concerned about that. I also wish to note the contributions made by Labour Members, as they also highlighted the problems in their constituencies caused by the funding situation for the colleges.

The hon. Member for Barnsley, Central (Mr. Illsley) made a powerful contribution, raising serious points about what would happen if the refurbishment and redevelopment did not take place in his area and his college. The hon. Member for City of York (Hugh Bayley) talked about the economic situation and the need for smarter regulation, rather than a lack of regulation. He went on to discuss NEETs and young people with disabilities, all of which are crucial issues that we should be addressing, as we have tried to do today. I did not agree with him on local education authorities taking responsibility for 16 to 19-year-olds, as per the Apprenticeships, Skills, Children and Learning Bill, which is going through Parliament at this time. We think that that is a retrograde step and not one that we could support. The hon. Member for Blaydon (Mr. Anderson) spoke with real passion about the issues in his area, and I listened with great interest to him.

Hugh Bayley: Even though the hon. Gentleman and I disagree on whether LEAs should take responsibility for the funding of FE colleges, does he agree that there should be a level playing field for funding—the same amount per pupil unit for sixth-formers in schools and colleges?

Mr. Evennett: This is an area that we need to look at. Everything has to be looked at on its merits, but we always want a fairer funding system.

Mr. David Anderson: The hon. Gentleman said that he was interested in what I had to say in my contribution, but is he interested enough to tell us whether he will commit to continue the funding of the union learning reps scheme?

Mr. Evennett: My hon. Friend the Member for Havant has already answered that by saying that we are looking at things very sympathetically. We must move on, because the time available to us is very short. *[Interruption.]* The hon. Member for West Ham, who is a Parliamentary Private Secretary, seems to want to make a contribution—she has made more of a contribution from a sedentary position than many others.

In the short time available I wish to concentrate on two things: NEETs and the college capital programme. Unemployment is a real tragedy and the failure of young people to be in training, education or employment is a real concern. This recession is hitting the younger people in our community even harder. The level of youth unemployment is rising and we are very concerned that it will continue to rise, with the result that there will be more people in this situation. A record number of people are not in any form of education, employment or training, as shown in the official figures. That is a tragedy for individuals, for local communities and for our country's future, thus it is so important that we look constructively at dealing with the situation.

In the past, the UK's position on youth unemployment was a lot better than the OECD average, but I regret to say that it is deteriorating. We have heard in speeches today how much more it will deteriorate—even by the Government's own admission—in the forthcoming future. This is a disaster and it is an indictment of what the Government have failed to do in their term in office.

The Prime Minister, long before entering No. 10, stated that youth unemployment would be one of his priorities. As my hon. Friend the Member for Havant said, this Government always have good intentions and they are good on rhetoric, but the reality is always something quite different. That is terribly disappointing. The Association of Colleges says that existing problems include a funding system that is "too slow", rules that restrict the movement of "money between funding pots" and an obsession with

"full level qualifications that are not appropriate in the current economic situation."

It has also said that

"there is a major disincentive for Colleges to deliver flexible packages of training which fall outside the rules."

Restrictions on other training providers are also causing problems. A number of training providers with tried and tested ways of helping young people engage with learning and the labour market have found that they are ineligible for public funding because they do not tick the right boxes. In some instances, they have had to halt all provision as a result. Training providers face a difficult and uncertain future due to constant internal reorganisation at the LSC and the Government's education Bill, which is going through Parliament at the moment and will create more new quangos, more bureaucracy and more ineffective delivery of facilities for training and opportunities for our young people.

The recession will result in there not being enough jobs for people leaving school, colleges and universities. We need to support those people along with the recently unemployed, and to give them advice, perhaps access to further training and opportunities for employment and new careers, so that they are prevented from becoming long-term claimants. The Conservatives are very concerned about how we can help young people coming out of colleges and universities to get into jobs.

Britain, regrettably, starts from a weak skills base. We hear too often how many people—5 million or whatever—are classed as functionally illiterate, and millions more struggle with basic literacy and numeracy. The Secretary of State scratches his head, and he might well do so, because such problems are real in today's society. *[Interruption.]* He can make comments from a sedentary position, but people matter and there is no point in being flippant about these situations.

We are looking to train more people. We heard that there has been a cut in adult learning places. My hon. Friend the Member for South Holland and The Deepings (Mr. Hayes) intervened and made it quite clear that it is often vital for many people to go to adult education and get some qualifications before they can go on to get further qualifications. Women returners, in particular, as well as other people, need that opportunity and focus to go into education again. The Government have cut those opportunities and we have seen the number of places dramatically reduce in the past few years.

Mr. Hayes: By 1.4 million.

Mr. Evennett: Yes, by 1.4 million. I will reiterate the figure yet again to highlight the catastrophe.

Let me go on to the disaster of the capital funding for colleges. We have heard concerns today from both sides of the House that have highlighted the impact of the mismanagement of the capital programme, which has had consequences for the colleges and the young people who are learning or hoping to learn. We have heard the numbers—144 colleges were going ahead with major building work and are now at a standstill, incurring, as we understand it, an average of about £1.2 million in expenses. Many colleges have spent much more.

We welcome the report by Sir Andrew Foster for the Department. He was particularly damning of the Government's handling of the capital programme and suggested that the reorganisation of DIUS led directly to confusion and the prevailing financial problems in FE. He said that the

"the demise of the LSC and uncertainty about arrangements for the new agencies should not be underestimated."

There is a continuing problem. It is not just about the past, but about what will happen as we go forward.

I have been privileged enough to visit Thanet college and to have seen the problems there. There was regeneration and new building, which have been stopped. I have been to the Wellingborough, Corby and Kettering campuses to see the problems with their capital programmes. There are regeneration projects, too, as we heard from Members from both sides of the House. The college rebuilding programme and the capital programme are part of regeneration. I met some people from the college in King's Lynn in Norfolk who highlighted the problems. My hon. Friend the Member for North-West Norfolk

(Mr. Bellingham) has given me more details. The college is in partnership with others—with businesses and the local community—to regenerate the centre of King's Lynn. It cannot do that if it does not get its part of the funding. That is the reality on the ground.

The Secretary of State is always unwilling to answer direct questions on these matters, but I want to put a couple to him. He did not answer my hon. Friend the Member for Havant on the subject of the criteria that will be set, which the Secretary of State highlighted and which will go through shortly. I want his colleague, the Under-Secretary, to respond to three points to do with the criteria. First, what are the criteria? Will regeneration be a top priority for the funding that will be available for the colleges' future? What is the chronology, and will it be the people who put in first—those who are "shovel ready"—who get the funding or not? What will be the effect on the other players, providers and agencies?

Most importantly, as mentioned in a brief from the Association of Colleges, the Government must confirm what happens to the money. For example, £215 million is being spent on capital expenditure on stalled projects; £187 million will be written off in colleges' accounts if the projects do not go forward, which will put most colleges in deficit and wipe out their reserves; and there will be £269 million spent on extra costs, such as maintenance, in the next five years. There needs to be a full, fair and fast compensation scheme that we run to a clear timetable and the Government need to get a grip of that—they should do so now—and to let us know openly what their priorities will be.

In conclusion, because time goes so quickly—

Lyn Brown (West Ham) (Lab): It is not going quickly over here.

Mr. Evennett: The hon. Lady calls out again from the Parliamentary Private Secretary's Bench—she is an entertainment in herself.

What do we really need? The capital funding programme should have fairness, transparency and clarity, and rigorous criteria should be applied to the projects awaiting approval. On apprenticeships, we need an expansion of real, work-based programmes. We must make it easier for companies to mix apprenticeships by cutting excessive paperwork, instituting direct payment to employers and injecting support for apprentices of all ages, delivered through lifelong learning accounts. We need more community learning and employability, and to provide funds specifically for NEETs, targeting help to those most in need after leaving school. We also need investment in an adult and community learning fund for much-needed courses to help people to update their skills or to gain new skills. We need to set FE colleges free from the bureaucracy of the LSC and its planned successors. We need a revolution to improve the careers service, which is, at present, inadequate. In too many areas, the focus is just on universities. Funds should be refocused from the current provision to provide a new all-age service and to set up a new web-based skills matching service.

The Government have failed to deliver the skills, training and education needed if the economy is to emerge stronger from the recession. The Secretary of State and his team have neither the vision nor the constructive policies to deal with the situation.

6.47 pm

The Parliamentary Under-Secretary of State for Innovation, Universities and Skills (Mr. Siôn Simon): This has been an interesting, serious, and slightly sombre debate. There has not been a lot of levity. The most that I can recall is the hon. Member for Bristol, West (Stephen Williams) telling us about his leg waxing and—

Stephen Williams: Non-leg waxing.

Mr. Simon: About his non-leg waxing and tonsorial treatments at his local FE college. Amusing though that was, he went on to make the point, "My local FE college even does accountancy." That was a good point, well made. People can do more at an FE college now than was traditionally the case. I recently went to Matthew Boulton college in Birmingham city centre. It is a fantastic college that was built four years ago but is still a state-of-the-art beacon of what can be done—and of what we have done all over this country, as we have built new FE colleges to allow vocational learners to do all kinds of training. At Matthew Boulton, students can do not only accountancy but dentistry, too. There are mini operating theatres and a state-of-the-art broadband wireless fitting thing on which all the Sky installation engineers in the country are trained. That is what one can do in an FE college these days, and that is what people are doing, up and down the land, in the colleges that we have built and that we are continuing to build.

However, having said that, there has been a serious problem in the future funding for the FE colleges that we plan to build. The hon. Member for Bristol, West began the debate on that subject by talking about the numbers of colleges involved in the current difficulties. It was also mentioned by the hon. Member for Havant (Mr. Willetts) and a couple of other Members, and I shall come back to it.

Before I mention the capital, which is the next issue that I shall deal with, I want to mention the thrust of the speech made by my hon. Friend the Member for Blaydon (Mr. Anderson). He spoke with great passion, and from experience, about the union learning fund, its representatives, what they do and achieve, and how important they are. The Secretary of State mentioned them in his opening speech, and said that he had recently been to a union learning facility in his constituency. A week or two before I was appointed to my current job, I visited a union learning facility in my constituency.

It is notable that the shadow Secretary of State did not mention union learning in his speech, and his party's lengthy documents never mention it. He intervened on my hon. Friend the Member for Blaydon to say that he had recently had a meeting with the Trades Union Congress, at which his attitude had been sympathetic. I have to say that to those of us on the Labour Benches it seemed more pathetic than sympathetic that he would not guarantee the £21.5 million that we invest in that learning. There was even a parliamentary question tabled by an hon. Member from his party about unionlearn, the thrust of which was, "Why are we spending public money funding people to learn about how to be trade unionists?" As hon. Members will know, that is not what unionlearn is about. It is about union representatives in the workplace signposting and directing into learning workers who otherwise would not get there. It is a great programme, and my hon. Friend the Member for Blaydon does great work by bringing it up.

[Mr. Simon]

I have a feeling that in the time available to me, I might not get very much further than the subject of capital. The hon. Member for Bristol, West, talked about the number of colleges affected by the current problem. There are 144 colleges directly affected; 79 have already received approval in principle, and a further 65 have submitted their applications in principle but have not yet received approval. As I have said on many occasions in this House and elsewhere, and to many college principals whom I have met, many other colleges will have invested time, money in some cases, and certainly energy and commitment in drawing up putative plans for future investment, but will not yet have submitted their papers. We are, and have always been, conscious—I have said this many times in the House—that in addition to the 144 colleges mentioned, another subset of colleges is affected in a real but lesser way. The 144 colleges mentioned are those that are directly involved in the current scheme.

Mr. Hayes: The Minister is indeed giving a less pugnacious summing-up than he did on a previous occasion, as my right hon. Friend the Member for North-West Hampshire (Sir George Young) recommended he should. The Minister must by now have come to a conclusion about what that extra number is. It is inconceivable that the civil servants working with him would not have come up with a figure. How many colleges are we talking about? Is it 160, 180 or 200? He must know; it is time that he came clean.

Mr. Simon: I was about to deal with the "pugnacious" slur, but then I found myself wanting to respond that if the hon. Gentleman had the slightest understanding of the issue, he could not possibly ask such a daft question. Of course we could not possibly put a figure on the number of people who may have been thinking about applying to have a new college in future.

Moving on to the serious points made on the issue, my hon. Friend the Member for Barnsley, Central (Mr. Illsley) asked about the timetable. Again, we have gone through that subject on several occasions. The Learning and Skills Council has convened a panel of college principals, which has met and is looking into the issue. The LSC will write to college principals shortly, letting them know what the prioritisation criteria will be. Subject to the publication of those criteria, decisions will be made very quickly about which colleges can go forward with the work. My hon. Friend suggested that that might be done not in one hit, but in a two-stage process. He suggested that in the first instance, a larger number of colleges would be deemed to have met the criteria, and then a value for money process would be undergone before there was a second phase, in which a final, formal allocation was made. As far as I am aware, the LSC has not made that decision yet, although I am aware that it has been having discussions of that nature. The fundamental point remains that it and we have committed to giving firm answers to colleges about the first tranche, or this year's tranche, of funding by the early summer—that is, imminently.

The right hon. Member for Skipton and Ripon (Mr. Curry), who I see is in the Chamber, mentioned regional LSC staff. I want to take this opportunity to agree with him: all the college principals I meet—and I meet dozens and dozens of them to talk about the issue—make it clear, time and again, that the regional LSC staff with whom they deal are doing a good job. They have no problems with those staff at all. This is a good opportunity to congratulate regional LSC staff from the Dispatch Box on the work that they do in a committed and successful way.

The right hon. Gentleman talked about Craven college and the importance of the rural. He has mentioned that issue before. I have spoken to principals who were on the reference panel that drew up the criteria. One principal of a land-based college assured me that he had raised the issue, that it had been considered by the reference panel, and that it would go forward and influence the decision on the criteria that college principals come up with.

My hon. Friend the Member for City of York (Hugh Bayley) made the case for his local colleges, at least two of which I have visited; both are, as he says, extraordinary. He made slightly mistaken use of the word "cuts" when talking about his early-day motion. I hope it does not say "cuts" in his early-day motion; we should be clear that we were going to spend £2.3 billion on college capital this year anyway, and we are now going to spend £2.6 billion.

The right hon. Member for North-West Hampshire (Sir George Young), who I see is in the Chamber, and who bizarrely said that I was pugnacious in the Westminster Hall debate, asked whether the schemes that do not go ahead in the current tranche will go to the back of the queue. It is important for people to understand that that is not the case. There will be two processes, one of which starts now; the gateway criterion for that process is shovel readiness, if I may use that phrase. There will then be a second process, using the same criteria that were drawn up in the first process except that of shovel readiness. Through that second process, the second set of colleges will be put through. It is not a question of those colleges going to the back of the queue; they will effectively be dealt with in the same way as the first lot, but more slowly and later.

I do not have time to deal with apprenticeships or NEETs, or the many other issues that hon. Members raised. All that I would say in conclusion is that I hope today's debate has caused the hon. Member for Havant to reconsider his calls for cuts in the skills budget, and caused him to recognise, as we do, that skills are the bedrock of our economic future. Neither issue—neither skills nor our economic future—can be trusted to the Tories.

Question put (Standing Order No. 31(2)). That the original words stand part of the Question.

The House divided: Ayes 195, Noes 277.

Division No. 131] **[8.59 pm**

AYES

Ainsworth, Mr. Peter	Barker, Gregory
Alexander, Danny	Baron, Mr. David
Allan, Mr. Richard	Bellingham, Mr. Henry
Amess, Mr. David	Binley, Mr. Brian
Arbuthnot, rt Hon. James	Blunt, Mr. Crispin
Atkinson, Mr. Peter	Boswell, Sir Paul
Bacon, Mr. Richard	Bottomley, Mr. Peter

Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Clark, Greg
Clarke, rh Mr. Kenneth
Clegg, rh Mr. Nick
Clifton-Brown, Mr. Geoffrey
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, David T.C. (Monmouth)
Davies, Philip
Davis, rh David
Djanogly, Mr. Jonathan
Doddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Grayling, Chris
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Horam, Mr. John
Howarth, David
Howarth, Mr. Gerald
Howell, John
Hulme, Chris
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Kennedy, rh Mr. Charles
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Lewis, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Lewis, Dr. Julian
Lidington, Mr. David
Lilley, rh Mr. Peter
Llwyd, Mr. Elfyn
Loughton, Tim
Mackay, rh Mr. Andrew
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mates, rh Mr. Michael
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Morrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Oaten, Mr. Mark
Ogle, Lembit
Pace, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Teather, Sarah
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Mark
Williams, Stephen
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Young, rh Sir George

Tellers for the Ayes:
Mr. John Baron and Mr. Philip Dunne

NOES

Abbott, Ms Diane
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, rh Mr. Gordon
Brown, Lyn
Brown, rh Mr. Nicholas
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Butler, Ms Dawn
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Chapman, Ben
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Darling, rh Mr. Alistair
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Field, rh Mr. Frank
Fisher, Mark
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
Gerrard, Mr. Neil

Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hoey, Kate
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Ilsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Kennedy, rh Jane
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonnell, John
McGovern, Mr. Jim
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Miliband, rh David
Miller, Andrew
Mitchell, Mr. Austin
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morgan, Julie
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Sarwar, Mr. Mohammad
Seabeck, Alison
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Dr. Richard
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Walley, Joan
Watho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Woodward, rh Mr. Shaun
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Ian Lucas and Mr. Frank Roy

Question accordingly negatived.

Question put forthwith (Standing Order No. 31(2)).
That the proposed words be there added.

Question agreed to.

The Deputy Speaker declared the main Question, as amended, to be agreed to (Standing Order No. 31(2)).

Resolved,

That this House notes the Government's belief that in a recession it is important to give people the skills they and their employers need to recover from the downturn; commends this year's Budget for investing £1.2 billion in creating jobs and providing training to young people who have been unemployed for 12 months; further notes that there are now more 18 to 24 year-olds working or engaged in full-time education compared to 1997; commends the Government for its sustained investment in skills with record numbers of people now receiving training, far more than was originally planned for this year; further commends the Government for spending over £5 billion on adult skills this year, helping three million learners, and for increasing investment in higher education by 24 per cent. in real terms since 1997; further notes that the Government is prioritising helping people to gain employability skills; further notes that the Train to Gain budget has risen to £925 million this year; further notes the budget for apprenticeships is over £1 billion this year and that there are 250,000 starts planned; commends the Government for confirming that no current learner will lack the funds to complete their course; further notes that this Government is spending £2.6 billion on further education capital projects over this spending review period; and further notes that Sir Andrew Foster has recently produced an independent review of the Building Colleges for the Future programme.

Mid Staffordshire NHS Foundation Trust

Mr. Deputy Speaker (Sir Alan Haselhurst): I advise the House that Mr. Speaker has selected the amendment in the name of the Prime Minister.

7.16 pm

Mr. Andrew Lansley (South Cambridgeshire) (Con): I beg to move,

That this House calls for an independent inquiry under the Inquiries Act 2005 into the failings of the Mid Staffordshire NHS Foundation Trust.

I understand that the Secretary of State is with the World Health Organisation in Geneva. He spoke to me last week about that. We entirely accept that that is the proper thing for him to do, so I welcome the Minister of State, the hon. Member for Exeter (Mr. Bradshaw) to move the amendment and speak on behalf of the Government.

This morning I visited Stafford again, the fourth time that I have done so in two months. I wanted to make sure that I had had an opportunity to talk with those who have been most closely concerned with the failings in care identified at Stafford general hospital, and with efforts to ensure that lessons have been learned. I wanted to discuss with them their view of the reviews published at the end of April by Professor Sir George Alberti and Dr. David Colin-Thomé on behalf of the Department of Health.

The conclusion reached by those to whom I spoke, by us and by many Members across the House who know most about these issues is that those reports to the Department of Health were not independent, were not sufficient, and did not go beyond a superficial examination, in Dr. Colin-Thomé's case, of the role of external agencies. In Professor Sir George Alberti's case, the report was no more than a snapshot of what is happening in relation to Stafford general hospital.

In sum, the reports do not go beyond the Healthcare Commission investigation and report to set out clearly, for the benefit of the public in Staffordshire and south Staffordshire, not only what happened, but why it happened and why the organisations and the senior executives in the health service who were charged with managing the trust's performance, with monitoring and performance-managing the trust at a senior level, and with its performance assessment failed in their task of ensuring that the lamentable failings in the standards of care at the trust were identified earlier and stopped.

Lembit Öpik (Montgomeryshire) (LD): Although I very much agree with what the hon. Gentleman has said so far, he said that the people of Staffordshire would be concerned about the matter. Is he aware, as my constituent Trudy Hill has pointed out, that the gravitas of it is exacerbated by the fact that it was of national importance? Many of my constituents from Montgomeryshire also depended on the services of Staffordshire, especially the specialist services. I imagine that the large turnout for the debate reflects both the hon. Gentleman's concerns and those of people in a radius of well over 100 miles of the trust.

Mr. Lansley: I understand the hon. Gentleman's point. Forgive me, Mr. Deputy Speaker, because I should have referred not only to south Staffordshire, because, of course, the issue goes further. Indeed, the issues under discussion range widely: many people, wherever they live, were shocked by what they read in the Healthcare Commission's report and wanted to know not just what happened but why it happened; and people in the hospital knew what was happening but were not listened to when they tried to do something about it, or they did not have an opportunity to do so.

Michael Fabricant (Lichfield) (Con): Will my hon. Friend give way on that point?

Mr. Lansley: If I may, let me just make this point. The Government promised an oral statement on the two reviews that were published on 13 April, and I wish not that we had had to table this motion, but that the Government had made an oral statement and accepted that the reviews did not answer the questions before us, and that the Secretary of State had come to the House and said that he was going to institute a public inquiry on the terms we seek. I am sorry that we have had to move the motion, but it now seems to be necessary.

Michael Fabricant: Does my hon. Friend accept that people in Staffordshire who have been personally affected by the matter ask for an inquiry, which needs to be independent, not to apportion blame, but to ensure that something like this can never happen again—not just in Staffordshire hospitals but in other hospitals? Rightly or wrongly, they believe that if the inquiry is not independent, it will be a whitewash.

Mr. Lansley: I understand exactly what my hon. Friend says, and he knows the matter very well through his constituency and his constituents who visit Staffordshire general hospital and those who, no doubt, work there. His point is right, because Peter Carter, general secretary of the Royal College of Nursing, visited Staffordshire general a few weeks ago and met nurses from throughout the hospital. He told me that the RCN itself now wants a public inquiry. Although it represents the largest group of staff employed at the hospital, it does not consider a public inquiry being for one minute a distraction or diversion from the delivery of the best quality of care in that hospital. From its point of view, finding out not only what happened but why, and learning those lessons for the future at Staffordshire general and in the wider NHS community, is absolutely vital. The RCN was quite right to make that point.

Mr. Patrick McLoughlin (West Derbyshire) (Con): My hon. Friend knows, because I have told him, that my mother died at Staffordshire general hospital just over 15 years ago. She received fantastic treatment and care at the hospital, and, importantly, many people who have worked there for a very long time and dedicated their lives to giving public service to the health service are, whether we like it or not, blighted by that period. For their sake as well as the sakes of the people who rightly feel most aggrieved, a public inquiry must take place.

Mr. Lansley: I am very grateful to my right hon. Friend, who is absolutely right. I hope that he and Members from all parts of the House will understand that I bow to no one in my support for national health service staff, for what they do and for how they do it.

[Mr. Lansley]

However, they, like anyone, know that the performance and failings of organisations are often systemic rather than personal. We therefore want not only to identify personal responsibility on the part of senior executives, a point to which I shall return, but to understand the systemic problems that meant that good staff, trying to do their best, found that they were unable to do so, because of either staffing and financial decisions, or a lack of performance management and scrutiny by other organisations.

My right hon. Friend makes an important point. One clear example of what the published reviews lack is that Dr. Colin-Thomé, in his report, addressed three recommendations to the Department of Health, as though the Department has serious responsibilities to ensure that the system must change, but no part of it to whether the Department, in the past, took its responsibilities seriously and discharged them. It is as if the Department did not exist before now—that, somehow, it is the solution for the future but did nothing in the past. The Department, however, did a great deal in the past that may have contributed directly to the matter.

Mr. William Cash (Stone) (Con): Will my hon. Friend give way?

Mr. Lansley: I shall of course give way in a second, but let me clarify what I mean. For example, it is abundantly clear that strategic health authorities and primary care trusts, whatever their failings, were significantly damaged by NHS reorganisations and the utter chaos that flowed from them. The Department and the previous Secretary of State were directly responsible for sending the foundation trust's application to Monitor, but, in Dr. Colin-Thomé's report, there was no evidence of the scrutiny that should have been applied, or any reason why it was not. The appointment to SHAs and PCTs of senior staff, and their performance, is a responsibility of the Department, but that was not discharged. Indeed, I shall come on to the central issue of targets and the responsibility of the Department.

Mr. Cash: My hon. Friend quite rightly refers to the past and its connection with the present. He will also be aware that the current NHS chief executive is David Nicholson, who, at the critical time, was chief executive of Shropshire and Staffordshire strategic health authority and West Midlands South strategic health authority, and that there is a direct connection between those two matters.

Mr. Lansley: I am grateful to my hon. Friend, who understands these matters extremely well. He is right about that, but let me anticipate what I was in any case going to say. Dr. Colin-Thomé points out how the SHA and the PCT failed to meet their responsibilities, saying that the

"PCTs past and present and SHAs past and present do not appear to have taken notice of signs that were present in the survey data and in complaints that indicated poor patient care.

Evidence of poor care has emerged that was not collated or challenged by the PCTs or SHAs at the time."

We know from the Healthcare Commission's report that clinical governance issues that were raised in 2002, and on which its predecessor organisations commented adversely, were exactly the same in 2008. Up until the trust became a foundation trust, the SHAs were responsible for the scrutiny of its performance, and they, in particular, clearly failed to address themselves to the quality of care that the trust provided—to the point at which, in March 2008, when the SHA board received the university of Birmingham's report on data, it said that

"there appeared to be nothing to indicate that anything out of the ordinary was taking place on mortality."

There was a woeful failure on the part of the SHA and the PCT. Notwithstanding the fact that Dr. Colin-Thomé makes it clear that there was such a failure, there is no indication in his review of who was responsible. On the issue of who was responsible, we are talking about David Nicholson, for about a year, who is now chief executive of the NHS, and Cynthia Bowers, subsequently, who is now chief executive of the Care Quality Commission. Standing at the Dispatch Box, I do not know whether I can say that they were directly—personally—responsible for those failings in a way that should be substantively criticised; I do know, however, that the motion is not about criticising any individual, but about establishing a public inquiry. However, I do not want anyone to think that, by calling for an inquiry, we have neglected the fact that the proper purpose of such a public inquiry is to find out whether two of the most senior people in the NHS, with responsibility for its services, have shown that they are credible or capable of such responsibility.

Mr. Cash: The minutes, which I have with me, will demonstrate some of the connections to which my hon. Friend refers.

Mr. Lansley: Yes. I look forward to hearing from my hon. Friend if he manages to catch your eye, Mr. Deputy Speaker.

I know that other colleagues across the House want to contribute, so I shall try to be quick. I want to illustrate further why I feel that the reviews thus far have not answered the questions that must be answered. In his report, Dr. Colin-Thomé says:

"I feel very strongly that a lack of good patient engagement is the key to why Mid Staffordshire hospital trust continued to provide poor care for a protracted period of time."

That may well be true, but is there any analysis that goes beyond that? Is there any analysis of how the Government, through the abolition of community health councils and the emasculation of patients' forums, led to a reduction of patient engagement in a way that was a tragic failure? Is there any examination of how foundation trusts are engaging or failing to engage with the public?

The many of us who represent foundation trusts believed that they should be a mechanism for engaging the public, as members of the trusts, more effectively. Clearly, that mechanism failed in this case, but Dr. Colin-Thomé gives us no sense of that. Frankly, all we have from him is what seems to be no more than a bland expression of hope that local involvement networks, or LINks, which were set up by the Department under recent legislation, will somehow be better at all this—without independent powers to investigate, follow up complaints or act as an advocate. In his report Dr. Colin-Thomé seems to think that LINks will be useful, but he did not meet LINks representatives in Stafford, so it is all pure pie in the sky.

Mr. John Gummer (Suffolk, Coastal) (Con): Will my hon. Friend make it clear that the investigation would be of considerable importance to the whole country? In my constituency, we face the imposition of a new system that will rip proper, emergency heart care from Ipswich hospital without there having been any discussion whatever. My constituents are left having to go from Leiston to Papworth if they are to have emergency treatment. Such a situation arises if there is no discussion with patients and no concern for them. We need the investigation not just for Staffordshire, but for the whole country.

Mr. Lansley: I am grateful to my right hon. Friend. As he knows, I have visited Ipswich hospital to discuss the removal of its maxillofacial treatment services. I am aware of what my right hon. Friend has described. If he and other colleagues permit me, I will make it my business to visit Ipswich hospital to discuss the issue with its representatives. The services that patients would receive at Papworth hospital would be among the finest anywhere in the world, as it is in my constituency. However, that is not to say that we do not believe that such services should be provided in more accessible locations if they can be and if they are of good quality.

Norman Lamb (North Norfolk) (LD): Does the hon. Gentleman share my concern at the apparent drift towards more secrecy for board meetings at foundation trusts? More and more foundation trusts are routinely excluding the public and hospital governors. That is a trend in the wrong direction; there should be more openness and more accountability.

Mr. Lansley: I do share that concern. In that context, I should like to make another important point on which a public inquiry would further add to our knowledge. Just before the Healthcare Commission report was published, Martin Yeates, then chief executive of Mid Staffordshire NHS Foundation Trust, "stepped down"—that, apparently is a term of art. After the commission's report was published, the board took the view that he should be suspended. It instituted an investigation by Peter Garland, a senior former NHS chief executive. Apparently, Mr. Garland has reported to the trust board and told its members the extent to which he believes Mr. Yeates met or did not meet his duties to the board and the trust. That report, however, has not been published and, as I understand it, the trust board does not intend to publish it.

Yet on Friday afternoon—we all know what happens to Friday afternoon press releases—the board announced that Mr. Martin Yeates had tendered his resignation, which the board had accepted. As a consequence, Mr. Yeates will receive his notice period; in addition to his two months' pay on gardening leave, he will get six months' pay. He has effectively been put beyond the scope of disciplinary action, unless a breach of duty can be demonstrated. Clearly, that will not happen unless all the evidence is brought out in a public inquiry. I am not accusing Mr. Yeates of anything, but we are not being given access to any of the information on which a judgment can be based.

I turn to another important point, to which Dr. Colin-Thomé referred. It is about complaints. Again, Dr. Colin-Thomé did not put forward any suggestion about what should be done. All he said was that the Government's reform of the complaints system in recent legislation will somehow make things better. There is no evidence to suggest that. On the contrary, there is the idea that the new Care Quality Commission will not have a responsibility in the scrutiny of second-stage complaints; that will disappear off to the ombudsman. That undermines further, as compared with the past, the ability of Care Quality Commission performance assessment to be combined with intimate knowledge of what is happening inside a trust.

Frankly, there are already questions about the extent to which the Healthcare Commission acted; second-stage complaints should have been getting to it, but they were not. Where were the complaints going? That is the interesting question. The Healthcare Commission report says that some of them were going to strategic health authorities, others to the National Patient Safety Agency and some to the Healthcare Commission itself—there was no rhyme or reason about it. The system in relation to the complaints is dysfunctional, and the Healthcare Commission, which most needed to know—its statutory responsibility is to investigate when patients' quality of care is being compromised—did not know. If it did, we need to understand to what extent it was acting on the complaints.

Individual complaints were investigated by the commission; one has come to me. The commission concluded that there had been gross professional negligence and demanded that Staffordshire hospital prepare an action plan in response within five weeks. That happened in October 2008, but did the commission get such a response? Not at all—there was no response. Even as recently as the early part of this year, Mid Staffordshire NHS Foundation Trust was failing to respond to serious conclusions drawn by the Healthcare Commission. That is another reason why it seems to us that the Healthcare Commission was not by any means the last word.

I said that I would also refer to targets. When the Healthcare Commission's report was published, the Minister said that the issue had nothing to do with targets. Will he accept that, as Dr. Colin-Thomé makes clear in his report:

> "A key lesson is that all organisations should be focused on prioritising high quality patient care as judged by outcomes, and whilst process targets are very helpful on the journey, they must not become a distraction from the bigger picture"?

What have we been doing for the past two years? We have been talking endlessly about the importance of focusing on outcomes rather than targets. What have Ministers been doing? They have been talking about the desirability of using targets as the be-all and end-all. Even now, as the new Health Bill is discussed in another place, there is a view that emergency services are measured sufficiently by simple reference to whether the four-hour A and E target is adhered to or not. That ignores the enormous spike when people are discharged from accident and emergency departments after three hours and 59 minutes. Furthermore, the Healthcare Commission report makes it clear that patients were being discharged elsewhere rather than getting the treatment that they needed at the time they needed it in the emergency department.

One of the questions that must be resolved is why staff in the hospital who raised these matters did not get anything done about it, and why others did not blow the whistle when they should have done. I find no evidence in what Dr. Colin-Thomé has reported, or in what

[Mr. Lansley]

Sir George Alberti has written, to explain that. Dr. Colin-Thomé simply says that it happened—he does not know why. As I am sure that my hon. Friend the Member for Stone (Mr. Cash) will agree, the starting point in finding out what really happened, and why, is to ensure that people at the trust—some of whom, until very recently, felt too intimidated to speak out—feel that they have the protection of giving evidence to a public inquiry under oath, with all the statutory powers that go with that. We have proposals for improving whistleblowing. The Government should have the humility to recognise that nobody contacted Public Concern at Work and nothing was done to bring forward into the public domain the concerns that were clearly held by staff at the trust.

Norman Lamb: The hon. Gentleman raises concerns about a bullying culture. There is also the issue of the duty, or responsibility, of the clinicians themselves. It appears that some clinicians ultimately failed to meet that duty by reporting the serious concerns that they must have had. Does not that also need to be addressed, because someone needs to be held to account in terms of clinical behaviour?

Mr. Lansley: Yes, it does. It may be excessive to expect that even a public inquiry would be able to identify, in all cases, where and to what extent that had happened. However, if a review of case notes gives rise to serious concerns about a significant number of cases, at least a public inquiry would provide a mechanism in the round to consider what that tells us about the clinical governance that was being undertaken and how it may need to be reformed in future.

I want to make a specific point about what has not been achieved by these reviews. For several years, the Government have had the National Patient Safety Agency. One of its principal tasks involves the national reporting and learning system, which should in itself give rise to alerts about the compromise of patient care and errors and inefficiencies. I have failed to see any evidence anywhere in the reviews that the National Patient Safety Agency exists, let alone that it has done anything. If a public inquiry were to look into failings of policy, and needs for the future, that would clearly be one of them.

I hope that, in the course of the past few minutes, I have made it clear that the questions about why Stafford hospital failed its patients in emergency services and admissions, as identified in the Healthcare Commission report, have not been answered, and why a public inquiry is therefore needed. The reports thus far have not given the public in Staffordshire a voice, and they have not provided a public opportunity, with protection, for evidence to be taken. The reports were not independent, and they have failed to investigate the direct role of the Department of Health and its policies. Until recently, both the authors were civil servants in the Department of Health: they are not independent, and we should not see them as such. Neither report contained critical scrutiny of the impact of targets. There was no critical examination of the role of the chief executives of the strategic health authorities over the period in question. There was no discussion of the roles of the national reporting and learning system or of the National Patient Safety Agency. There was no discussion of how the complaints processes have worked or how patient engagement has worked, and no substantive proposals about how they can be reformed in future, as they clearly must be. Instead of robust criticism, all we have is a bureaucratic process. Dr. Colin-Thomé's report, in particular, suggests that the things that the Government were already planning to do, such as practice-based commissioning, world-class commissioning and LINks, will somehow solve everything. There is no evidence that that will happen—far from it. Indeed, some initiatives, such as practice-based commissioning and LINks, are stalling rather than making the progress that they should.

Because of all that, the reports do not shed light on why those in the hospital and elsewhere failed to stop the tragic events that have killed, or caused avoidable deaths among perhaps hundreds of patients, with all the distress that that has meant for their families. I again pay tribute to Julie Bailey and all her colleagues at the Cure the NHS campaign, who persisted when the situation was very difficult and it took courage to do so in the face of a bureaucracy that was determined that they would not expose what was happening at Stafford hospital. They want an inquiry now, and say that only when we know why and how this happened will the commitment to say "Never again" truly be credible. Ministers have been to see them and have promised to think again, but I do not see the evidence that they have done so. It is therefore incumbent on Parliament to require them to think again, and I commend the motion to the House.

Several hon. Members *rose—*

Mr. Deputy Speaker: Order. Before I call the Minister of State, I should remind the House, because it has not been stated on the Annunciator for other reasons, that there is a 15-minute limit on Back-Bench speeches. After the end of the Front-Bench speeches, that might have to be adjusted in a downward direction.

7.46 pm

The Minister of State, Department of Health (Mr. Ben Bradshaw): I beg to move an amendment, to leave out from "House" to the end of the Question and add:

"notes the independent report by the Healthcare Commission which identified severe failings at the Mid Staffordshire NHS Foundation Trust and the follow-up reports by the National Clinical Director for Emergency Care and the National Clinical Director for Primary Care which state that Stafford Hospital's accident and emergency department is now safe but that further improvements must be made at the Trust and lessons learnt by the whole NHS; further notes that the hospital has offered independent reviews of clinical records to all concerned; agrees that at the present time it would not be appropriate to establish an independent public inquiry; further agrees that management and staff at the hospital must remain focused on delivering high quality patient care; and further agrees that an independent public inquiry could add undue delay to implementing the recommendations of the above reports and therefore to the hospital delivering high quality and safe services for the local community."

I am grateful for the shadow Health Secretary's understanding of the fact that my right hon. Friend the Secretary of State cannot be with us this evening because of the assembly of the World Health Organisation.

On 17 March 2009, the Healthcare Commission, then the independent health regulator, published its report into the failings in emergency care at Mid

Staffordshire NHS Foundation Trust between 2005 and mid-2008. It was a catalogue of appalling management and failures at every level, for which the Secretary of State apologised unreservedly on behalf of the Government and the NHS in his statement to the House the next day.

The Government immediately announced a range of measures, including two swift reviews of the circumstances at Stafford hospital, to be led by Professor Sir George Alberti, the national clinical director for emergency care, and Dr. David Colin-Thomé, the national clinical director for primary care. Professor Alberti looked into the hospital's current procedures for emergency admissions and treatment, and its progress against the recommendations in the Healthcare Commission's report, while Dr. Colin-Thomé looked into the circumstances surrounding the Mid Staffordshire NHS Foundation Trust prior to the Healthcare Commission's investigation to learn lessons about how the primary care trust and strategic health authority, within the commissioning and performance management systems that they operated, had failed to expose what was happening at the hospital. Copies of those reports were placed in the Library on 30 April, as was the Government's response.

I heard what the hon. Gentleman said about the lack of an oral statement. He will know that providing an oral statement is not in the gift of an individual Secretary of State. The Secretary of State has gone out of his way to keep the House informed, but it is up to the business managers. The hon. Gentleman may also recall that on that day Members were discussing MPs' expenses at some length. I personally would have very much welcomed the opportunity for an oral statement to be made, but it was not agreed to by the business managers.

Mr. Cash: The Minister knows very well that I had a personal conversation with the Secretary of State where he clearly understood that an oral statement was to be given. Furthermore, just before business questions a week last Thursday, I received a letter from the Leader of the House saying, in effect, that she apologised for the fact that an oral statement had not been given because the matter had already been dealt with by a ministerial written statement. The Minister is being disingenuous, to put it mildly.

Mr. Bradshaw: The facts as the hon. Gentleman states them are not correct. The Secretary of State wanted to deliver an oral statement, as he made absolutely clear when he made the original oral statement. The hon. Gentleman has been long enough in this House to know that oral statements are not in the gift of an individual Secretary of State.

Mr. Cash *rose—*

Mr. Bradshaw: I will not give way again now. I will do so later to the hon. Gentleman, who has had much opportunity to raise the issue in the House, of which he has not always taken advantage.

Mr. David Kidney (Stafford) (Lab): I would like to move on to the big issue of an inquiry. I want to discuss some elements of the amendment, which states that there should not be an inquiry at this time. Is my hon. Friend willing to start talking to those with an interest—me, other Staffordshire Members of Parliament, Opposition parties—about the form and terms of reference of an inquiry in the near future?

Mr. Bradshaw: As my hon. Friend knows from the many discussions that the Secretary of State and I have held with him, we are always open and willing to discuss any ideas that he has, but I shall address the specific matter of a public inquiry at some length later.

The Government accepted all the recommendations of both reports and have begun to implement them in full. In summary, the reports found that, first, significant improvements had already been made at Stafford hospital. Services in accident and emergency were now safe, but there was an urgent need to make further improvements to other services and to rebuild local confidence in the trust. Secondly, in the past, patients' views were not taken seriously enough and were too easily dismissed. Thirdly, there was a lamentable failure of clinical leadership in the trust and the wider health community. Fourthly, the commissioners of local health services were not sufficiently aware of the poor-quality care in the hospital or active in addressing it. Fifthly, all parts of the system should have worked together better in the interests of patients.

Some have attempted to suggest that what happened at Stafford hospital is typical of the NHS as a whole, or was a result of targets or some other national policy. It is important to recognise, not least because of the fantastic job that NHS staff do in hospitals throughout the country, that the Healthcare Commission and the two subsequent reports found that what happened at Stafford hospital was the result of catastrophic local failure. Every NHS nurse, doctor and manager in the country to whom I have spoken is as horrified by events there as we all are.

The onus must, therefore, be first and foremost on Mid Staffordshire NHS Foundation Trust, together with its local partners and South Staffordshire primary care trust, to address the recommendations relevant to them in the reports, make further improvements in the quality of care and rebuild local confidence.

Charlotte Atkins (Staffordshire, Moorlands) (Lab): Does the Minister have confidence in the procedure that Monitor adopted to secure foundation status for Stafford hospital? What worried me when Bill Moyes appeared before the Health Committee was that he talked about looking at press reports in future to get intelligence about hospitals. I would have hoped that the investigation would be much more robust. I am concerned about what that means for the process that University hospital of North Staffordshire may undergo soon. It, too, wants foundation status.

Mr. Bradshaw: As my hon. Friend knows, Monitor has changed and made more robust its process for assessing candidates for foundation trust status. Even at the time, it considered quality of care. As she knows, the Healthcare Commission's announcement of a formal investigation came after foundation trust status had been granted to Stafford hospital. However, I will raise her concerns with Bill Moyes on her behalf, and I trust that she will do so about University hospital of North Staffordshire.

We all understand the need for the relatives of patients who died at Stafford hospital to know whether there is any suggestion that death was attributable to the poor care described in the Healthcare Commission's report. The primary care trust has a widely publicised confidential

[Mr. Bradshaw]

helpline, on which concerned relatives can request a thorough and independent review of the clinical records of the patient in question.

The coroner in South Staffordshire, who was also mentioned in the Healthcare Commission report, has said that he will consider any requests for an inquest from the relatives of patients who died at Stafford hospital.

Norman Lamb: It is encouraging to hear about the coroner's change of heart, but is not a change to legislation required to ensure that, in future, there is no refusal to co-operate with an inquiry, as happened in this case?

Mr. Bradshaw: The coroner disputes that allegation—I simply point that out to the hon. Gentleman. The coroner does not accept that version of events. The hon. Gentleman knows that a measure is currently being considered in Parliament, which addresses some of the issues that he raises.

The reports of both Dr. David Colin-Thomé and the Healthcare Commission were highly critical of the closed culture that operated at Stafford hospital. All NHS organisations must ensure that they operate in accordance with the current guidance, which promotes openness, transparency and accountability to their local populations. That includes boards holding meetings in public. The new board of the hospital now holds its quarterly meetings in public.

It is clear from the reports that complaints were not tackled satisfactorily at Mid Staffordshire NHS Foundation Trust. The high number of upheld complaints was one of the things that first worried the Healthcare Commission. As of 1 April this year, we have reformed and strengthened the NHS complaints system. Hospitals need to do better at resolving complaints locally. The independent parliamentary and health service ombudsman remains the ultimate arbiter on patient complaints. Information on complaints is already available from the Care Quality Commission, the ombudsman and the NHS information centre—*[Interruption.]* The hon. Member for South Cambridgeshire (Mr. Lansley) is chatting. When he talked about complaints, he referred only to the content of the reports; he did not mention the series of actions that the Government announced to address them at the same time as the reports were published. I am explaining that to him now, if he has the courtesy to listen.

We are discussing with the health ombudsman publishing the number of complaints from each trust referred to and upheld by her. All that information will be placed on the NHS Choices website, allowing easier comparisons between hospitals.

Joan Walley (Stoke-on-Trent, North) (Lab): I welcome my hon. Friend's comments about examining local improvements that need to be made. I have read the two reports and I welcome the fact that, in three months, the PCT, Monitor and the Healthcare Commission will examine the way in which local services have improved. Does he share my concern that, although that covers examining local improvements, in the fullness of time we need a full inquiry to consider systemic problems on a national basis so that we can all learn from a tragic incident that involves many people? We need to ensure that we learn from that, not only in one local area but throughout the country.

Mr. Bradshaw: I have sympathy with my hon. Friend's comments about the importance of going back and ensuring that Stafford hospital has acted on the recommendations of the Healthcare Commission report and the other two reports. However, she knows that the independent regulator's report and the others stated that they were satisfied that the problems in Stafford hospital were not systemic in the NHS as a whole. To claim that would be a great mistake and do a great disservice to NHS staff throughout the country—the vast majority of hospitals manage to hit the A and E four-hour waiting target and deliver high-quality and safe care to their patients every day. We have ascertained the lessons to be learned for the rest of the service from the Healthcare Commission report and the other reports, and they are already being implemented. However, I do not believe that the Opposition and some other hon. Members are calling for an inquiry into that. They want an inquiry into the specific circumstances at Stafford hospital and I shall shortly cover why that would not necessarily be sensible at this stage.

Mr. Gummer: Will the Minister help me and explain to my constituents how we can believe in the new attitude to complaints when my people have been told that the minimum time for a journey from their home to emergency heart operations is 160 minutes? My constituents complained before the changes were made, yet it has been announced that there is no need for public consultation on the changes. The Minister must accept that we need a report on the subject that we are considering to raise the bigger problem throughout the country that complaints are not being heeded—either after changes are made or before they are implemented. Strategic health authorities currently issue a diktat. He must understand that complaints must be listened to.

Mr. Deputy Speaker: Order. The interventions are getting a little long and we have a limited time for hon. Members who wish to speak on the subject from the Back Benches.

Mr. Bradshaw: I shall take your advice, Mr. Deputy Speaker, and be a little more conservative in my tolerance of interventions.

The right hon. Member for Suffolk, Coastal (Mr. Gummer) confuses complaints about individual poor care with service changes. I think that he referred to a proposed service change by his local hospital or PCT. I am sure that he knows that there is a robust and formal consultation process for such a change. One of the most effective things he can do is persuade his local—probably Conservative—councillors, who dominate the overview and scrutiny committee in his area—

Mr. Gummer: No.

Mr. Bradshaw: Is not Suffolk county council a Conservative authority? The councillors can raise concerns and refer a major service change, with which the right hon. Gentleman is unhappy, to an independent national panel.

Another thing that alerted the Healthcare Commission to potential problems at Stafford hospital was its very poor performance in the annual NHS staff survey. The question of whether staff would be happy to be treated in the hospital where they worked was dropped by the Healthcare Commission in 2007 because of concerns that its wording could lead to distorted results for some providers.

Mr. Lansley: Rubbish.

Mr. Bradshaw: The hon. Gentleman, again from a sedentary position, says, "Rubbish." The Healthcare Commission—the independent regulator—made that decision because of the danger that if, for example, those working in a psychiatric hospital were asked whether they would like to be treated in their hospital, a lot would obviously say no. We have agreed with the Care Quality Commission to reintroduce the question asking staff how they rate the quality of care in their hospitals, albeit avoiding the problematic wording of the question contained in the earlier survey.

Mr. Lansley: The hon. Gentleman said the decision was taken by the independent health regulator, but will he confirm that the decision to drop the question—not the decision to reform it—was made in direct consultation with his Department?

Mr. Bradshaw: No, the survey belongs to the independent regulator. The regulator consulted the Department and, for the reasons that I have explained to the hon. Gentleman, we accepted its concern that the wording could distort the responses of those working in psychiatric hospitals, in mental health and so on.

The hon. Gentleman also talked about whistleblowing. Although the board at Mid Staffordshire did not listen to the concerns of patients or staff, we share his surprise that more professionals in the trust did not put their concerns on the record. The NHS exists to meet the needs of patients. Individual members of staff have a right—indeed, a duty—to raise any concerns that they may have about the quality of patient care with their employer. It is important to remind all staff who work in the NHS and their managers that whistleblowers have full protection under the Public Interest Disclosure Act 1998. Furthermore, the new NHS constitution includes an explicit right for staff who report wrongdoing to be protected.

Let me deal with the central issue of the Opposition motion, which is the call for a public inquiry. Public inquiries can be an important mechanism to establish independently the cause of a problem or disaster. I can understand that there are many who consider that a public inquiry into the events at Mid Staffordshire is both appropriate and necessary. A number of people have recalled the Bristol heart babies inquiry. In our view the critical difference is that that inquiry was initiated when, under the previous Conservative Government, there was no independent watchdog or regulator for the NHS.

The whole point of establishing the Commission for Health Improvement in 2000 and the subsequent regulators since was to provide the public with the confidence that any concerns that they might have about NHS care in their areas would be properly and independently investigated. I have not heard any criticism of the Healthcare Commission's investigation or any suggestions that it did not get to the bottom of what went wrong at Stafford hospital. Given that, as well as the two subsequent inquiries and the action flowing from them, the Government remain unconvinced at this time that a public inquiry would add anything to our understanding of what went wrong or of what needs to be done to prevent such terrible events from happening again.

Norman Lamb: Will the Minister give way?

Mr. Bradshaw: I will give way in a second. I have been very generous in giving way; the hon. Gentleman does not need to nag me to give way.

I would also remind hon. Members that public inquiries take a long time. The Bristol inquiry took three years and the Shipman inquiry took five. We have concerns that, as well as not adding to the sum of our knowledge of what happened at Stafford hospital, a public inquiry could distract the new management and the staff at the hospital from focusing on further improving the quality of care for local people.

Norman Lamb: I am grateful to the Minister for giving way and apologise for nagging him. The Government's amendment says that an inquiry would not be appropriate "at the present time". Earlier in his speech he said that an inquiry would not be appropriate "at this stage". He seems to be leaving the door open. Is that the case and will he consider further representations about the possibility of establishing a public inquiry?

Mr. Bradshaw: As I hope the Secretary of State and I have made clear, we are always open to representations. We have listened carefully to those that have already been made, by both hon. Members from all parts of the House and Julie Bailey, to whom I join the Opposition spokesman in paying tribute. However, so far we remain unconvinced, and that is as far as I can go.

In a letter to my hon. Friend the Member for Cannock Chase (Dr. Wright) from Sir Ian Kennedy, the outgoing chairman of the Healthcare Commission who chaired the Bristol babies inquiry, Sir Ian said that he did not think that a public inquiry would be justified in this case. However, as we have repeatedly made clear to hon. Members and to the local patients organisations and others, if there are significant issues or lines of inquiry that they do not think have been addressed, either by the Healthcare Commission report or by the subsequent reviews, the Secretary of State will be only too happy to consider them.

Mr. Cash: Is the Minister aware of the fact that, before he became the chairman of the Healthcare Commission, on the Bristol inquiry, Sir Ian Kennedy said that the importance of a public inquiry is that it offers an opportunity for people to be heard and to listen to others? He also said that a public inquiry

"allows for the public venting of anger, distress and frustration; it provides a public stage on which this can take place."

Sir Ian Kennedy thoroughly endorsed the idea of a public inquiry. If Bristol, why not Stafford?

Mr. Bradshaw: For once I am grateful for the hon. Gentleman's intervention, because it makes my case exactly for me. If someone such as Sir Ian Kennedy, who said that about the importance of public inquiries, does not believe that a public inquiry is necessary or desirable in this case, that absolutely makes the point for me. I am grateful to the hon. Gentleman.

Martin Yeates, the former chief executive at the foundation trust, stepped down from his post on 3 March 2009. The interim chair of Mid Staffordshire, David Stone, subsequently suspended Mr. Yeates, pending an investigation. That investigation has now concluded and the foundation trust has decided to accept Mr. Yeates's resignation, with no disciplinary procedures being invoked.

[Mr. Bradshaw]

I accept that that is a matter for the foundation trust's board, in conjunction with Monitor. Both the Secretary of State and I have been clear all along that the proper process must be followed in relation to any individuals.

However, given the grave events at Stafford hospital and the understandable level of public concern, I find it hard to understand why the decision was made not to go through a disciplinary process. The Secretary of State has accordingly written to Monitor today, asking to see a copy of the investigation into Mr. Yeates. If we still have concerns after we have seen that report and heard the explanation, we will consider what further action needs to be taken. The Secretary of State could not have made it clearer that there can be no rewards for failure in the NHS.

We did that in the case of Rose Gibb, the former chief executive of Maidstone and Tunbridge Wells hospital, and we won. We expect the whole of the NHS to understand that the public will not tolerate cosy deals when they have suffered from such abject management failure.

Norman Lamb: Would the Minister undertake to publish that report, so that everyone can see what it says about the governance of that hospital?

Mr. Bradshaw: I am sure that the Secretary of State will want to consider that question, but given that he commissioned that work—just as he did all the other reports, all of which have been put in the public domain—I should be very surprised if he did not agree. However, we need to see the report first.

The Healthcare Commission's report laid bare appalling failure at Mid Staffordshire. The two subsequent reports made further and far-reaching recommendations, which are being implemented locally and nationally, in order to ensure that every hon. Member will be satisfied that such terrible failure can never be allowed to happen again.

8.9 pm

Norman Lamb (North Norfolk) (LD): I welcome this debate and I am pleased that it has been called. I join the Minister and the Conservative spokesman in paying tribute to the work of Julie Bailey who, together with others, has been persistent in refusing to be fobbed off in the pursuit of complaints. They are to be applauded for their persistence.

On the very day that the Healthcare Commission report was published and a statement was made in the House, I called for a public inquiry, as, I think, did the hon. Member for Stone (Mr. Cash).

Mr. Cash: No, the day before.

Norman Lamb: I apologise; the hon. Gentleman beat me to it.

Ever since then, I have maintained my view that a public inquiry must be set up. There are Labour Members who feel the same way, and it is important that we all maintain the pressure on the Government to accept our pleas. It was interesting to hear the Minister's response regarding the wording of the Government's amendment. The words that he used in his speech seemed to suggest that there was a chink of light there. It seemed to me that the Government might just be open to persuasion.

Michael Fabricant: I am pleased that the hon. Gentleman thinks the Government might be open to persuasion, but what I heard from the Minister—I hope he will correct me if I misheard him—was that the Government were always willing to entertain representations. That is fine, but he also said that a public inquiry would be a distraction to the management. To me, that certainly does not suggest a chink of light; it merely suggests that the Government will listen but take no action.

Norman Lamb: I understand that concern, and all hon. Members on both sides of the House who feel strongly about this should combine to put the maximum pressure on the Government, not only in tonight's vote but subsequently, to ensure that the issue does not just go away. There is always a danger, as events move on, that these issues can slip down the agenda, but we must not let that happen in this case.

Mr. Cash: Does the hon. Gentleman accept that, when this matter comes before the Health Select Committee, as I understand it will, the preliminary debate that takes place here will be followed by significant evidence that will be impossible for the Government to ignore?

Norman Lamb: I am sure that that is the case. I agree that it should be impossible for the Government to ignore that evidence.

To date, the Government's response has been to scapegoat the local leadership. The local leadership absolutely has to take responsibility for what happened, but the Government's strategy appears to be to apologise on its behalf and to move on. That will not do. It is right that those in a position of leadership at the hospital should be held to account, but that strategy fails to recognise that wider lessons need to be learned from this awful horror. The former chairman of the Healthcare Commission described the events as the worst care ever witnessed in the NHS. That in itself is a pretty compelling reason for a public inquiry in this case. Those wider lessons seem to have been brushed aside by the Government, reflecting their stubborn resistance to recognising that, for example, the four-hour target played any part in what happened.

I want to run through some of the key reasons for holding a public inquiry. They relate to the specific situation at the hospital and to the wider issues involved. The first involves the position of Mr. Yeates. The Minister said that he was concerned because the board had allowed Mr. Yeates to resign without going through a disciplinary process. I am pleased that the Minister said he expected the report into these events to be published. He said that the Government would need to see it first, but it should be placed in the public domain irrespective of what it says. It was commissioned by the Secretary of State to look into what led to this awful disaster, and to examine Mr. Yeates' role in it, and that information should be put into the public domain straight away.

Mr. Lansley: Is the hon. Gentleman perplexed, as I am, about why, if the Secretary of State commissioned Peter Garland to undertake this work, Peter Garland

did not report to the Secretary of State? If the foundation trust has the degree of independence that I think it does, and it has now made its decision, the Secretary of State must surely be powerless to do anything about it now.

Norman Lamb: I think so.

In regard to the resignation, it is now too late to institute disciplinary proceedings. We have been presented with a fait accompli, and the former chief executive is now being paid to be on gardening leave for the rest of his notice period. The NHS is paying for that, despite the fact that there appears to be good evidence to justify a disciplinary inquiry. I also agree with the hon. Gentleman that the report should have gone to the Secretary of State, given that it was commissioned by him.

Mr. Lansley: I hesitate to intervene on the hon. Gentleman again, because he is an employment lawyer by profession. Mr. Yeates might not necessarily be beyond disciplinary action, but would there not need to be substantive evidence of a breach of his fiduciary duties to the board in order for such penalties to be contemplated? A public inquiry might be a principal mechanism by which such evidence could be gathered.

Norman Lamb: I agree with the hon. Gentleman entirely. That is one of my reasons for arguing that a public inquiry should take place.

Mr. Bradshaw: It might be helpful to both hon. Members if I clarify who commissioned the report. As a foundation trust was involved, the report was of course commissioned by the trust itself, but that decision came out of the overall response to the Healthcare Commission inquiry by the Secretary of State, in conjunction with Monitor. So in legal terms, it is absolutely right that the report should go back to the trust, but that does not take away from the points that I made earlier about what needs to happen now.

Norman Lamb: I am grateful to the Minister for that clarification.

The second reason why there should be a public inquiry is the role of the clinicians in the hospital. Many people have expressed their concern that, despite the awful things going on there—the dreadful care to which the former chair of the Healthcare Commission referred—it appears that no clinician saw fit to report their concerns to senior management or elsewhere, with the possible exception of one nurse, about whom we heard last weekend. It could be argued that they felt prevented from doing so by the bullying culture in the organisation. However, they have a professional clinical duty to their patients, and, irrespective of the extent to which the unit was understaffed, if they saw that there was inadequate care, it was their duty to report their concerns and to get something done about it. That did not happen, and that in itself is a scandal that should be investigated by way of a public inquiry. It is not being looked at in any other way. None of the reports that the Secretary of State has commissioned has looked at that issue. As things stand, those clinicians who participated in the care that has been so heavily criticised are presumably continuing to work in the NHS. Should we not be concerned about that? That issue is not being addressed, and it ought to be.

The other issue relating to clinicians is the culture of bullying that appears to exist. *The Sunday Telegraph* this weekend reported concerns raised by a nurse who had previously worked in the A and E department at the hospital. She raised those concerns in November 2007, yet nothing appears to have been done. She referred to "racist abuse", and to the fact that nurses were

> "routinely ordered to lie about how long patients had been waiting".

She also reported:

> "Junior doctors were bullied into discharging patients before they had been properly examined in order to meet targets".

Mr. Cash: The hon. Gentleman might know that many of those allegations were also made during Simon Cox's programme on Radio 4, which many of us have on disc. These questions must be looked into properly because they are so grave, as some of the quotations that I shall give the House from the statement by that nurse will amplify.

Norman Lamb: I agree. I am making the point that this is another reason for the whole issue to be the subject of a public inquiry.

It is easy to say that this culture exists in only one hospital and could not exist in any other, but we hear too many stories of a similar culture existing elsewhere. That is why the wider implication of the management of the NHS and the extent to which clinicians and other hospital staff feel constantly under pressure because of targets imposed from above, and the way those targets are enforced, should be looked into by a public inquiry.

The third reason why there should be a public inquiry is to secure justice for the families that have been so horrendously affected by this awful scandal. So many of them have refused to be fobbed off, but the fundamental question remains about how justice will be secured for families of the victims of this dreadful care. That is another issue that is not being properly addressed in any systematic way other than by this review of patient notes—a review that looks at each case individually, which is not sufficient if we want to see the whole picture and understand how this happened. We need to give those families a real sense that their concerns are being properly addressed.

The fourth issue, which I raised in an intervention on the Minister, is the role of the coroner. The Minister made the point that there appears to be some challenge to the conclusions of the Healthcare Commission report; I understood the Minister to dispute the fact that the inquiry was obstructed in some way. Surely, however, we need to address the fact that there is potential for coroners to obstruct inquiries, so we need clear rules and clear guidelines about coroners' responsibilities to co-operate fully in such circumstances.

When the Minister referred to legislation going through Parliament, I assume he meant the Coroners and Justice Bill. He said that there were measures in it to address some of these concerns, but will he clarify whether any thought is being given to the possibility of tabling an amendment to place a specific statutory duty on coroners to co-operate in inquiries of this sort? I would be happy to allow him to intervene—now or later—to confirm that it will be possible to amend this draft legislation.

[Norman Lamb]

The next reason why we need a public inquiry relates to the roles of the PCT and the SHA in the context of what this whole scandal means for commissioning. We hear a lot about the pursuit of world-class commissioning, but in this particular case it is clear that the PCT and the SHA failed abysmally to play an adequate role as commissioners of care at this hospital.

Greg Mulholland (Leeds, North-West) (LD): Does this case not show that this health authority tier or level is, frankly, unnecessary? We know that the health service needs to rationalise and save money, so is it not time to abolish a failing tier of the NHS that did not do its job in this case?

Norman Lamb: I certainly agree with my hon. Friend.

Sir Ian Kennedy, in a letter that followed the publication of this report, said:

"The responsibility for managing performance, including effecting necessary improvements, lay and lies with the trust and its performance manager, the Strategic Health Authority, the commissioning PCT and, after the award of Foundation Trust status, Monitor. These performance managers"

it seems to me that there are too many of them—

"are able to visit any trust and call for whatever information that they believe is necessary from the Trust to carry out their duties."

Well, what did they do to carry out those duties? What visits did they undertake, or was it simply a paper exercise, considering those excessive death rates from afar? That is a central question.

Sir Ian went on to say in the letter:

"Following normal practice, efforts were made"

by the Healthcare Commission as part of its investigation

"to liaise with the trust and the SHA to explore what was needed".

So what co-operation did it receive? Was the response adequate, particularly that of the SHA? Sir Ian continued:

"The investigation team at the Commission did not know that the Trust was being considered for this status"

that is, foundation status, which seems quite extraordinary—

"and was not asked whether there were concerns about the performance of the Trust in terms of the safety and quality of care... We understand that Monitor asked the Strategic Health Authority for its views; the SHA was aware of our work on mortality outliers and 'alerts' by then",

yet it did not say anything—again, quite extraordinary.

That, of course, raises questions about the chief executive of the SHA, who was Cynthia Bower. I should say that she has been to see me and that I had a very helpful meeting with her; she was very candid. It nevertheless seems to me of fundamental importance that because she was the chief executive of the SHA—one of the performance managers of this hospital—there is a conflict of interest so far as any internal investigation is concerned. That is another clear reason why we must have an independent public inquiry.

The next reason is the role of targets, particularly the four-hour target. The Minister steadfastly sticks to the line that it is all down to just this hospital and the outrageous way its management behaved. When visiting hospitals around the country—I am sure other hon. Members will have noticed the same thing on their visits—I have found that one of the things clinicians say in A and E departments, and this is a credit to the Government, is that the four-hour target has transformed how A and E and hospitals operate. I accept that it has been transformational: we all know it was unacceptable for people to be left waiting in corridors on trolleys for 10 or 11 hours. The Minister must recognise that there are nevertheless concerns in hospitals up and down the country about how the target is enforced, particularly when it becomes a straitjacket. If the Minister talks to clinicians, as I know he has done, I am sure he will also be aware of concerns expressed about the operation of this target in many hospitals. The Royal College of Nursing has made it very clear that strict adherence to 98 per cent. compliance with the four-hour target has caused real difficulties.

Michael Fabricant: Is the hon. Gentleman aware that a nearby hospital in Westminster provides an example? The system there is that when people enter a room, there is effectively no system until they eventually get to see a nurse for triage—and it is fairly chaotic at times. When I asked why it was like that, I was told that if people were given a number as at a delicatessen counter in a supermarket, the four-hour clock would have to start. What happens, then, is that the patient dripping with blood fails to get to see the triage nurse; meanwhile, the patient who is relatively fit does get to see that nurse when the four-hour clock starts ticking. That is the sort of distortion that occurs.

Norman Lamb: I am grateful for that intervention, as precisely that point was made in the Healthcare Commission report:

"Doctors were moved from treating seriously ill patients to deal with those with more minor ailments, in order to avoid breaching the four-hour waiting time target. Patients were moved to the clinical decision unit to 'stop the clock' but were then not properly monitored, since this area was not staffed."

The hon. Member for Lichfield (Michael Fabricant) has made that point, but the Minister seems blind to the possibility that such concerns might exist elsewhere and that patient care might have been compromised. That is a fundamental reason why a public inquiry needs to explore that issue.

The Healthcare Commission report also included a graph showing a spike just before the four-hour point, with large numbers of patients being discharged as the clocked ticked away towards it. Surely we need to explore whether the same pattern of discharge applies in other hospitals to see whether the same pressures might be applying elsewhere. The Government seem blind even to considering that possibility and so defensive about the four-hour target that they are not prepared even to consider whether any potentially adverse aspects apply to it. The conclusions of the Colin-Thomé report appear also to contradict the Minister with regard to the role of the four-hour target and how it has been implemented.

The next reason there needs to be an independent inquiry is the implications of the scandal for the regulators. The process that this hospital went through to become a foundation trust without anyone stopping the hospital in its tracks to demand improvements before it happened beggars belief. It is extraordinary that it was signed off by the primary care trust, the strategic health authority, the Department of Health, the Secretary of State himself, as I understand it, and the Monitor board.

Did no one notice what was going on in that hospital, right under their noses? It smacks of an appalling tick-box culture whereby, provided those on the ground have ticked the box to say that something is working properly, everybody accepts it and the hospital gets its star rating. That is exactly the same as the culture that applied in Haringey, which gave the local authority three stars at the time when baby P was dying in tragic circumstances. The way in which hospitals achieve secure foundation trust status must surely be further explored.

Mr. Cash: Does the hon. Gentleman accept what I said earlier about the paper trail and the minutes going right back from the current chief executive of the NHS and the chief executive of the Care Quality Commission to Shropshire and Staffordshire strategic health authority and the West Midlands strategic health authority? At the critical time when all these things were happening, the right hon. Member for Leicester, West (Ms Hewitt) was Secretary of State and 17,000 jobs were being cut out of the health service. This is a continuous paper trail, which can be demonstrated.

Norman Lamb: That is the sort of evidence that needs to be properly and fully considered by a public inquiry. A few weeks ago, the press reported on the fact that some 22 hospital trusts have been given foundation trust status despite failings, sometimes of a serious nature, in meeting basic health care standards.

A lot of work on Staffordshire hospital has been done by *The Sunday Telegraph*, which reported:

"At the point the authorisation was made, the trust was missing government targets to reduce MRSA, had long waits in A&E, and for clot-busting treatment for heart attack victims, the documents from Monitor, the regulator, show.

A further 21 trusts were also given"

foundation trust status

"despite concerns about the quality of the care they provided."

What happened in those cases? They were issued with side letters by Monitor requiring them to take corrective action to remove those concerns, but they still secured foundation trust status. Was that made public? Were the public ever told in all those cases that there were concerns about patient care quality? That is very much not the message that the Government gave when foundation trusts came into being. That status was supposed to be a symbol of absolute quality—quality assurance.

We must bear it in mind that for the chief executives of hospital trusts there is a big financial incentive. They invariably receive substantial pay increases when their hospital becomes a foundation trust. That needs to be looked at in a full public inquiry.

The Conservative spokesman mentioned the handling of complaints. He said that complaints ended up at a range of different destinations, which is surely completely unacceptable. The public must understand exactly what will happen to their complaint if it is not accepted and upheld at trust level.

There are vital lessons that need to be learned from this awful scandal. It is all very easy simply to place all the blame on the local leadership, but there are clearly lessons that the wider NHS and the Department of Health need to learn. It is surely our duty to all patients in the NHS to ensure that those lessons are learned. For that reason, there must be a public inquiry.

Several hon. Members rose—

Mr. Deputy Speaker (Sir Michael Lord): Order. The clock is moving on, and, given the number of Members seeking to catch my eye, I propose to reduce the limit on speeches to 10 minutes as from now.

8.36 pm

Mr. David Kidney (Stafford) (Lab): As a Labour Member of Parliament I am committed to the NHS, and as Stafford's Member of Parliament I am committed to a hospital in Stafford, so it broke my heart to read in the Healthcare Commission's report that patients had been severely, appallingly let down by the NHS and the local hospital.

I support a full, independent public inquiry into every aspect of what went wrong, why, and how it can be put right for the future. I shall vote for an inquiry tonight. Yes, an inquiry will take some time to complete its investigations and deliberations and produce a report, and, yes, it can be distracting for people who have a job to do at the hospital while the investigations are ongoing. However, the work has to be done. One thing we can usefully do is talk about the form and terms of reference of the inquiry. If the Government will not give way on this today, one way in which we can continue the pressure is to start to get ready for an inquiry.

I wish to say a word about my hospital—if I may call it that—and what my public and my patients want today. An inquiry will take some time, but there are things that need urgent attention at Stafford hospital, and I do not want us to lose sight of that urgency because we are also talking about a public inquiry. For example, the Healthcare Commission's report told us about the severe understaffing on wards and the urgent need for more staff. It told us about missing medical equipment and the urgent need for it to be provided. Six weeks later, Professor Alberti produced his report and said that there were staffing shortages and that more staff urgently needed to be appointed. He said that there was an urgent need to provide some medical equipment that was still missing. Six weeks on, the urgency had not been accepted and implemented. We must not overlook the fact that those things are still urgent today.

I remind the House that the Healthcare Commission produced damning evidence about three aspects of the hospital: accident and emergency, emergency care and some nursing care. However, in the same report it mentioned positive things about the hospital. There were no concerns about elective care, and during the three-year period investigated there was a decline in the number of complaints about out-patient care. There was praise for the acute coronary care unit and the critical care unit. It is important to retain a sense of balance. People going into that hospital had good experiences in some parts of it at some times, just as others had bad, sometimes appallingly bad or fatal experiences. I ask the House to bear that in mind.

When Professor Alberti went in after the Healthcare Commission, he was able to talk about improvements in A and E and say that there had been some improvements in emergency care, although not enough. He mapped the way to continuing that improvement. He said that even when he was there, there were still instances of poor nursing care that needed addressing. He made a warts-and-all assessment, which showed that we still need urgent attention given to some things. It is very important to remember that.

[Mr. David Kidney]

Let us imagine the effects of working at that hospital today, given all the bad publicity that has appeared nationally, and the likelihood that people will complain about anything for fear it will not be spotted if a complaint is not made about it. Let us imagine every story that someone chooses to publicise becoming a headline in the local newspaper. Morale is very low at the hospital. There are fears that even now, as it recruits extra staff, some people will not want to work there because they have seen the publicity.

Into that worrying situation I stepped, with four simple proposals. I wrote to my constituents asking whether they agreed with them. I proposed that those responsible for the management of the hospital on whose failings the Healthcare Commission reported should be replaced, that staffing levels should be corrected and retained, that there should be stronger powers for patients and the public, and that there should be an independent inquiry. So far more than 3,500 constituents have responded, and more than 90 per cent. of them agree with my proposals. I emphasise to the Minister that 3,500 people in the Stafford constituency think that there should be an independent inquiry.

Let me say something about the rebuilding of the trust board. We heard that the chair had resigned just before the publication of the Healthcare Commission's report. I shall not elaborate on what was said by the hon. Member for South Cambridgeshire (Mr. Lansley) about the treatment of the chief executive. Let me merely say how angry local people are about the fact that "step down" did not mean "resign" at the outset, the fact that he received pay while suspended, and the fact that he is now apparently being allowed to resign with no consequences while still receiving that pay. People are very, very angry about that.

We are recruiting a new chair, a new chief executive and new non-executive directors, and there will be a new board. At present, however, the trust faces the greatest challenges. An interim chair with another job in Sheffield and an interim executive with another job in Chesterfield are managing and leading the hospital. It is still a worrying time, and I ask for Members' support for the management and staff of the hospital as they try to do all the things that need to be done in the present circumstances.

It is true that the board needs to move from a closed to an open culture, but it has reverted to holding its meetings in public, and at the first of those meetings it reaffirmed its policy on whistleblowing. I showed the whistleblowing policy to Public Concern at Work, which made constructive suggestions for its improvement. The trust has agreed to write to every employee about the policy in this month's pay packet, confirming that people are free to make their concerns known if they have them. Those are all valuable developments.

It should also be remembered that the board is yet still to present its action plan in response to the report. It is now calling the plan its transformation programme, and I understand that it was agreed with Monitor at the end of last week. There have been some public presentations—for instance, to the overview and scrutiny committee, which has been dealing with the plan—but if we seriously believe that the public and patients should be involved in the trust in the future, we must accept that the plan will require full public consultation and approval. I am sure we will make certain that that happens.

I should like to say much more about staffing levels, but we are short of time. Although there is no agreed level for wards in this country—or internationally—the Royal College of Nursing has valuable policy guidance, which reminds us that a number of factors must be taken into account. In my view, the dependency levels of patients are an especially important factor; but so, of course, are nursing experience, a skills mix, a settled staff, minimum sickness and absenteeism and less reliance on agency cover, and all those factors affected hospital staff during the time we are discussing.

I agree that the handling of complaints was atrocious, and that we must adopt an "open and learning" culture. That will require constant dialogue between patients, their relatives, the public, and those who work at the hospital. It should not be a big thing to say that something is wrong at the hospital: people should be able to accept that and act on it. I have told Ministers before today that the LINk in Staffordshire is particularly poorly developed. We need to be helped to make it the best of its kind, not one of the weaker of its kind.

Let me now deal with the arguments for an inquiry. We do need an inquiry. The trust pulled the wool over the eyes of the Healthcare Commission for three years. In each of those three years, the commission produced improving assessments of a trust that it later said was so bad. Is the problem self-assessment? Does it constitute a failing of the commission itself that it received more complaints about this trust, in relation to its size, than about any other, and that it produced action plans in response to stage 2 complaints but did not pursue them to establish whether they were implemented? The chairman of that body said there was no need for a public inquiry, but one of the things such an inquiry would look into is the performance of his organisation.

There should be an investigation. The trust pulled the wool over the eyes of Monitor, as we have heard. The big black hole was about clinical care, where Ministers now accept there was a lacuna, but that has now been put right. Even in terms of Monitor's expert area of governance, management and leadership, the Healthcare Commission report tears the trust apart for secrecy, for as little as possible being reported to the board, and for as little as possible of the board's conduct being made public. Those issues should be investigated.

For me, the biggest issue is the independence of the case reviews for the relatives of deceased patients, because the trust has organised those reviews—albeit while bringing in outside clinicians who are independent of it. How can people feel trust in that system? Such reviews should be anchored in a public inquiry; and if there is a role to be considered for the coroner, that needs to be looked into as well.

All I want to say in conclusion is that 3,500 of my constituents have said there should be an inquiry, and the local councils—Stafford borough and Cannock Chase district—have resolved that there should an inquiry as well. The Patients Association has a national petition that people are signing, and the RCN supports this, and PACE 2000, an organisation of elderly people in my constituency, also thinks there should be an inquiry. That is a lot of people, and the Minister should listen to them.

8.46 pm

Mr. William Cash (Stone) (Con): This is a debate about freedom of information. It is a tale of cover-ups by two closed cultures: a cover-up by the hospital and its superior organisations, and a cover-up by the Government and their subordinate public organisations. That has resulted in a pincer movement of both death and despair. My constituents and the people representing the interests of the victims and the bereaved demand justice, and they will get justice only if they have a proper inquiry under the Inquiries Act 2005 because that will call for evidence on oath, and have compulsion of witnesses and proper legal protection for whistleblowers, which is not available under the Public Interest Disclosure Act 1998 as it is bypassed. I am saying not that the 1998 Act is bad in itself, but that it does not operate when certain people get to work on it. There are also good people at the hospital who need to be exonerated, and a public inquiry would provide for that.

There is now to be a Select Committee inquiry. That will give us the opportunity to present measured evidence, which we cannot do in 10 minutes tonight. I also ask my party's shadow Secretary of State to assure us that we would be able to have a public inquiry if and when we get into government next year, because that would be a good opportunity. I strongly suggest that the credibility of the Government is at stake—and I must say that I dismiss with contempt the Minister's recent trivial speech. Already, two governors have called for a public inquiry of the kind that is required and, as the hon. Member for Stafford (Mr. Kidney) has said, Stafford borough council was unanimous in its demand for one.

I would like to quote from a statement from one of the nurses at this hospital. I want to read it out because it is very important. "X" and "Y" are my terms for two nurses:

"I spoke to X. I explained to her the situation and asked her to relay this information to Y. Whilst she did this she kept me on the phone. I heard her tell Y that I had discovered that several patients had breached. I then heard Y tell X to tell me to lie. X came back on to the phone and told me that Y's advice to me was to lie. I told her I was not happy to do this and explained that I had informed the clinical site manager of the breaches."

She went on to make another statement, again at a critical time. She said:

"I have become increasingly frightened in my place of work,"

and am

"feeling more and more threatened."

She quotes one of the nurses saying that

"you want to watch being in with her, a lot of people are getting fed up with her and she is going to get what's coming to her. You want to watch your back and be careful or you'll go down with her."

She also refers to "the cumulative effect" and says that

"the net result has led me to feel quite terrified given the present context."

Then she talks about lying about the breach time and an occasion about which she said:

"This incident led me to feel profoundly shocked that a senior colleague could firstly blatantly lie about a patient's breach time, and secondly submit documentation, altered by her in my name thereby knowingly leaving me open to disciplinary action."

The statement then contains reference to another patient and quotes that involve some effings here and there. Then she says in respect of a particular patient

"I have heard"—

a nurse—

"state that she was going to get rid of him. Most recently following his hospital admission after taking an overdose I was present when she said 'He should have taken a few more pills and done the job properly.'"

The hon. Member for North Norfolk (Norman Lamb), who spoke for the Liberal Democrats, mentioned racism. The following quotes are mentioned in the statement:

"'what have you got in that ruck-sack Doctor, is it a bomb?'...'Him with the turban' or 'Her with the yashmak.'...'Him over there—Osama's mate'".

Things continue in the same manner. These allegations clearly have to be properly examined.

I am not using the names of the people involved, for reasons that I shall come to in a minute. The Minister will not deny that he has asked me why, if I have the evidence—for which people were shrieking when I raised the matter when objecting to our being prevented from having an oral statement—"I do not anonymise. I shall tell both him and the House why: when I did anonymise it, in a letter to the Secretary of State relating to a hospital nearby, the next thing I knew, after a considerable pause, was that the consultant in question had been suspended. Only last week, he was summoned for a Kafkaesque trial as if he needed to have a psychiatric assessment. I can tell the House that that consultant and the patient in question are constituents of mine and that consultant had saved the child's life. I am so furious that I cannot speak about it. This is the way things are carrying on and we hear these platitudes about whistleblowers being protected under the legislation.

The marvellous Public Concern at Work charity has made its criticisms, as the hon. Member for Stafford knows because we have been given the same material. The fact is that the whistleblowing policy in this particular hospital has to be reformed along the lines that we will explain later in the Select Committee—unfortunately, I have not time to go into this tonight.

I am holding a paper written by another consultant, who was suspended at one and a half hours' notice because he had had the temerity to complain about antibiotic policy—he had been with the hospital for many years. I must be careful, because I do not want to expose others to the kind of treatment that the consultant to whom I have referred has received. He was suspended after such a short a notice period on the issue of antibiotic policy and the non-availability of nurses on consultant ward rounds. This is a national disgrace and the legislation does not protect such people properly. The reality is that the allegations that I am making need to be properly examined by the Select Committee, when we have more time to do the job.

I move on to the question of the manner in which the Government have covered up. I mentioned, much to the Minister's hilarity, which I thought pathetic, that Ian Kennedy—he wrote the foreword to the Bristol inquiry—subsequently became chairman of the Healthcare Commission, produced the Stafford report and came

[Mr. William Cash]

up with a different version about the value of public inquiries. That was the point I was making. Ian Kennedy had said:

"A Public Inquiry cannot turn back the clock. It can, however, offer an opportunity to let all those touched by the events, in our case Bristol, be heard and to listen to others."

He had gone on to talk about the

"public venting of anger, distress and frustration; it provides a public stage on which this can take place."

I say again that if it is good enough for Bristol, it is good enough for us. He has obviously changed his mind since he became chairman of the Healthcare Commission, and I would like to get all that on the record.

Mr. Lansley: Does my hon. Friend agree that Ian Kennedy—understandably, in the case of Stafford—was defending the Healthcare Commission, not least because when the Healthcare Commission undertook an investigation it would like not to feel that a precedent had been set that meant that it could be second-guessed by a call for a public inquiry? Does my hon. Friend accept that I do not see this necessarily as setting a precedent? We did not ask for an inquiry after Maidstone and Tunbridge Wells, nor would we set out to do so in other cases. The evidence in this case seems to point to such a wide range of unresolved issues that it demands that we go down that path.

Mr. Cash: I absolutely agree with my hon. Friend, and so does the Royal College of Nursing, which said that the focus on achieving financial targets at Mid Staffordshire was at the expense of appropriate and safe staffing levels and talked about cuts in the number of nurses.

As I said, the real question is also one of a Government cover-up. It has caused me a lot of difficulty to get some of these minutes, but there is no doubt that the minutes of the various strategic health authorities—I have them all, so I shall be able to go into them in due course, although not tonight—show a direct paper trail from the decisions that were made when David Nicholson was chairman of certain of these authorities that continued all the way through under the aegis of the right hon. Member for Leicester, West (Ms Hewitt) and also under that of the present Secretary of State. They are all about targets, finance and matters of that kind. Also involved is Mr. Bill Moyes. There is a conflict of interest for the university of Birmingham, which was commissioned by the West Midlands strategic health authority, and a conflict of interest for Mrs. Cynthia Bower, who is now chief executive of the Care Quality Commission.

The problem that troubles me is the continual conflicts of interest. For example, the university of Birmingham study was funded by the SHA, which set up the steering committee to guide the study. The people who were on the study that led to the analysis of the mortality rates in Mid Staffordshire included the medical director of the SHA and people from the trusts, including the information manager of the Mid Staffordshire NHS Foundation Trust. That is a blatant example of conflict of interest.

In conclusion, although there is much more information that I would like to get out, I shall simply say that we should consider the opening remarks and the constant references to finance, finance, finance in the Mid Staffordshire challenge-to-challenge board meeting. Bill Moyes, now of Monitor, who gave this trust status, said in the vital board-to-board meeting on 5 December 2007 that

"questioning would concentrate on the financial viability and governance of the Trust."

It is a disgrace.

8.58 pm

Dr. Tony Wright (Cannock Chase) (Lab): It might not be entirely evident from the previous contribution, but we Staffordshire MPs are a rather happy and consensual bunch. We meet regularly on a cross-party basis, and that is certainly unusual—it might even be unique in the House. We have been doing so for many years. When we met just last week, we obviously discussed this topic, and we came up with what we thought was a positive idea, which was that we should get all the various people involved in the case—the hospital trust, the primary care trust, the strategic health authority and the regulator—into a room to ensure that they were making things better. The emphasis today—quite rightly, as it is the focus of the motion—has been on settling the issues with the past. The other, and in some ways more pressing, side of the argument is the need to settle the issues with the future.

What the people we represent want is an absolute assurance that the problems in Stafford hospital are being sorted out, and that the kind of experiences that the Healthcare Commission report documented are not being repeated. We know that in some respects, at least, they are still being repeated. In some respects, however, they are not: as far as we can tell, the particular acute problems in the accident and emergency department have been resolved by increased staffing, better organisation and so on. However, the Alberti report tells us that there are still problems on the medical wards. The kind of problems that people come to my hon. Friend the Member for Stafford (Mr. Kidney) or to me with are basic care issues on the wards. Indeed, this weekend I was dealing with a problem, relating to exactly those issues, that is happening now.

Alberti tells us that there is still a real staffing issue on those wards. The implication is that the care is not good enough. It is to that that we must urgently turn our attention. As my hon. Friend the Member for Stafford said, Alberti also tells us that there are issues with staff not wanting to work in the hospital. "Who wants to work in Stafford hospital?"—so it goes inside the system. The hospital is desperately trying to get agency nurses in, because it cannot recruit normally. Real reputational damage has been done to the hospital, and there has been a real loss of public confidence locally. Those are all matters that need to be attended to.

As for the reports published so far, I have found them useful. It is difficult for people to say, in a general sense, that we do not know what happened at Stafford. I am afraid that we do know what happened at Stafford. It is difficult to say that we do not know why it happened; having read those reports, I think I do know why it happened. It is difficult to say that we do not know what to do, because we do know what to do to remedy the problems identified. I agree that there are outstanding issues; in a sense, there always will be. There are questions to which we still need answers, and some of them have been raised today. However, on the essence of the

matter, I do not think that anybody can claim that we do not know what happened, why it happened, or what we need to do.

For me, the devastating part of the reports—devastating because it confirms the impression that I formed of the hospital from cases I had dealt with—was that there was a complete inattention to patients. There was a preoccupation with process. All the reports that have been produced say that. They all identify that as the key issue. That raises many questions about how on earth a hospital could have taken its eye off the ball so comprehensively as far as patients were concerned. How could it not have understood that the quality of patient care is central to all that it does? The reports talk about the problem of culture inside the institution. "Problem of culture" means not understanding that patient care is central. It means not having set a standard of patient care, around which everything is organised. I am afraid that what the reports tell us about the failure to use complaints intelligently is simply part of that. I speak as someone who has taken a perverse, obsessive interest in complaints over many years.

We all know, if we are honest, that we never got the system of complaints inside the health service right. I remember sitting on inquiries into complaints in the health service under the previous Government, when it was widely recognised that we had a problem. There have been endless inquiries since then into how we can improve complaints systems. We have set up different systems and tried them out; they have failed, and we have tried new ones.

I remember listening a few years ago to the permanent secretary of the Department of Health, I think it was, describing how he wanted every patient who came into an NHS hospital to be given what he called a "three Cs" form. The three Cs were comment, complaint and congratulation. I thought that that was sensible, but when I asked him whether the forms would be universally available in every hospital, he said no; they would simply be available if people wanted to use them. I think we ought systematically to make sure that every in-patient in every hospital in the country is asked for their comments, complaints and congratulations. Having done that, however, we must ensure that in every institution we learn in a systematic and serious way. It is no good simply getting people to tell us things if we do not learn from what they have told us and act on it. There is no reason at all not to do so. Lord Darzi's intervention is extremely valuable in reminding us of something of which we should not need to be reminded: that the quality of patient experience is absolutely central to what the health service ought to be about.

Mr. Cash: I thank the hon. Gentleman for giving way in the interests of comity in Staffordshire. Does he agree that there is a serious problem with targets and money? Although he may not have seen the report, in the board-to-board meeting on 5 December, which was decisive for the purposes of granting foundation trust status and was chaired by Mr. Moyes, nine out of 46 questions were about matters other than money—some 35 questions were about money, targets and such things. We must learn from that, as that was where the problem lay.

Dr. Wright: My view is that that was overwhelmingly a particular problem in that institution. Indeed, on the day on which the Healthcare Commission report was published, its chairman, Sir Ian Kennedy, to whom reference has been made, went on the radio to say that the NHS was steadily improving. I believe that that is the case, and I speak as someone who uses the NHS heavily. Indeed, I was in hospital this morning being attended to. My experience over the past 10 years is that it is steadily improving. However, there is no question of its improving over the years in Stafford, because the trust did not understand the centrality of patient care.

I want to spend the last couple of minutes on the inquiry. I am not going to vote against the motion, but I am not going to vote for it, either. There is a real problem with capturing the advantages of a further inquiry, given some pretty demonstrable disadvantages. The advantages are clear: there are questions still to be answered, and there are certainly people on the ground who have been personally affected and whose questions remain unresolved. However, we must not think that a further inquiry does not involve costs. If we are to achieve a relentless focus on improvement, I am not sure that that will be aided by a relentless focus on the past. I want assurances that we can have a further inquiry to tell us things we do not know, but without it carrying the great disadvantage of our taking our eye off the ball and failing to do the things locally that we have to do.

Five years ago, the Committee that I have the privilege of chairing produced a big report on the whole question of inquiries. The Inquiries Act 2005 was being introduced, and the Government gave evidence to us. We had asked them in what circumstances they would hold an inquiry, and they said:

> "There is no standard blueprint for the type of circumstances in which an inquiry might be needed. Matters triggering inquiries are by their nature difficult to foresee."

They added:

> "A common theme tends to be that the subject matter of the inquiry has exposed some possible failing in systems or services, and so has shaken public confidence in these systems or services either locally or nationally".

On those grounds, there is no question but that Stafford fits: it has shaken public confidence, and the problem is of sufficient severity. We tried to do a little better—I do not have much time, so I shall abbreviate my remarks—by producing a checklist of questions that were sensible to ask when the issue of an inquiry arose. As MPs, we ask for inquiries like children ask for sweets—it is what we do—so there is a discipline in having to ask such questions. I do not have time to recite them all.

Mr. Lansley: Given the point that the hon. Gentleman made about diversion, does he not accept that nurses working at Staffordshire general hospital, as reported to me by the general secretary of the Royal College of Nursing, wanted a public inquiry?

Dr. Wright: Indeed, and I want an inquiry that tells us some of the things we do not know, but if we are being fair, those people urging a further inquiry have also to be fair and recognise that there are potential risks and dangers in having one. We all want to settle accounts with the past, but we also want to make sure that urgent improvements are made now.

[Dr. Tony Wright]

I end by quoting from Professor Alberti at the end of this report. With reference to Stafford he says:

"The Trust has the potential to become a model small to medium-sized hospital of the future with care delivered promptly and appropriately both in the community and in the hospital—and with poor patient experience a dim and distant memory."

That has to be our objective.

In talking about inquiries, the question is whether we can capture some of the advantages of holding a further inquiry while offsetting the very evident possible disadvantages in pursuit of that objective. That is the conversation I intend to have continually with the Government. The Secretary of State has said several times to several of us that he would be happy to have a further inquiry if he thought it would do any good. It is our job to explain to him that it might do some good without doing some harm.

9.11 pm

Michael Fabricant (Lichfield) (Con): The hon. Member for Cannock Chase (Dr. Wright), whom it is my privilege to follow, spoke about the criteria that the Government believe in for a public inquiry. One of the criteria he mentioned was that of systemic failure. The problem that faces us in Staffordshire is one of systemic failure, but it is systemic failure that exists in other hospitals too.

Before I go any further, I echo the opening words of my friend the hon. Member for Stafford (Mr. Kidney) by saying that, as a Conservative MP, I support the national health service, and as a Conservative MP, I support the workers in the NHS, particularly the workers in Stafford hospital, who at present work under such difficult conditions and who, I am sure, will look at the contents of this debate.

I said that there have been systemic failures. My hon. Friend the Member for South Cambridgeshire (Mr. Lansley), the shadow Secretary of State for Health, mentioned the problem of whistleblowers. At a previous Health questions I said to the Secretary of State for Health that there was another example provided by two people who work in my constituency. I did not give their names because they are terrified that if their names were known, they would lose their job. They work at another hospital in the west midlands and showed me photographs that show disgraceful and unhygienic conditions in that hospital, but they would not leave the evidence with me, which left me in a paralysed situation because I could not do anything without the evidence.

At the time, the Secretary of State told me that he was amazed that despite the protections that exist for whistleblowers, such huge fear still exists. Once again, the Secretary of State, who, I have no doubt, is a good man and has the best interests of the national health service at heart, said that he was "amazed" that whistleblowers did not speak out at Stafford hospital. As my constituents said to me, with nurses, doctors and even consultants being made redundant, would they be next? That is the issue that faces all those who work at Stafford hospital or other hospitals that may not have such acute problems but nevertheless require the shining light of publicity, or at least exposure.

The report came out a few months ago and spoke of systemic weaknesses that have existed over the past three or four years. However, I spent a day with a paramedic crew from the old Staffordshire ambulance service, before it became a part of the West Midlands ambulance service. The crew said to me in 2000, "Mr. Fabricant, if, God forbid, anything happens to you or your dearest, don't send them to Stafford. If you have to go to A and E, go to Burton hospital, because the survival rate is far greater there." I believe that the problem has existed for many years and is not just a recent occurrence.

We have heard about the evidence from nurses. One nurse provided senior managers with details of her concerns in November 2007, but they were ignored. Her report talked about doctors and nurses being ordered to discharge people who were critically ill and, as we have already heard from my hon. Friend the Member for Stone (Mr. Cash), to lie about how long others were waiting.

The nurse documented cases, including that of an elderly patient who died the day after being sent home against her doctor's wishes. The lady concerned, who suffered from a bowel condition, had been taken to A and E suffering from acute abdominal pain, and anyone who has been to medical school for just a year and a half, let alone longer, will know that acute abdominal pain needs to be examined very seriously. It turned out that she had a perforated bowel, but she was sent home because that was the ethos at Stafford general hospital. The nurse said:

"I will never forgive the moment when the patient clasped my hand and said 'Am I going to die?' I can't say that she would definitely have been saved if she had been given the right care, but at the very least she should have been given some comfort and dignity."

Despite the disadvantages that the Minister and the hon. Member for Cannock Chase have pointed out, I passionately believe that we still need a public inquiry, not to look to the past, but to provide lessons so that we can avoid the situation in the future at Stafford general hospital and stop the instances that I discussed a few moments ago which prevent whistleblowers in other hospitals from making their views known. A public inquiry is important for our constituents, and I commend the hon. Member for Stafford for having the courage of his convictions and saying that he will vote tonight for an inquiry. His constituents, like mine and others in Staffordshire, all want to feel that justice will not only be done, but be seen to be done, and that there will be lessons learned and additional protections not only at Stafford general hospital but at hospitals in other parts of the country.

The Under-Secretary of State for Health needs to answer some questions, and I should be grateful if she addressed them in her winding-up speech. First, does she think it right that the former chairman of the West Midlands strategic health authority, Cynthia Bower, is now in charge of the Care Quality Commission, the actual body that is responsible for monitoring the progress of Mid Staffordshire NHS Foundation Trust? Surely that is a conflict of interest. If there is not a public inquiry, what action can the Minister take to restore faith in Stafford general hospital among the residents not only of Stafford but of other parts of Staffordshire?

How will we recruit nurses? We have already heard that there is a recruitment problem, because Stafford general is now branded a hospital that we would not wish it to be. One has only to read the comments in Staffordshire newspapers, such as the Stoke *Sentinel*, the *Staffordshire Newsletter*, and the *Express and Star*, to know the very real concerns that people continue to have about health care in the area.

What progress is being made towards a coherent five-year plan for the trust, as recommended by the Alberti report? Still we hear that medical care on the wards is not as it should be. What progress is being made towards recruiting experienced surgeons for night shifts at the hospital? That is still a real problem for a hospital with an accident and emergency department. Finally, can the Minister give assurances that, at hospitals nationwide and not just at Stafford, patients are not simply being dumped outside accident and emergency wards so that the four-hour waiting time targets can be hit?

As I mentioned earlier in an intervention, such things happen not only at Stafford hospital, but here in Westminster—I have seen it for myself. Yes, targets can be good; I am not saying that we should have no targets at all. But not to accept that targets can endanger and distort clinical care is to live in a dangerous fantasy that puts the lives of all our constituents at risk.

9.21 pm

Dr. Richard Taylor (Wyre Forest) (Ind): I commend the hon. Member for Stone (Mr. Cash) for his powerful comments. He has been attacked because he did not come to my debate on whistleblowing; it was said that he had not taken every opportunity to participate in debates. I should defend him. As that debate was so short, I said that I would not take any interventions and I encouraged him not to come.

Having got that off my chest, I turn to the Minister's contribution. He said that he might change his mind. The whole point of debates in this place is to give people a chance to change their minds. I have changed the mind of only one MP during my whole career here—but as I have done it once, I have every hope of doing it again. My presence here shows that the concerns go wider than Stafford. The hon. Member for Cannock Chase (Dr. Wright) implied that we know why it all happened, but I do not think that we know enough. We have to find out more, so that the same does not happen anywhere else.

I have looked through the Healthcare Commission report in some detail because I am very bothered about why there were no whistleblowers. The Minister himself stated that staff did not put their concerns on record, and the hon. Member for North Norfolk (Norman Lamb) also implied that. Actually, what they say is not correct; the report shows that concerns were raised. I shall pick out some bits of it to show that. Page 37 states that

"Many clinical staff told us of their concerns about the quality of care at the trust and gave specific examples."

Further on, the report states:

"In September 2006, a paper to the hospital management board highlighted how the one in two on-call rota, with the two consultants taking turns to cover, was not tenable."

Page 45 refers to the same paper's reference to the inadequate level of middle-grade staffing. Page 46 mentions that the regional postgraduate dean drew attention to problems of the training and supervision of middle-grade doctors.

Page 47 contains a long paragraph, which I am afraid I am going to quote:

"In April 2005, the medical division identified a risk that there would be too few staff to support the service due to failing to replace staff who terminated their employment. This was recorded on the risk register, but no review date was provided. In July 2005, it was noted that future demands of the service may not be met due to insufficient levels of staff in the department. From these entries, it is evident that staffing levels were considered to be inadequate as far back as 2005."

Page 47 also refers to a review by the Heart of England NHS Foundation Trust that was critical of the level of nursing supervision. Page 62 describes reconfiguration of the medical wards in 2006, which led to changes in the skills mix of the nursing staff that were unacceptable to many consultants.

Mr. Cash: Does the hon. Gentleman accept that the details of the Healthcare Commission report clearly demonstrate that the board was spending too much time on finance and matters of that kind? As I demonstrated from the minutes, this goes right the way back to the early decisions that were taken by the strategic health authorities, which were based on targets that are part and parcel of the national health system as a whole, as run by the current chief executive of the NHS.

Dr. Taylor: I thank the hon. Gentleman for that intervention. I will come to exactly that point a little later, because there is a quote about it in the report.

Another important part of the report, on page 63, concerns high levels of staff sickness and complaints to the commission that had not been taken up. On page 93, there is an absolutely vital table that summarises some of the findings about the trust's approach to levels of nursing staff. It says:

"In 2002, the review of clinical governance by the Commission for Health Improvement pointed out that the number of nurses was low compared with other similar hospitals."

It also says:

"In 2005, the trust had more wards with below the national average number of nurses than wards with above the average, by almost two to one."

Anybody who reads page 93 can pick up on several similar points.

Why did all the long-standing concerns that had been expressed never get through? We have to find out where the blockage was. Was it between the working doctors and nurses and their clinical directors or nurse managers, or between the clinical directors or nurse managers and the medical director and the director of nursing? Was it held up above that level, by the chief executive preventing it from getting to the board? There are some clues about why senior staff perhaps did not make more effort to take matters wider. Page 101 of the report says:

"Staff, including senior staff, had little confidence that the trust learned from incidents."

On page 106, the Healthcare Commission says:

"We did not gain an impression from staff that the trust had had an open culture in which concerns could be raised, were welcomed and resolved. We have noted above that several consultants considered that the trust did not welcome criticism or concerns."

[Dr. Richard Taylor]

On page 108, we see the point raised by the hon. Member for Stone:

"The minutes of the board show that finance and achieving foundation trust status were given high priority. There was little recorded discussion about quality of care."

There are still questions about where these complaints were held up. Why were whistleblowers not going higher to the Royal College of Nursing or direct to the strategic health authority? I hope that we will ask those questions at the Health Committee meeting dedicated to this problem.

The Health Secretary has made some useful suggestions for the future, but I am currently much more interested in the past. That is why I believe that an independent inquiry is essential and should not be deferred. We want the people who have got us into this state, not those who are trying to get us out of it, to appear before an inquiry. We know that many new young consultants have been appointed who have nothing to do with what has happened and that there are new interim executives. Surely we could separate the people responsible for what has happened from those who are interested in the future. I strongly support the plea for an independent inquiry to satisfy staff—and exonerate those who had nothing to do with it—relatives and patients. At the same time, it is crucial to continue to make improvements for the future. However, I believe that different people are making the improvements from those who caused the problems in the past.

9.31 pm

Mr. Robert Syms (Poole) (Con): As a member of the Select Committee on Health, I intend to make only a brief contribution. Like the hon. Member for Wyre Forest (Dr. Taylor), who is also a member, I look forward to taking evidence and listening to what people have to say.

I thank my hon. Friend the Member for South Cambridgeshire (Mr. Lansley). The subject is unusual for Opposition day debates, but the issues that it raises are important for us all and the NHS generally. At least, we have put pressure on the Government and asked them more questions about outcomes and what is happening.

Four hundred people may have died as a result of what happened. If a jumbo jet had fallen out of the sky or been blown up, or a major train crash had occurred, there would be a public inquiry. I understand the Minister's comments about the length of time we have spent and so on, but we are considering individual and family tragedies, about which people want their say. They want to listen to other people's evidence. That is important for not only the grieving process, but the community around the hospital, who look to it to care for their family and friends, and feel let down.

We also need a public inquiry because staff have been put under tremendous pressure in the hospital. We have heard many examples of people who have been forced to input data into computers and use all sorts of methods to deal with the target regime. I appreciate that staffing levels have improved, but when a hospital gets a bad name, it is difficult to get people of high quality and calibre back into that hospital to turn things around.

My hon. Friends and Labour Members who are present, for whom I have great respect, have called for a public inquiry and there is a general view that we need to examine the matter more deeply and reflect on the issues that have been raised.

There are several concerns. I broadly welcome foundation trusts, but, as has been said, I was amazed that we ended up with a foundation trust, when, apart from the Secretary of State's recommendation, the evidence was based on various tiers and organisations in the NHS, which were all thought to be robust. That turned out not to be the case when foundation trust status was granted in 2008.

I welcome the Minister's comments at the beginning of the debate about the steps that have been taken to improve the service. The Care Quality Commission, the PCT and Monitor will monitor the hospital after three months and six months and devise further action plans to improve its outcomes.

I welcome the comments of my hon. Friend the Member for South Cambridgeshire about the need for tougher inspection to root out failure and for a much stronger voice for patients. The old community health trusts were a pain in the arse, if I can say that—

Mr. Stephen O'Brien (Eddisbury) (Con): In quotation marks.

Mr. Syms: Mr. Deputy Speaker is reflecting on that.

However, the community health trusts were the genuine voice of the patients. We have moved through various different models and, to be honest, there is not a big enough voice for patient organisations, which pick up what is being said at the grass roots. If the Government had not been so quick to get rid of the community health trusts, the warning signals would have gone off rather earlier.

We need powers for patients to hold failing hospitals to account. We need an end to box-ticking and targets. Indeed, we have heard the reverse: that outcomes are important, not targets, because when people are under pressure, they will be made to get round targets. We need to expose hospitals that are failing their communities to public scrutiny.

This has been a reasonable debate and there have been some good contributions. I agreed with a lot of what the Minister said earlier, but I did not agree with his stubbornness. I am sure that the civil servants are saying, "Don't go for a public inquiry, Minister. It'd take too long and be expensive, and things are happening already." I intend to support my hon. Friends in the Lobby. Even if the Government win the vote this evening—it would be very surprising if they did not—I hope that Ministers will go away and reflect on what opinion in all parts of the House is saying on the matter.

9.36 pm

Mr. Stephen O'Brien (Eddisbury) (Con): We have had an important and comprehensive debate that has been characterised by cogent, balanced and sincere contributions—indeed, one could almost describe them as pleas—from all parts of the House, as befits such a gravely serious issue. It is an issue that must reach beyond party politics.

We must remember that, at its heart, we are talking about the avoidable deaths of up to 1,200 people. Each of those deaths represents family and friends who are left with the heavy burden of grief, which is only intensified by the serious questions that need answering. Furthermore, those deaths can only be correlative to many hundreds more patients who did not receive the treatment that they deserved—treatment that they rightly expect of our NHS. Before going any farther, we must take a moment to remember all those who have suffered and who continue to suffer and grieve because of the failings at the Mid Staffordshire trust. Equally, let us keep in mind the wonderful work of the individuals and teams working across the NHS who have been so badly let down by what has happened in Stafford general hospital.

We have brought a very simple motion before the House today. This is not the moment to knock the Government particularly harshly, although it is clear that there is a continuum of culpability, which extends from the local decision makers to Ministers and, more significantly, calls into question Government policies. Our motion this evening does not seek to apportion blame for the Mid Staffordshire tragedy. Indeed, every speaker has agreed with us and with our motion, other than the Minister and the honourable exception of the Chairman of the Public Administration Committee, the hon. Member for Cannock Chase (Dr. Wright). He said that he would not vote against the motion. He remains to be convinced whether to join us in the Lobby and might just be persuaded—and I hope to try.

Our motion simply calls for an independent inquiry, which the relatives of those who died and the survivors of poor care at the trust both need and deserve. The important point is not just what went wrong, but how and why it did—a point forcefully made by the hon. Member for Wyre Forest (Dr. Taylor), who, with his professional point of view, has a double interest in understanding that—and what must now be done to prevent it from happening again. That is a point to impress upon the hon. Member for Cannock Chase, because unless one understands the past, it is very difficult to move on and ensure that the right things are done for the future.

Despite those wonderful NHS staff, Mid Staffordshire and Stafford general hospital have been blighted, as my right hon. Friend the Member for West Derbyshire (Mr. McLoughlin) said in an intervention, when he gave personal testimony of the most wonderful care that his mother received. The problem extends way beyond the people in Staffordshire, but we heard powerful arguments from my hon. Friend the Member for Stone (Mr. Cash), whose speech not only carried the House, but was redolent of what it means to try to seek justice. He argued forcefully, using evidence that he was able to give only partially, but which would be available in a public inquiry, that the only way to secure that justice would be in a public and independent inquiry.

The Government have said that they remain unconvinced, which carries the implication that they could be convinced, and we all hope that they will be, following tonight's debate. They will only have had to listen to the excellent speech of my hon. Friend. He asked directly whether the official Opposition would consider initiating an independent public inquiry, and I can tell him that we do not exclude the possibility, if we are in office, of establishing such an independent public inquiry. However, I emphasise that today's debate is taking place because the people of Staffordshire and beyond want an inquiry to be set up now, so our efforts need to be focused on that, not least to persuade the Government to do just that.

My hon. Friend the Member for Lichfield (Michael Fabricant) focused on the justice of the case, and on what lessons could be learned straight away, right across the NHS. He said that it was necessary to have an inquiry in order to assuage the public's concerns from the past and to learn all the necessary lessons for the future. With local and national health officials, Ministers and Government policy implicated in the problems, it is difficult to contend that a review conducted by officials in the Department of Health will deliver the thorough, all-encompassing, plain appraisal needed to reduce the chance of this happening again.

Mr. Cash: I want to take my hon. Friend one tiny stage further in his answer to my question. Will he also bear it in mind that the Leader of the Opposition, my right hon. Friend the Member for Witney (Mr. Cameron), was a parliamentary candidate in Stafford, and that he has taken a specific interest in this hospital, for all the right reasons? I am sure that my hon. Friend and the shadow Secretary of State will want to have a word with him about this.

Mr. O'Brien: I am absolutely sure that such words will be had. My right hon. Friend the Leader of the Opposition went to see for himself on 14 April, which is testimony to the deep personal concern that he has for this matter.

My hon. Friend the Member for South Cambridgeshire, in his close exegesis of the Colin-Thomé and Alberti reviews, described why both reviews were limited in their scope. He said that the reports lacked the independence required to give them sufficient perspective on the events, to call people properly to account, or to satisfy the needs of families and survivors in Staffordshire and beyond. The reports have not given the people of Staffordshire an opportunity to make the points and to ask the questions that they feel are important. Neither Colin-Thomé nor Alberti held public evidence sessions to provide an opportunity for depositions and questions to be asked by the bereaved and the survivors. As a result, the reports do not show the necessary rigour in relation to the culpability of NHS officials, the Department and the Government, either in political or executive terms. Such rigour is necessary to provide the answers for the people of Staffordshire, and to prevent such a tragedy from occurring again.

Mr. Kidney: I cannot fully answer the hon. Gentleman's question, but I am sure that he will be pleased to know that Dr. Colin-Thomé and Professor Alberti have agreed to come to Stafford and to face an audience consisting of members of the public and the relatives of those who died, in order to answer their questions. I am sure that the hon. Gentleman will welcome that as a good step forward, although it does not provide a complete answer to his question.

Mr. O'Brien: I am grateful to the hon. Gentleman for that intervention. He made an important speech on behalf of his constituents this evening, and I look

[Mr. Stephen O'Brien]

forward to welcoming him into our Lobby this evening. I also welcome the opportunity for questions that he has just mentioned. However, as I have just said, the opportunity for those people to answer is limited by the scope of their reviews, which is never going to be as wide or as deep as that of an independent public inquiry.

We need to ensure that we keep our discussion focused on the Ministers who have the power to make this decision, rather than on two well-respected people from civil service and departmental backgrounds. I hope that the Minister will recognise that we need to understand why lacunae exist in both reports, and tell us what role Ministers had to play in that. David Colin-Thomé and Sir George Alberti are civil servants employed by the Department of Health, and have been for a number of years. They may take to heart the independence of the civil service, but I think that the House would agree that they lack independence so far as their interest as members of the Executive, through the Department, is concerned.

For example, the House will be aware that the chief executive of the Shropshire and Staffordshire strategic health authority in 2005 to 2006 is now the chief executive of the NHS, and that the subsequent chief executive of West Midlands SHA is now the chief executive of the Care Quality Commission. A necessary requirement of any review should be to lay bare the management of the SHA between 2002 and 2008, and to provide an opportunity for the reputations of these two very senior civil servants in our NHS and the Care Quality Commission to be cleared.

It is clear that West Midlands SHA failed in its duty of performance management; it was more bothered about Department of Health initiatives, finance and reconfigurations and relied on performance assessment bodies to consider the quality of patient care. Cynthia Bower, now of the Care Quality Commission, only once raised mortality rates, for instance, in her routine briefings to the board. It would be helpful to have an independent public inquiry at which many other issues could be addressed and Cynthia Bower and others would have an opportunity to give their side of the story.

In the Alberti and Colin-Thomé reports, there is little evidence of any rigorous treatment of the impact of the Government's policies on the trust. Although Ministers might say that the policies are in no way linked to the events that occurred, if they were that confident, would not an independent public inquiry provide a stronger opportunity for them to disprove any such link between their policies and anything that took place at Stafford general hospital?

Three of the solutions identified by David Colin-Thomé are actions that should be taken by the Department of Health. That suggests that, in his mind, there are three actions that the Department might have taken to avoid the tragedy happening. Hon. Members might assume from that that the Department of Health would be mentioned at least three times in the body of the review—yet the Department of Health is not mentioned once in its substantive body.

Clearly, we can see the effect of the chaos arising from the near-perennial reorganisations of the NHS and the suppression of a powerful patient and public voice. Like my hon. Friend the Member for Poole (Mr. Syms), I hark back to the late lamented community health councils that were killed off by this Government, as they were independent and able to aggregate individual circumstances to draw general conclusions that were extremely helpful in advising Governments and the public about the performance of the NHS. We also have to remember the failure to act on events at Maidstone and Tunbridge Wells. They all had a part to play in the tragedy.

It is vital to remember that, in his opening remarks, the Minister mentioned that there was continuing contempt—certainly on the basis of the discussions we have had—for a real complaints process in the Care Quality Commission and the Healthcare Commission. We have advocated proper complaints processes, but they were refused by the Government, who have relied on an over-burdened and under-resourced health services ombudsman. An independent public inquiry would be able to demonstrate how these processes should work.

In arguing the case for an independent public inquiry, it is important that both the policy and the individuals are properly scrutinised. The Secretary of State said that he remained unconvinced, but we hope that the right hon. Gentleman, who promised Julie Bailey of the Cure the NHS campaign that he would think again, will actually do so. We salute that campaign and we hope that when the Under-Secretary replies, she will do the right thing, support our motion and launch the public inquiry. On behalf of all those who are grieving and those who have suffered, we hope that she makes the best and shortest speech she has ever made and simply says "yes".

9.48 pm

The Parliamentary Under-Secretary of State for Health (Ann Keen): The events at Stafford hospital were totally unacceptable. The hospital badly let down its patients and their families, and it has let down our national health service—an institution that has been providing the very highest standards of care for more than 60 years. I worked as a nurse in the NHS for more than 25 years and whenever the tragedies, complaints and reality of what happened at Mid Staffordshire become clear to us when we read these reports, we feel shame and we feel that we have let many people down.

I would like to thank Professor Alberti and Dr. Colin Thomé for their timely and informative investigations. I am sorry that the Opposition Front-Bench team feel that their lack of independence in any way deflects from their absolutely renowned work as well-respected clinicians. I feel that the reports have, quite rightly, been critical. Those, combined with the original report of the Healthcare Commission and the ongoing reviews of individual patient records have brought, and continue to bring, rigour, clarity and understanding about what happened at Mid Staffordshire and the reasons behind it.

Mr. Cash: Will the Minister give way?

Ann Keen: My hon. Friend the Minister of State gave way so many times and I have only a few moments. I will consider giving way as I continue.

I believe, however, that the hospital has, importantly, begun to start to make the significant improvement to patient care and safety that we were looking for and that, certainly, those who use Stafford as their hospital were looking for.

The Healthcare Commission, the independent regulator expressly established by Parliament to scrutinise and investigate the NHS, has conducted a full investigation and produced a detailed report laying bear the failures at Stafford hospital. The reviews from Professor Alberti and Dr. Colin-Thomé provide us with further reassurance in relation to the trust and greater insight into the reasons why those failures remained undetected for so long. In addition, the trust has invited in people who are not just concerned, but devastated, about the care that they or a close relative—a mum or a dad—received. What those relatives feel about the care at Mid Staffordshire goes right to the core of us as people.

On the request for an independent clinical review, that process is under way and, to date, about 85 reviews have been requested. Those will be difficult and painful, but I believe, like many others, that the fact they are being taken in this way shows that this is the best way forward.

Mr. Cash: Will the Minister give way?

Ann Keen: In the light of that, we believe that a public inquiry would, at this stage, be time consuming—

Mr. Cash: On a point of order, Mr. Deputy Speaker. The Minister has been talking about the question of how these matters should be conducted, but, unfortunately, the governance for NHS foundation trusts says that the board of directors of a trust—

Mr. Deputy Speaker: Order. Really, the hon. Gentleman knows well enough that he is trying to gain an intervention on the back of a point of order, which is not valid.

Ann Keen: Thank you, Mr. Deputy Speaker. I hope that the House understands that I have many points, raised by hon. Members, that I want to respond to. I would like very much to try to do that.

In the light of that, we believe that a public inquiry would, at this stage, obviously be very time consuming. It would add little more to our understanding of what happened and distract the new management and staff from improving the quality of care for local people, which we so want them to do.

Public inquiries can be an important mechanism independently to establish the cause of a problem or a disaster, and I can understand that there are many who consider a public inquiry into the events at Mid Staffordshire to be appropriate and necessary, but in this case, even Sir Ian Kennedy, who we respect so much and who chaired the public inquiry into the tragic events at Bristol royal infirmary, has said that he does not feel that one is necessary.

There has already been an independent examination of what went wrong and a public account of the failure at Mid Staffordshire, but if hon. Members believe that there are significant issues or lines of inquiry that have not been addressed, either by the Healthcare Commission report or by the subsequent reviews, the Secretary of State will be only too happy to consider that. That also appears to be the view of Opposition Front Benchers. The hon. Member for Eddisbury (Mr. O'Brien) said that even Opposition Front Benchers have not ruled out that possibility, so I am at a loss to see what is the difference between the two sides of the House.

The report commissioned by the Secretary of State tells us—

Mr. Cash: Will the Minister give way?

Mr. Deputy Speaker: Order. I understand the hon. Gentleman's strength of feeling on this matter, but that is shared by colleagues across the House. The Minister must be allowed to make her winding-up speech.

Ann Keen: Thank you, Mr. Deputy Speaker.

Mr. Stephen O'Brien: On a point of order, Mr. Deputy Speaker. Before there is any danger of a possible distortion of any words and any commitment that we have given, I hope that you can assist me in ensuring that the record, including that of the debate, shows that we gave an undertaking that we would look at ordering an independent public inquiry in the absence of the Government ordering one now, which is where our efforts are focused.

Mr. Deputy Speaker: The hon. Gentleman is also seeking to pursue the debate. I am quite sure that the record will be accurate.

Ann Keen: The record will show, Mr. Deputy Speaker.

I wish in particular to mention the Royal College of Nursing. It is our understanding that since the publication of the two reviews, the RCN is calling no longer for a full public inquiry but rather for a review of any new issues.

Many hon. Members have taken part in the debate, but the issues that the Opposition Front Benchers raised shared the theme of whistleblowing. I intend to address that, but I am sure that hon. Members will understand it if I praise my hon. Friend the Member for Stafford (Mr. Kidney).

Mr. Lansley: Will the Minister give way?

Ann Keen: I have said that I will not give way.

The reality is that Sir George Alberti and Dr. Colin-Thomé have agreed to present their findings about what happened at Stafford at a public meeting in Staffordshire. I understand that my hon. Friend the Member for Stafford is facilitating that meeting, and I congratulate him on that. He is aware of the importance of the recruitment of good-quality staff at Mid Staffordshire, and that issue was raised by the hon. Members for Lichfield (Michael Fabricant), for Stone (Mr. Cash), for Wyre Forest (Dr. Taylor) and for Poole (Mr. Syms). My hon. Friend the Member for Cannock Chase (Dr. Wright) reminded the House of how we have to work together to see that these incidents do not happen again.

If I may go into the heart of the problem at Mid Staffordshire, it is about reporting bad care and whistleblowing. Our next stage review by Lord Darzi is about quality and safety. We cannot have quality and safety in patient care, which is paramount to every health professional, if we do not have the appropriate work force. Every patient journey must start by having quality and being safe. We cannot have safety if we do not operate in an environment of an open culture and a management who show real leadership. That encouragement of leadership at all times throughout the review has raised the quality of leadership within the Mid Staffordshire trust.

It was this Government who brought in a whistleblowing charter. *[Interruption.]* Opposition Members may shout, but if they are concerned about the reality and quality of patient care and safety, I suggest that they work

[Ann Keen]

within the next stage review at all times, because the quality and safety of patient care are paramount. I appeal to the new leadership that is in place at Mid Staffordshire to get in place the consultants, nurses and health professionals who can provide a quality work force, so that they can lead quality patient care and so that Mid Staffordshire is known as a centre of excellence in future. We shall bring that about through our education and training system.

The Prime Minister has commissioned a commission on nursing and midwifery, which I am privileged to chair. I shall attend Mid Staffordshire trust to consult nurses about how they feel things went wrong. With the serious comments that have been made in the House, we need to address why people did not feel they could report such serious incidents. From the top doctors to everyone else who works at the hospital, from the ward to the board, every one of us is responsible for patient care, and every one of us will continue to administer the quality and safety that our national health service should deliver, and that our patients have every right to expect us to deliver.

Question put (Standing Order No. 31(2)), That the original words stand part of the Question.

The House proceeded to a Division.

Mr. Deputy Speaker: I ask the Serjeant at Arms to investigate the delay in the Aye Lobby.

The House having divided: Ayes 217, Noes 260.

Division No. 132] **[9.59 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Barker, Gregory
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brake, Tom
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Cameron, rh Mr. David
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Dean, Mrs. Janet
Djanogly, Mr. Jonathan
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Farrelly, Paul
Field, Mr. Mark
Fisher, Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Grayling, Chris
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Howarth, David
Howarth, Mr. Gerald
Howell, John
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Kennedy, rh Mr. Charles
Key, Robert
Kidney, Mr. David
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Leech, Mr. John
Leigh, Mr. Edward
Lewis, Dr. Julian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Mates, rh Mr. Michael
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Oaten, Mr. Mark
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Mr. Laurence
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shapps, Grant
Short, rh Clare
Simmonds, Mark
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, David
Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Turner, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Walley, Joan
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Mark
Williams, Mr. Roger

Williams, Stephen
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Young, rh Sir George

Tellers for the Ayes:
Mr. John Baron and Mr. Philip Dunne

NOES

Abbott, Ms Diane
Ainsworth, rh Mr. Bob
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Austin, Mr. Ian
Austin, John
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Bayley, Hugh
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Benton, Mr. Joe
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Coaker, Mr. Vernon
Coffey, Ann
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr. David
Cruddas, Jon
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Denham, rh Mr. John
Dismore, Mr. Andrew
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Flint, rh Caroline
Flynn, Paul
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keen, Alan
Keen, Ann
Kemp, Mr. Fraser
Kennedy, rh Jane
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Lucas, Ian
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCarthy-Fry, Sarah
McDonagh, Siobhain
McDonnell, John
McGovern, Mr. Jim
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Miliband, rh David
Miller, Andrew
Mitchell, Mr. Austin
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morgan, Julie
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Vis, Dr. Rudi
Waltho, Lynda
Ward, Claire
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Wills, rh Mr. Michael
Wilson, Phil
Winnick, Mr. David
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wyatt, Derek

Tellers for the Noes:
Barbara Keeley and Mr. Dave Watts

Question accordingly negatived.

[Mr. Deputy Speaker]

Question put forthwith (Standing Order No. 31 (2)). That the proposed words be there added.

Question agreed to.

The Deputy Speaker declared the main Question, as amended, to be agreed to (Standing Order No. 31(2)).

Resolved.

That this House notes the independent report by the Healthcare Commission which identified severe failings at the Mid Staffordshire NHS Foundation Trust and the follow-up reports by the National Clinical Director for Emergency Care and the National Clinical Director for Primary Care which state that Stafford Hospital's accident and emergency department is now safe but that further improvements must be made at the Trust and lessons learnt by the whole NHS; further notes that the hospital has offered independent reviews of clinical records to all concerned; agrees that at the present time it would not be appropriate to establish an independent public inquiry; further agrees that management and staff at the hospital must remain focused on delivering high quality patient care; and further agrees that an independent public inquiry could add undue delay to implementing the recommendations of the above reports and therefore to the hospital delivering high quality and safe services for the local community.

Business without Debate

DELEGATED LEGISLATION

Motion made, and Question put forthwith (Standing Order No. 118(6)).

CONSTITUTIONAL LAW

That the draft National Assembly for Wales (Legislative Competence) (Agriculture and Rural Development) Order 2009, which was laid before this House on 1 April, be approved.—*(Mr. Blizzard.)*

Question agreed to.

BUSINESS OF THE HOUSE

Ordered,

That, at the sitting on Wednesday 20 May,

(1) the Speaker shall put the Questions necessary to dispose of proceedings on the Motion in the name of Secretary Hazel Blears relating to Planning: National Policy Statements not later than three hours after the commencement of proceedings on the Motion; such Questions shall include the Questions on any Amendments selected by the Speaker which may then be moved; the Questions may be put after the moment of interruption; and Standing Order No. 41A (Deferred divisions) shall not apply; and

(2) the Motion in the name of Mr David Cameron relating to the Communications (Television Licensing) (Amendment) Regulations 2009 may be proceeded with as if Standing Orders Nos. 16 (Proceedings under an Act or on European Union documents) and 17 (Delegated legislation (negative procedure)), were applicable thereto.—*(Mr. Blizzard.)*

MEMBERS' ALLOWANCES

Motion made,

That Mr Nigel Dodds be discharged from the Committee on Members' Allowances and Mr Jeffrey M. Donaldson be added.—*(Rosemary McKenna, on behalf of the Committee of Selection.)*

Hon. Members: Object.

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. Will hon. Members leave quickly and quietly, as there is still some business to be completed?

PETITION

HIV and the G8

10.18 pm

David Lepper (Brighton, Pavilion) (Lab/Co-op): I present a petition on behalf of Rebecca Rust, Andy Au and 31 members of the City Gate church in Brighton.

The petition states:

The Petition of members of City Gate Church, Brighton,

Declares that almost every minute of every day a baby is born with HIV, and that almost all of these babies are born in the world's poorest countries; further declares that nine out of ten of all new HIV infections in children are as a direct result of mother to child transmission; further declares that the impact of HIV on infants is appalling and that without specialised treatment half will not live to see their second birthday; notes that in a number of countries, HIV and AIDS is the number one cause of death in under-five year olds.

Further declares that in rich countries the transmission of HIV from mothers to their babies has been virtually eliminated due to the availability of health care and the right drugs; notes, however, that in many low-income countries pregnant women and their babies are not receiving the same degree of care and protection; further notes that despite efforts to increase coverage of services to prevent mother to child transmission of HIV, figures from 2006 show that in low-income countries only 1 in 5 pregnant women with HIV had access to the necessary antiretroviral drugs to protect their babies.

Further notes that this shortfall is now attracting global attention and that in 2007 leaders at the G8 Summit in Heiligendamm recognised the importance of preventing mother to child transmission of HIV and promised 1.5 billion dollars to provide access to services for all pregnant women; and believes that the UK has a key role to play in turning this G8 commitment into reality.

The Petitioners therefore request that the House of Commons urges the Government to outline how it intends to contribute to G8 commitments on preventing mother to child transmission of HIV, and to encourage other G8 countries to take similar action.

And the Petitioners remain, etc.

[PAWS 168]

River Forth Crossing

Motion made, and Question proposed, That this House do now adjourn.—*(Mr. Blizzard.)*

10.21 pm

Willie Rennie (Dunfermline and West Fife) (LD): It is a pleasure to open this debate. I have been seeking a debate on this subject for about five months, and I am delighted to have finally secured it, but it is disappointing that the issue has not moved on in those five months. We are still debating the funding of the crossing over the River Forth. This time five months ago, I was deeply concerned about the arrangements that were in place, and the worry that the issue was causing within the community in Fife. The slow pace of progress on this important issue is matched only by the increasing concern in the local community. The longer the process takes, the more that concern grows.

The Forth bridge was opened by the Queen in 1964, replacing the ferry from north to south. At the time, there were about 4 million crossings a year. Now the figure is about 21 million, which is much more than was expected when the bridge was constructed. That fivefold increase has put a huge strain on the bridge, leading to deterioration that means it cannot support the current volume of traffic for more than a further decade. If action is not taken to build a new crossing, we may be asking the Queen to return to launch a new set of ferries to secure the lifeline link between Fife and Edinburgh.

The bridge is a crucial part of the east coast transport artery. A blockage at Queensferry would have major consequences for the economy of the whole of Scotland. Many businesses locate in Fife because of the transport links to Edinburgh, Glasgow and the north, and because it has easy access to the east coast main line and the airport. Thousands of commuters have moved from Edinburgh to Fife to enjoy the benefits of living in Fife while maintaining their jobs in the capital. There is no doubt that the bridge is essential, no matter what some protesters say. We cannot do without the bridge at Queensferry.

The technical problem is that the hundreds of little cables that hold the bridge up are snapping. The deterioration is considerable, but the rate of decline is unknown, as the snapping was discovered only about four years ago. Current estimates are that the bridge has only another decade of life in it. Those estimates may change, however, as we get a better assessment of how the deterioration is advancing. If the deterioration is discovered to have slowed, the length of the life of the bridge will be longer. However, by the time that we know for sure how long the bridge has, it will be too late, so we need to construct the bridge as soon as possible.

Despite the need to start building the bridge in 2011, there remains considerable uncertainty about the funding package. I simply do not buy the assurances of the Scottish Government that they have the funding in place. Some may say that we do not need to have the funding in place until about 2011, but businesses crave certainty, especially in these difficult economic times. We need absolute certainty so that we can give businesses in Fife the confidence that they need.

On my tours of firms in Fife just after the new year and at Easter, I came across business after business that was deeply concerned about the crossing. They want an assurance that a bridge will be built, but they have not received one. Two years ago, John Swinney, the Cabinet Secretary for Finance and Sustainable Growth, agreed:

"However, the Government has yet to decide on the type of crossing that will be built and the method of financing. Those decisions will be made during the autumn"—

of 2007—

"so that we can make early progress on the replacement crossing and avoid having a question mark over the existence of a Forth crossing in the future".

Those were eminently sensible comments from the Cabinet Secretary, but he has not followed through.

In 2006, before the Scottish parliamentary elections, the leader of the Scottish National party, the right hon. Member for Banff and Buchan (Mr. Salmond), told the Edinburgh *Evening News*:

"If we have a new bridge,"—

I can just imagine the right hon. Gentleman saying that—

"a bond issue is definitely the way to do it. Compared like for like, bond issue against PFI, the savings would be in tens of millions, maybe even hundreds of millions. Because it's such an iconic project, that would have a wonderful take up and resonance not just in Scotland but worldwide."

That is the so-called patriotic bonds speech. I can almost hear the pipes and drums battering away as the right hon. Gentleman made those remarks. Two years on, not one patriotic Scot has paid a single penny for those bonds. It is not because we lack patriotic Scots, but because there is a lack of sensible thinking in the SNP. As a result, the SNP has not built one school, one road, one railway or one hospital since it came to power, through that method—absolutely nothing.

Stewart Hosie (Dundee, East) (SNP): I obviously want to stick to the narrow remit of the debate, but the hon. Gentleman will understand that the ability to take money for bonds is not permitted at the moment by the UK Government. I am sure he will confirm that the First Minister has since made the position clear, and has described the project as

"publicly funded and procured through a conventional design and build contract."

The commitments to deliver the bridge on time are definitely there.

Willie Rennie: I am highly sceptical about those remarks, because of the First Minister's hyperbole in 2006: he knew the rules—he knew the game—but he made those overblown, overcommitted comments, giving people confidence that things would happen. The hon. Gentleman should not be surprised that I do not have a great deal of confidence in the First Minister's remarks or in the Cabinet Secretary's comments that it would be through capital spending that the bridge would be constructed. The First Minister must give us a greater assurance, and must spell out the sacrifices required, which he has so far refused to do. If, over three years, we spend £700 million a year, there will be massive consequences for infrastructure projects—hospitals and schools—throughout Scotland during that period. Almost nothing else will be built. The First Minister, however, has refused to spell that out, and will not name the projects that will be cancelled.

[Willie Rennie]

The hon. Gentleman will therefore understand why I do not have a great deal of confidence in the First Minister's remarks in that regard.

The Civil Engineering Contractors Association confirmed my belief and is deeply concerned about the situation:

"CECA is concerned that if the Forth Replacement Crossing is paid for during the course of the works Transport Scotland will find itself unable to do much else during the forecast...years of the bridge's construction. This would mean cutting many smaller projects designed to enhance the fabric and safety of the transport network across Scotland—schemes not on the same scale as the Crossing, but of equal importance to...local communities and local economies".

So CECA understands the consequences of the First Minister's commitment.

I do not wish this contribution to be dominated by Scottish Executive powers, so I shall move on to the reasons why we need to reach some kind of resolution. If the SNP refuses point blank to use the powers it has within its grasp, we must seek alternative methods. After two years in power, during which the SNP Government pondered their Scottish future strategy and eventually decided that that would not be possible, they have come cap in hand to the Westminster Government for additional support. That is a humiliating U-turn on which, unsurprisingly, the SNP has gone silent.

I give credit to Gavin Brown, a Conservative Member of the Scottish Parliament, for this analogy—there seems to be a dangerous game of chicken going on between the Westminster Government and the Scottish Government. Who blinks first? Who ducks out of the road of the oncoming juggernauts? Meanwhile, uncertainty in Fife and the east of Scotland grows. Because the stakes are so high, it is essential that we achieve a resolution to the problem as soon as possible.

Stewart Hosie: When the hon. Gentleman describes a humiliating U-turn, I take it that he is describing the rather sensible proposal to go to the UK Government and ask to pay for a major capital project over a longer period than the two or three years for which the UK Government have allowed. I hope the hon. Gentleman will agree that that is not humiliating. It is a rather sensible way to repay the cost of a major capital project.

Willie Rennie: Spreading payment over 20 years is not the way the Westminster Government usually work. I do not think most Governments would commit future Governments to such spending, so it is not particularly sensible. It is humiliating, because of the First Minister's overblown hyperbole in 2006 and 2007. That is why the SNP Administration should reflect on their ideological obsession with opposing public-private partnership. I am not a strong advocate of PPP, but I recognise that it is the only game in town. It is a way of delivering projects for our communities.

Rather than maintaining their ideological opposition, and their support for alternative methods, the SNP Administration should recognise that the bridge is more important than their ideology. Patriotic bonds sound great in opposition, but in practice they have turned out to be patriotic tosh. We need an alternative way forward.

I am almost pleading with the Westminster Government, who I believe have a significant responsibility. By offering £1 billion, they have accepted the principle that in the present circumstance they should help the Scottish Government out of their difficulties. The trouble is that that was not new money. About £500 million was from Crossrail, which was coming anyway, and other moneys were always designated as Scottish Government funds. So the Westminster Government were not assisting with the difficulty. None the less, I welcome the fact that they have accepted in principle that they should help the Scottish Government out of their obvious difficulties.

I plead with the Minister to come up with a new package of support so that we can get this essential bridge built across the Forth—some real new money that would resolve the difficulty. The Westminster Government have accepted in principle. Now it would be nice to see some real cash that could get us out of the present difficulties.

However, there is a second option that the Minister could consider. If the Government were to legislate quickly, we could introduce new borrowing powers. They have been considered by the Calman commission which has been set up by the Conservatives, the Liberal Democrats and the Labour Government. We are considering all the options—all the funding mechanisms—that could be given to the Scottish Parliament so that it might have the real powers of a real Parliament. If the Scottish Parliament did have them, the Scottish Government would be able to use the borrowing powers to spread the cost of building that massive bridge—about £1.7 billion to £2.3 billion—over quite a long period. There would be a benefit in giving the Scottish Government the necessary powers to deliver the bridge on time, because building it on time is the absolute priority.

On behalf of the east coast of Scotland, I am therefore pleading—almost begging—with the Westminster Government to help the Scottish Government out of their difficulties, either by coming up with real money that will make a difference to the construction and the costs, or by considering, through the Calman commission, the possibility of new powers for the Scottish Parliament, so that it might spread the cost of borrowing over a long period. Such an offer would bring certainty to the businesses and commuters of Fife, who need it, and avoid the childish game of chicken that seems to be taking place between the Westminster and Scottish Governments.

I hope that the Minister will consider those recommendations. The final points are really important to the east coast of Scotland, because we need that bridge and we need it soon.

10.36 pm

The Exchequer Secretary to the Treasury (Angela Eagle): I congratulate the hon. Member for Dunfermline and West Fife (Willie Rennie) on securing this important debate about funding for the new crossing over the Forth. I should clarify at the outset, however, that the Forth bridge is a devolved project, so its funding, as I think those listening to the debate will have worked out by now, is also a devolved matter. That said, everybody recognises the importance of the project and is keen to see it move forward.

The existing Forth road bridge, as the hon. Gentleman said, has served Scotland well. I was slightly horrified to realise that I am slightly older than the bridge, but I

hope that I am managing to wear my age a bit better than the first crossing—although I think that there has been slightly less pressure on me.

The new Forth crossing is an ambitious project. Its estimated cost is £1.8 billion, and its planned completion date is, as the hon. Gentleman said, 2017. The project is designed to enhance the connections between the transport networks of south-east and central Scotland, improving journey times and contributing to the growth of the Scottish economy. Given the position of his constituency, I can see why he is keen to see the project go forward as quickly as possible. That is why the Government have taken steps to support the Scottish Executive in proceeding with the second crossing, but, because the Government recognise that this is a devolved issue, it is for the Scottish Executive to decide whether the new bridge is necessary, which designs they should follow and how to fund it.

I should like to make a couple of points about the UK Government's record of support for public sector investment in Scotland, a record of which we are very proud. Since devolution in 1999, the capital provision made available to the Scottish Executive has more than tripled from £1 billion to more than £3 billion a year today. That increase is enabling the Scottish Executive to modernise Scotland's infrastructure—its schools, hospitals, transport—and provide sound foundations for future growth and prosperity.

In the pre-Budget report, the Government announced that they would agree to the Scottish Executive bringing forward capital spending from 2010-2011 to 2008-09 and 2009-2010 as part of a major fiscal stimulus. In total, the PBR fiscal stimulus was worth about £2 billion for Scotland, including reduced VAT. I am pleased that the Scottish Executive announced in January that, through their Scottish economic recovery programme, they are accelerating £227 million of capital spending and supporting almost 4,700 jobs in the Scottish economy. Beyond that, we recently announced in the Budget a further £104 million for the Scottish Executive to strengthen investment in Scotland during the recession.

The Government are working with the Scottish Executive to deliver improved infrastructure and to tackle the recession. If they wish, the Scottish Executive can seek funding for private finance initiative projects from the Treasury's new PFI fund, to assist projects adversely affected by the current financial conditions to come to a successful conclusion. To date, the Executive have chosen not to do that; I suspect that that is due to an ideological objection to PFI. However, PFI is a potential route for the Executive.

As I have said, the UK Government are keen to support progress on the new Forth crossing, and we have been proactive in seeking innovative solutions. To be helpful, my right hon. Friends the Secretary of State for Scotland and the Chief Secretary to the Treasury initiated a meeting with the Scottish Cabinet Secretary for Finance and Sustainable Growth on 4 March to discuss methods of funding that the Scottish Executive might choose; the hon. Member for Dunfermline and West Fife was right to point out that that would bring nearly £1 billion to bear. The package was one of innovative flexibilities and it was designed to try to facilitate the development of the funding package.

Willie Rennie: I recognise that there is some flexibility within the funding, but the biggest chunk of it was coming to the Scottish Government anyway. The Minister has accepted the principle that new funding should come from Westminster. Perhaps she will consider a new package.

Angela Eagle: The principle that has been accepted is in respect of increased flexibilities, some certainty on end-of-year funding, the Barnett consequentials of Crossrail and a range of other things. We are trying to say in advance to the Scottish Executive that if they were to put together a package in such a way, there would be no doubt about some of the decisions on end-of-year flexibility, so they could act with confidence.

It is easy to say that the flexibilities contain no new money, but they account for nearly £1 billion of extra assistance. Obviously, £500 million of Crossrail-Barnett consequentials were going to Scotland anyway. It is perfectly reasonable of the Government to say that if the Scottish Executive wish to use that money to bring forward the second Forth bridge, they can do so. Some of the other parts of that package would have given certainty about the consequences of extra efficiency savings or the income from extra asset disposal. If we gave certainty, that money would, under the waiving of normal Treasury rules, be allowed to be put into the pot for funding the bridge. Saying that there is no new money is a possible analysis, but I dispute it.

Stewart Hosie: Measures were certainly suggested, but they included end-of-year funding, as the Minister rightly said. To raise the funds required for the bridge on that basis would require the Scottish Government to underspend by about £275 million a year between now and 2016-17. That would be rather foolish. It would be much better if we could simply repay the cost of the bridge over a longer period.

Angela Eagle: That is the hon. Gentleman's interpretation. In England, the Government require efficiency savings of 3 per cent. a year; in Scotland, I note, efficiency savings of only 2 per cent. are required. With a more radical look at efficiency savings, money for the bridge might be freed up. There are ways to help to put the funding together. My right hon. Friends' meeting with the Scottish Minister was about trying to give certainty in these circumstances. Efficiency savings often go straight back to the Treasury. Part of the reason for the meeting was to say that if such efficiency savings or asset disposals were successful, the Scottish Executive could keep the money. There are many areas where such pledges are not forthcoming from the Treasury; it was an attempt to be helpful. The Scottish Executive have called for borrowing against 20 years of future public funding by the Barnett formula. That is not a way that we can fund public expenditure across the UK, in Scotland or anywhere else: the systems do not work in that manner and it is not a viable option. We had the meeting to try at least to see whether we could explore a way forward, and all those issues remain on the table.

It is also open to the Scottish Executive to propose an asset disposal plan for assets such as land and buildings that are no longer required. I can reconfirm that in this context the Treasury would be happy to consider the Scottish Executive's retention of the increased receipts that would follow in order to fund the bridge. For example, disposing of 1 per cent. of the Scottish Executive's

[Angela Eagle]

assets in the national assets register could yield £230 million to assist in providing the funding necessary to turn the bridge into reality. The Treasury also offered the Scottish Executive the flexibility to switch from resource budget provision to capital, which provides further options for choosing how a funding package for the bridge might be put together. The package that has been offered is potentially worth £1 billion, and it illustrates how it might be possible to take the Forth bridge forward, even within the genuine constraints under which we are all operating, which must not be underestimated.

It is therefore disappointing that the Scottish Executive have not come forward with practical proposals for adopting that or similar packages to fund the bridge. The UK Government remain ready to work in partnership with the Scottish Executive, and the proposals put forward by my right hon. Friends the Chief Secretary and the Secretary of State for Scotland remain on the table. We look forward to working with the Scottish Executive to find a way forward. There are clearly choices and priorities to decide on as regards the funding mechanism that will allow the bridge to proceed, and I hope that they will now be able to make some progress with that.

The hon. Member for Dunfermline and West Fife asked about the Calman report. It is not sensible for me to anticipate what may be in that report when it is published, much less, from the Front Bench in an Adjournment debate, to expand on what the Government's position on any such proposal might be. However, we know that the report is imminent, and we await its suggestions with interest.

I look forward to being around to see the second Forth bridge become a reality. I know that the hon. Gentleman has been a doughty advocate of that. I hope that the Scottish Executive can find a sensible way forward to put the funding in place, and we stand ready to assist.

Question put and agreed to.

10.47 pm

House adjourned.

House of Commons

Tuesday 19 May 2009

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Speaker's Statement

2.34 pm

Mr. Speaker: Since I came to this House 30 years ago, I have always felt that the House is at its best when it is united. In order that unity can be maintained, I have decided that I will relinquish the office of Speaker on Sunday 21 June. This will allow the House to proceed to elect a new Speaker on Monday 22 June. That is all I have to say on this matter.

Oral Answers to Questions

FOREIGN AND COMMONWEALTH OFFICE

The Secretary of State was asked—

Cyprus

1. **Bob Spink** (Castle Point) (Ind): What assessment he has made of recent progress in reaching international agreement on the governance of Cyprus. [276064]

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): Mr. Speaker, the whole House will respect your wish that we proceed with our business today. We shall make our tributes at a later date.

The current negotiations represent the best opportunity for Cypriots to reunify Cyprus. We fully support the courageous efforts of the two leaders; their joint commitment is a key strength of the process. They have made steady progress, but it is important that momentum is increased. A settlement will deliver major economic, social and political benefits for all Cypriots.

Bob Spink: Would the Foreign Secretary care to join me in paying the warmest possible tribute to you, Mr. Speaker, and in thanking you for your service—a very honourable service—to this House and this country over many years? [HON. MEMBERS: "Hear, hear!"] And I thank you personally, Mr. Speaker.

Recent research shows that the majority of both Greek and Turkish Cypriots want their respective leaders to reach a mutually acceptable settlement through the current peace process. What can the Foreign Secretary do to help them succeed? Such a settlement would not only be in the interests of everybody on the island; it would also be very much in the interests of Turkey, particularly given its ambitions to join the European Union.

David Miliband: I fear that some of what I said at the beginning may have been lost in the hubbub.

Mr. Speaker, I am sure that the House will fully respect your wish that we save our tributes for a future date and that we proceed with our business today.

The hon. Gentleman is right that the spirit of dedication to solving the Cyprus problem, a spirit that has been evident in the 28 meetings between the two leaders, represents precisely the sort of determination that we need. There will need to be compromises on all sides, and in my meeting with the Cypriot Foreign Minister later today, I will take forward the Government's determination to help promote a solution.

David Lepper (Brighton, Pavilion) (Lab/Co-op): Mr. Speaker, may I add my tribute to those that have already been expressed?

As the Foreign Secretary will know, one of the abiding problems in Cyprus is the issue of property rights and property ownership. In the light of April's European Court of Justice judgment on the case brought by Mr. Apostolides, will the Foreign Secretary consider, if he has not done so already, revising information on the Foreign and Commonwealth Office website to ensure that anyone contemplating buying property in northern Cyprus realises that there are dangers in doing that? They might well be buying what many would consider stolen property.

David Miliband: The Foreign Office guidance speaks to the unique circumstances that exist in Cyprus at the moment. It sets out all the issues at stake for anyone interested in property in the area.

The so-called Orams judgment is now going to the Court of Appeal, so it is important that we politicians are careful about what we say on the subject. I can say, however, that all the developments point to the need for leaders from both communities to get to grips with the need for a political settlement, including on the vital property issue. I will be urging that point on all players in this important question.

Sir Malcolm Rifkind (Kensington and Chelsea) (Con): Does the Foreign Secretary accept that the European Union made a historic mistake in accepting Cyprus as a member while the island remained deeply divided between its Greek and Turkish communities? Did that not help the Greek Cypriots in their decision to reject the Annan peace plan in 2004? Does the right hon. Gentleman agree that lessons have to be learned from that with regard to any future membership applications from countries such as Kosovo, Bosnia or the republics in the Caucasus?

David Miliband: I certainly believe that lessons should be learned from previous enlargement. The biggest lesson is that enlargement has made the European Union stronger, not weaker. As we look at the cases of Kosovo and the other countries mentioned by the right hon. and learned Gentleman, it is important that we should remember the force of the European Union as a power for stability as well as for democracy on its eastern

borders. I also recognise that it is vital that the European Union should play its role in ensuring that all understand that now is the best opportunity since the 1970s for a proper settlement in Cyprus. That is certainly what we are dedicated to, and I believe that the rest of the European Union is as well.

Simon Hughes (North Southwark and Bermondsey) (LD): Given that, as the Foreign Secretary says, there is now the best prospect of a solution because both sides are willing to continue the talks, does he accept that neither side should be deflected by any interpretation of the election results in the north of the island or the local elections on the mainland of Turkey? Can he assure us that the European Union and the UN will make that the priority, which does not appear to have been the case in recent years?

David Miliband: It is important, if I may say so, to go beyond what the hon. Gentleman has said. There needs to be new and extra momentum in the drive for a settlement, precisely because this is the year when a settlement needs to be made. The UN special representative—a former Foreign Minister of Australia, Alexander Downer—reported to the Security Council on 30 April. The message that went out very clearly from that meeting, from all members of the Security Council, was that all sides needed to recognise their responsibility to ensure that the second round of talks, which are just about to restart, really engage the spirit of compromise that will be essential if this opportunity is to be grasped. That is not to be interfered with by election results in any part of that region. The statements from Turkey, as well as from Mr. Talat, speak to that point.

Mr. Andrew Dismore (Hendon) (Lab): My right hon. Friend will know that one of the big issues is the presence of Turkish troops in Cyprus. Is he aware that UNFICYP—the United Nations Peace-Keeping Force in Cyprus—has estimated the true number of Turkish troops at below 20,000, not in the high 30,000s as estimated, or pronounced, by both sides? Does he agree that one of the best things would be for Turkey to come clean about the actual number of troops, which is far lower than it claims, as that is one of the measures that are desperately needed on the island to build and maintain confidence while the news blackout on the talks proceeds?

David Miliband: It is certainly the case that there needs to be proper transparency on all sides. I discussed that with the Turkish European Union negotiator when he visited London two weeks ago. It is important that we keep the rhetoric down, that we keep asserting that we want to facilitate and support a settlement that is agreed on by the communities in Cyprus, and that all the regional powers make their contribution. Transparency and clarity will be vital at every stage.

Robert Key (Salisbury) (Con): Will the Foreign Secretary confirm that it is necessary to apply all possible assistance to this process, because it is important not only for the people of Cyprus but for the people of Turkey and Greece, both of which we need in NATO, and for countries such as Macedonia and the other Balkan states, which are pursuing resolutions of ancient conflicts?

David Miliband: The hon. Gentleman makes a very important point. The continued conflict is not just a problem for the residents of Cyprus. It blocks the sort of co-operation that will be essential not only in NATO but in the EU—an EU that I believe, and the Government believe, needs to include Turkey; I think that that is also the position of the official Opposition and the Liberal Democrats. That is a good reason to dedicate ourselves very strongly to this process. However, there is a further important reason: the status quo is not sustainable as a basis for a long-term resolution; that must be based on the sort of political settlement that hon. Members in all parts of the House recognise is absolutely essential.

Mr. Edward O'Hara (Knowsley, South) (Lab): I thank my right hon. Friend for his comments. I agree with everything that he says about the need for a solution in Cyprus, and I hear what he says about talking to the Turkish Foreign Minister. Does he agree that although the solution must come through direct negotiations between the two sides in Cyprus—Greek Cypriot and Turkish Cypriot—the real key to the solution is in Ankara? What is he doing actively to persuade Turkey that it must use its influence, or stop using its influence negatively and use it positively, to effect a solution in Cyprus?

David Miliband: My hon. Friend speaks with a lot of experience and expertise on this question. I think that the fairest thing to say is that it takes two to tango. It will need not only Turkish Cypriots and the Turkish Government, but Greek Cypriots and the Greek Government, to support this outcome. All our diplomatic efforts—my right hon. Friend the Minister for Europe has visited Cyprus twice, and I will be visiting Turkey and Greece at the end of this month—are dedicated to ensuring that there is genuine compromise, because that is the only way in which the problem will be resolved. No one wants a repeat of the 2004 referendum result in the south of the island; that is why we are working for a solution.

Lisbon Treaty

2. **Mr. Geoffrey Clifton-Brown** (Cotswold) (Con): What his most recent assessment is of progress in the ratification of the Lisbon Treaty; and if he will make a statement. [276066]

3. **Mr. David Evennett** (Bexleyheath and Crayford) (Con): What recent discussions he has had with his EU counterparts on the date of entry into force of the Lisbon Treaty. [276067]

4. **Mr. Desmond Swayne** (New Forest, West) (Con): What recent discussions he has had with his EU counterparts on the implementation of the Lisbon Treaty. [276068]

The Minister for Europe (Caroline Flint): The Czech Senate voted in favour of ratification of the Lisbon treaty on 6 May. That means that 26 European Union member states have now completed their parliamentary stages of ratification. All EU countries have agreed that the aim is to complete ratification and bring the Lisbon treaty into force this year.

The Lisbon treaty clearly sets out that the treaty shall enter into force on the first day of the month following the deposit of the instrument of ratification by the last member state. That is in article 357. The treaty can come into force only if all 27 member states have ratified it. Discussions on implementation of the Lisbon treaty have not restarted in Brussels.

Mr. Clifton-Brown: Does the Minister agree with the former Member for Halifax, Alice Mahon? One of her main reasons for leaving the Labour party was the fact that she thought that it had broken its solemn promise to give the British people their say in a referendum on the Lisbon treaty.

Caroline Flint: I do not agree with my hon. Friend the former Member for Halifax. The Government said that we would have a referendum when the EU was proposing a constitution. That was then dumped when the French and Dutch voted against it. This is a treaty, and neither Tory nor Labour Governments have ever had a referendum on treaties of this nature. Maastricht is one good example. I refer the hon. Gentleman to the comments of his right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke), who in comparing the Lisbon treaty with the Maastricht treaty said that it was a "far less important" document than Maastricht.

Mr. Evennett: Can the Minister confirm categorically that any changes to the Lisbon treaty for any country would mean that the treaty needed to be re-ratified? Would the Government then hold a referendum on this matter?

Caroline Flint: I think that it is dead if people vote against it.

Mr. Swayne: With the possible exception of you, Mr. Speaker, virtually every Member of this House was elected on a solemn pledge to put the European constitution to a referendum. If some Members have abrogated that promise on the spurious grounds that the treaty is not the constitution, does the Minister think the electorate will ever trust them again?

Caroline Flint: It is not a constitution, it is a treaty. It is about ensuring that the European Union is fit for purpose with 27 member states. It is to streamline and make more effective the way in which the European Union works. I would have thought that that was something that right hon. and hon. Members of all parties would agree with.

Mike Gapes (Ilford, South) (Lab/Co-op): Now that the Czech Senate and Polish Parliament have both voted to ratify this treaty, and now that we are in such a position that the parties that are in alliance with putative far-right, demagogic, emotionally anti-homosexual or racist parties in Europe are also voting for the Lisbon treaty, does not that make a mockery of the policies of the Conservative party?

Caroline Flint: I very much welcome the fact that the ratification of the treaty through the parliamentary measures in the Czech Republic has taken place. To respond to my hon. Friend's point, I think that the shadow Foreign Secretary, in hunting around Europe for allies, is in danger of becoming a Willy-no-mates.

Mr. Doug Henderson (Newcastle upon Tyne, North) (Lab): May I say to my right hon. Friend that if the policies that have been argued for by some Opposition Members, and their antics, were ever implemented as the policy of this nation, not only would Britain be completely isolated in Europe and beyond, but the economic, foreign and defence policy of this country would be undermined by those silly schoolboys?

Caroline Flint: I agree with my hon. Friend. There has never been a more important time to realise the added value that we get from being part of the European Union. Whether on the economic crisis that we all face, climate change or our future security, the Opposition's policies would lead us only to isolation. Those are not just my words, but those of leaders of their own—

Mr. Speaker: Order. Perhaps we will leave their leaders to deal with that.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): Notwithstanding the fact that I disagree with my party about holding a referendum, has the Minister taken legal advice? Once the treaty is ratified, surely any promise to hold a post-ratification referendum in this country is meaningless.

Caroline Flint: I appreciate my hon. Friend's question. My understanding is that, should the Conservative party be in a position to try to leave, it would have to renegotiate its relationship with the European Union. That would be a disaster for families and businesses in the United Kingdom and for our future security prospects, as well as for the other ways in which we benefit from our co-operation and negotiating stance at the European Union table.

Mr. Ian Taylor (Esher and Walton) (Con): Does the Minister understand that, although we are waiting on the Irish, Czech and Polish Presidents as far as the Lisbon treaty is concerned, and we can continue to wait, the key issue is that is that Europe needs to be more organised, not less, in our uncertain world? It needs more cohesive action on foreign affairs, the environment and energy. It needs to work much more closely together for a common security policy, and it needs a common approach to countries such as Russia and to the middle east. Will she try to get that message across to the British people?

Caroline Flint: The hon. Gentleman is welcome to join us in getting that message across. He is right that it is important that the European Union can reform itself to be better equipped to deal with the issues of the day. When the EU is focused on the issues that matter to families and businesses, and looks outwards instead of engaging in navel gazing, it can deliver for not only British families but other families throughout the European Union. That is the message that I will endeavour to get out, and I hope that we can have a more mature debate about added value. No institution is perfect—this one is not and the European Union is not—but we must have a mature debate about what it delivers. That delivery is real, tangible and positively affects the lives of Britons throughout the United Kingdom.

Mr. Mark Hendrick (Preston) (Lab/Co-op): Will my right hon. Friend comment on the remarks of the Swedish Prime Minister, who said, "You need friends in Europe and strong support; you can't do it on your own"?

Caroline Flint: He is right. We can add to that the remarks of Angela Merkel, who said:

"We refuse to extend our hand to those who reject the Lisbon treaty... and who at the same time speak of enlargement."

She is talking about her sister party for now—the Tory party.

Mr. Iain Duncan Smith (Chingford and Woodford Green) (Con): As someone who has voted constantly for referendums, including on Maastricht—it was a great mistake of those on my side not to grant one, but that is neither here nor there—may I remind the right hon. Lady that the Government have constantly talked about Europe and the European Union being made up of nation states, which have their own authority within this construct? Does she therefore think that it is right that, just because the Irish voted the wrong way—according to Europe—they should be bullied into voting the right way?

Caroline Flint: Absolutely no bullying of the Irish is taking place. The Irish Government decided of their own accord to go back to the European Council with their road map of how they wanted to handle the situation. That is a matter for them. Ultimately, ratification of the Lisbon treaty requires the agreement of all 27 member states. Twenty-six have gone through their parliamentary procedures, and the Irish have still to make progress and resolve the matter. They are getting on with that, and we are getting on with what we have to do—focus on the big issues to which Europe has to attend, such as climate change and the economy.

Mr. Eric Joyce (Falkirk) (Lab): Can my right hon. Friend estimate the cost of a referendum?

Caroline Flint: I understand that the cost of a referendum would be approximately that of a general election—around £70 million to £80 million.

Mr. Mark Francois (Rayleigh) (Con): The Minister needs to have a word with the Prime Minister, because he has referred in public to the Lisbon treaty as the European constitution, so if he can admit it, why can she not do so? We know that the whole House needs to reconnect with the British people. Would an important way of encouraging that process be for the Government now finally to grant a referendum on the European constitution, which is what all three parties solemnly promised in their 2005 general election manifestos?

Caroline Flint: I am not going to repeat what I have said about the fact that we are talking about a treaty, not a constitution. Parliament spent many, many days discussing the different aspects of that and it came to an agreed position. However, we should also think about how we use our energy and time to promote what the European Union delivers. I have had the good fortune to go around the country and see people who have real jobs and real opportunities as a result of that membership. There are some positive stories to tell that make a difference to families and businesses. The approach of the hon. Gentleman and his party is narrow and blinkered and is not in the best interests of families and businesses in Britain.

Colombia

5. **Jim Sheridan** (Paisley and Renfrewshire, North) (Lab): What recent reports he has received on numbers of civilians allegedly killed out of combat by paramilitary forces in Colombia in 2007 and 2008. [276069]

9. **Sandra Osborne** (Ayr, Carrick and Cumnock) (Lab): What recent reports he has received of the number of civilians allegedly killed out of combat by paramilitary forces in Colombia in 2007 and 2008. [276074]

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Gillian Merron): The 2008 report of the United Nations High Commissioner for Human Rights highlighted murders of civilians by illegal armed groups, including regrouping paramilitaries. The problem of impunity makes it difficult for the UN—or, indeed, any other organisation—to identify exact numbers of civilian deaths or those responsible for such crimes. That is why we have made tackling impunity a new priority for our work in Colombia.

Jim Sheridan: On a recent trip to Colombia by parliamentarians, trade unionists and human rights activists, we saw tangible evidence of young men being killed by paramilitaries and those in the military on the pretext that they were terrorists. Young men were being taken from their homes and killed, and dressed up in terrorist uniforms, in order for paramilitaries and those in the military to be given a bonus—a grotesque practice—for killing terrorists. We saw the evidence with our own eyes. Given the fact that that is being done with British taxpayers' money, is it not time that we reviewed the military aid that we give to that country?

Gillian Merron: First, I am aware of the recent visit that my hon. Friend and others made to Colombia, but let me put it on record that British taxpayers' money is not being used for the situation that has been described, which is to be condemned. Indeed, it never has been used in that way. I assure my hon. Friend and the House that we repeatedly call on the Colombian Government to address the threat from all illegal armed groups, including paramilitaries, in accordance with international humanitarian law. Perhaps I could also remind the House that on 30 March, a written ministerial statement was issued that explained that we would be ceasing our bilateral human rights project with the Colombian defence forces, the reason being that we had achieved our aim of setting out a strategy, so it is now down to them to implement it. However, I would be glad to receive any of the evidence to which he referred.

Sandra Osborne: Does the Minister agree that it is important that there are organisations that can look into extra-judicial murders? Is she aware that representatives of the Colombian Government seek to stigmatise and demonise such organisations, including the foreign non-governmental organisation Justice for Colombia and the British MPs and trade unionists who visited recently?

Does she agree that that does not speak of a Government who understand the need for civil society and legitimate opposition in a democratic society?

Gillian Merron: I am visiting Colombia, and I am due to arrive tomorrow. A main part of my message will be that civil society is indeed part of the answer to Colombia's challenges, not part of the problem. I can assure my hon. Friend that, as I am sure she is aware, we visit those in danger, speak out in support of civil society and fund projects, for example, working with journalists to encourage free media. Indeed, the new work on tackling impunity on which we are embarking is focused on bringing to justice those who commit crimes against people such as trade unionists, those in civil society and indigenous people, and we will continue to do that.

Mr. Gary Streeter (South-West Devon) (Con): Given that many of the drugs that find their way into the United Kingdom from across the Atlantic and through west Africa emanate from Colombia, may I encourage the Minister to continue her Government's work of engagement with the Colombian Government to try to bring about better governance in that country? I appreciate that such work is full of difficulties and challenges; none the less, it is crucial to every citizen in the United Kingdom.

Gillian Merron: I certainly share the hon. Gentleman's views. My constituents, and those of every hon. Member, want to see less drug availability on the streets, and I am glad to say that the Serious Organised Crime Agency announced figures last week that showed considerable progress on seizure and on preventing drugs, including cocaine, from coming into the country. We now know that less cocaine is available on our streets, that is has become more expensive and that its purity has declined. However, as the hon. Gentleman rightly says, the battle goes on and we will continue to make our very best efforts, working with all partners, including the Colombian Government.

Mark Pritchard (The Wrekin) (Con): While there is room for improvements in human rights in Colombia, does the Minister agree that the Government of President Uribe have made some progress? Indeed, the number of kidnappings, killings and extrajudicial killings has gone down considerably over the past 12 months alone. On her forthcoming trip, will the Minister pay tribute to the work of the courts in bringing the killers of many people to justice? I wish her every success on her visit.

Gillian Merron: I thank the hon. Gentleman for his generous remarks. This country will certainly continue to help. The United Nations High Commissioner for Human Rights has said that

"it is vital that the international community continues to help",

and we will indeed do so, along with other countries and with our partners in civil society. As hon. Members have said, human rights are fundamental to security and to good governance, and we will continue to make progress. It is true that we are seeing less influence by groups such as FARC in the urban areas, and there has been a commitment by the Colombian Government. However, the other truth is that implementation on the ground is weak and there are still very serious human rights challenges, but we will continue to press ahead and to work with the Colombian Government and others to improve the situation.

Mr. Ian Davidson (Glasgow, South-West) (Lab/Co-op): When the Minister goes to Colombia, will she speak to representatives of British companies there to ensure that they are abiding by the highest standards of labour relations and, in particular, that they are willing to recognise and work with trade unions?

Gillian Merron: I shall be very happy to meet my hon. Friend, and other hon. Members, on my return to discuss such matters. I can tell him that I shall be meeting the representative body of the trade unions in Colombia, CUT. Our work with British companies in Colombia—and in other countries across the world—is of the highest importance, and we seek to ensure the highest possible standards.

Russia-Georgia Relations

6. **Mr. David Jones** (Clwyd, West) (Con): What recent assessment he has made of the implications for UK policy of the state of relations between Russia and Georgia. [276070]

The Minister for Europe (Caroline Flint): Relations remain tense following the August 2008 war. Russia has not complied with all its August and September commitments, and it has blocked consensus on renewal of the Organisation for Security and Co-operation in Europe mission. Russia and Georgia should work to intensify the Geneva talks and refrain from taking destabilising action. We will engage with Russia when that is in our interests, and continue to support Georgia's economic and political reform.

Mr. Jones: The near collapse of the talks in Geneva yesterday highlights the extent to which the status of South Ossetia and Abkhazia remains an impediment to the improvement of relations between Georgia and Russia. Does the Minister agree that in the circumstances, it is essential that there should remain an international presence on the ground in Georgia? Will she tell us what representations the Government are making to the Russian authorities to ensure that the OSCE mission to Georgia remains after the end of June?

Caroline Flint: The hon. Gentleman is right to refer to the concern about the breakdown of the talks yesterday. We were very disappointed that the Russian and South Ossetian delegates pulled out of the afternoon sessions of the Geneva talks on Monday 18 May, and that Abkhazia did not participate at all. Positively, however, we are encouraged that the co-chairs worked overnight to reconvene the talks, and that all participants have attended this morning's meetings. We will continue to press our Russian colleagues on their involvement in this process, and on the importance of the international missions. The European Union mission has played an important role in this regard. I was also pleased to meet the Prime Minister of Georgia last week. We had discussions on a number of issues, including this one.

Mr. Denis MacShane (Rotherham) (Lab): A couple of weeks ago, I had the pleasure of passing through Gori in the centre of Georgia, where the last great statue of Stalin stands, and of going up to Tskhinvali, where the Russian flag flies and where Russia is creating a new frontier deep in the heart of Georgia.

Russian policy from Moscow is quite simple: "Russia up; America down; and Europe out"—and I am not sure that that is not also Conservative party policy. Will my right hon. Friend assure me that she will seek to speak with her European colleagues with one voice on Russia? Does Russia not need to be told firmly and clearly that it no longer has the right to occupy a UN and Council of Europe member state and that its flag should be flying in the land of Russia, not in the heart of another sovereign country?

Caroline Flint: We shall continue to press our Russian colleagues on meeting the terms of the Medvedev-Sarkozy agreement of last summer. I was very pleased to see a successful launch of the Eastern Partnership, of which Georgia is one of the six participating countries, as this will further add to the EU's ability to strengthen its relationship both with Georgia itself and the other five partnership countries.

Mr. David Lidington (Aylesbury) (Con): I want to press the Minister further on her answer to the right hon. Member for Rotherham (Mr. MacShane). Russia is installing border guards within Abkhazia and South Ossetia—within the internationally recognised borders of a sovereign Georgia. Does she not agree that that action amounts to a clear violation of the ceasefire terms agreed last year? Will she state plainly today that the British Government will assert a policy that there should be no new partnership between the EU and Russia until Russia meets those obligations in full?

Caroline Flint: I can assure the hon. Gentleman that in respect of the partnership and co-operation agreement with Russia and talks about the issues around it, the tone and pace of the discussions will be determined, as both I and my right hon. Friend the Secretary of State have said before, by Russia's engagement in dealing with its relationship with Georgia. We absolutely share the hon. Gentleman's concern that Russia has not fully complied with the Sarkozy-Medvedev agreement and we are very concerned about Russian plans further to militarise the separatist regions, which contradicts Russia's commitments, so in tandem with our EU partners we will continue to press Russia to comply fully as soon as possible. As I said, the Geneva talks were one way of trying to keep discussions continuing, but there is clearly more to be done. If there are any other levers at our disposal, we will use them.

Tony Lloyd (Manchester, Central) (Lab): Following on from that exchange, is it not vital for the EU to begin to show some unity of purpose? If we want effective pressure to be brought to bear on Moscow in respect of Georgia and other aspects of EU-Russia relations, we need to remember that in the past the EU has not spoken with one voice but on the basis of individual self-interest, which has been disastrous. We must have unity of purpose so that we can speak with a single voice.

Caroline Flint: Yes, I agree absolutely. This case provides a good example—an unfortunate one, in the sense that we wish we did not have the problem—of where the EU has come together in a solid way to make its position known. I pay tribute to the rapid deployment of the EU monitoring mission, which shows that the EU is capable of deploying civilians and the military at short notice in order to tackle emerging crises. The monitoring mission is playing a really valuable role in defusing tension. In view of the discussions about the OSCE role, thank goodness that we have the EU monitoring mission.

Sir Nicholas Winterton (Macclesfield) (Con): Does the Minister accept that there is instability in too many parts of the world, and that we do not want to add to it? Would it not be better to seek to develop and improve our relationship with Russia—historically, over many decades, we have had a good relationship—in order to ensure that we do our best to help the country in its relationship with Georgia? I am worried that we appear to be backing one side rather than seeking to be a genuine peacemaker and to understand both sides of the equation.

Caroline Flint: It is certainly not the case that we are sticking to one side. We can disagree with the Russians on certain issues, but at the same time we can recognise where we have good bilateral links—trade being just one example. Our involvement and that of the EU is not intended to isolate Russia, but to draw attention to the fact when we think it is wrong, as we do in this case. The best thing Russia can do is to come to the table, allow the situation to be resolved and move on. I agree that there are too many conflicts in the world and we cannot always deal with them as individual nation states, which is why we work in partnership with others. I am glad that, on this particular issue, the EU—with us making an important contribution—is playing a constructive role.

Mr. David Drew (Stroud) (Lab/Co-op): I hear what my right hon. Friend says, but will she give me an assurance that if any company from this country, or indeed from the wider European Union, trades in Georgia and the Russians engage in any retaliatory action, we will take a very dim view of it?

Caroline Flint: Yes.

Carbon Reduction

7. **Jo Swinson** (East Dunbartonshire) (LD): What recent progress has been made on his Department's goal of working with other countries and international institutions to shift rapidly towards a lower carbon world. [276071]

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): All our efforts are dedicated to bilateral and multilateral contributions to a successful Copenhagen summit in December. The G20 commitment to

"build an inclusive, green, and sustainable recovery"

was welcome. The European Union's decision to ring-fence €9 billion to build 12 carbon capture and storage plants around Europe was also important. Our work has been much helped by the constructive approach of the new

United States Administration, and we continue to work with them and others towards an ambitious deal in December.

Jo Swinson: I thank the Foreign Secretary for his reply, and particularly for his words about the vital importance of a good deal at Copenhagen in December. However, given that the March meeting of EU leaders ended in a refusal to commit financial support to the world's poorest countries to help them to adapt to climate change and limit their emissions, and given that that refusal could seriously undermine progress in international negotiations, will he tell us what diplomatic efforts his Department is undertaking to persuade our EU counterparts to change their position at next month's summit?

David Miliband: I think that the hon. Lady is being a little unfair. The March European summit agreed that both the Mexican and the Norwegian proposals for the raising of carbon finance were particularly important and needed to be explored, and the European Union is at the forefront of ideas for the generation of finance for both mitigation and adaptation.

As it happens, the hon. Lady and I take exactly the same stance on this issue. We agree that the advanced industrialised countries need to show real leadership, that they need to generate funds in innovative ways, and that incentives are needed for the achievement of the kind of low-carbon transition in developing countries that the industrialised world failed to achieve in the 20th century.

Alan Simpson (Nottingham, South) (Lab): In pursuing an agenda that will reach out to the developing nations, will the Foreign Secretary pay particular attention to the need to draw in and draw upon current experiences in China? As he will know, China is responsible for 20 per cent. of the world's production of photovoltaic panels, and is currently increasing its production by 50 per cent. a year to deliver full electrification of its rural areas by 2015. Will he return to the House at some stage to explain what the implications would be for jobs and skills in the United Kingdom and Europe were we to commit ourselves to the same sort of transformation to renewable forms of energy?

David Miliband: My hon. Friend, who follows these matters carefully, has made an important point about the technology that is being developed in developing countries. Much of the talk about technology transfer neglects the fact that developing countries have a head start in a number of areas. As for reporting to the House, I must be particularly careful not to trample on the rights of the Secretary of State for Energy and Climate Change, my right hon. Friend the Member for Doncaster, North (Edward Miliband). However, I will have a fraternal word with him, and we will divide the labour between us and ensure that proper discussion takes place in the House.

Afghanistan

8. **Mr. Simon Burns** (West Chelmsford) (Con): What role his Department will have in monitoring the conduct of the forthcoming presidential elections in Afghanistan; and if he will make a statement. [276072]

The Minister of State, Foreign and Commonwealth Office (Bill Rammell): The United Kingdom is committed to supporting a credible, Afghan-led electoral process, and that includes supporting international election observation. We are working with EU partners to encourage and support an EU elections observation mission. United Kingdom officials in Afghanistan will be involved in in-country observation efforts undertaken by diplomatic missions and provincial reconstruction teams.

Mr. Burns: Given the levels of violence in Afghanistan, does the Minister think there are sufficient troops to perform the difficult task of supporting and monitoring the forthcoming elections?

Bill Rammell: Yes, I do. The key, overriding responsibility rests with the Afghan-led security forces themselves. The whole strategy has been based on capacity building so that they can take on that task. The recent commitment to a significant expansion in those forces is welcome, but of course they will be backed up by the international security assistance force.

Des Browne (Kilmarnock and Loudoun) (Lab): I think my hon. Friend will agree that the success of our strategy for Afghanistan is dependent on a credible election—credible to the people of Afghanistan, that is. Does he also agree that one simple thing we can do to ensure that they receive the message that we support credible elections in Afghanistan is repeatedly to say—and encourage the American Administration to say—that our support for democracy constitutes support for the institutions of democracy in Afghanistan and not for any individual candidates?

Bill Rammell: That is emphatically the case. It is important and, with the will of the international community, the Afghan Administration and the independent electoral commission, we need to ensure that, as was the case in 2004-05, these election results represent the will of the Afghan people, regardless of which candidates eventually succeed.

Mr. Keith Simpson (Mid-Norfolk) (Con): Many outside observers—and, indeed, people inside Afghanistan—have been very concerned not only about the level of violence, but about the level of corruption. Has the Foreign Office laid down its own set of criteria by which the election outcome can be judged? This matter is very important, because if there are any questions in people's minds that the new President has been elected, or re-elected, largely on a corrupt agenda, that will undermine all the efforts we and our allies are putting in.

Bill Rammell: It was the case that the 2004-05 election results were credible and that they represented the will of the Afghan people. I think that, with the support of the international community, that can be the case again, but it is clearly incumbent on all the candidates to focus in their election platforms on ensuring governance, security and development; they need to be at the forefront of their efforts as they move towards an election.

Topical Questions

T1. [276089] **Rob Marris** (Wolverhampton, South-West) (Lab): If he will make a statement on his departmental responsibilities.

The Secretary of State for Foreign and Commonwealth Affairs (David Miliband): The results of the Indian elections represent a resounding reaffirmation of the health of the world's largest democracy. The Congress party and its allies now have a strong mandate and India has the prospect of another five years of stable, progressive government. This is a particular tribute to the work of Prime Minister Singh, Sonia Gandhi and Rahul Gandhi. We look forward to continuing to work closely with the new Indian Government to address the many urgent global and regional challenges we face.

Rob Marris: Speaking of regional challenges, I recognise the great efforts of the United Kingdom Government in Sri Lanka in past months. It has been very difficult. What prospects are there of a process of reconciliation in Sri Lanka now?

David Miliband: My hon. Friend raises a particularly important point. Obviously, we are very focused, as is the whole international community, on the humanitarian situation, but equally important now that the fighting and territorial conflict seem to be over is having a genuine political process towards an inclusive political settlement for all the Sri Lankan people. President Rajapaksa's speech today to the Sri Lankan Parliament is very important. It sets out some commitments in respect of the equal rights of all Sri Lankans. It is vital that the international community works with the Sri Lankan Government to ensure that that is finally fulfilled.

John Bercow (Buckingham) (Con): Further to the earlier question of the hon. Member for Ayr, Carrick and Cumnock (Sandra Osborne) about Colombia, will the Foreign Secretary or the Under-Secretary of State say a little more about the particular categories of civilians being singled out for abduction, torture and slaughter? Reference was made by a number of hon. Members to trade unions, but am I not right in thinking that also very prominent on the list, as one would expect from an odious regime, are journalists?

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Gillian Merron): The hon. Gentleman is quite right to raise that issue. This is why one of the projects we are undertaking and funding is to do with establishing a free media. It is also true that it is not only journalists—and trade unionists—who have difficulty in speaking out; so, too, do other members of civil society and, indeed, indigenous people. The truth is that for as long as any one of those groups is unable to speak out without fear, there will always be difficulty, and that is not in the interests of a free and fair Colombia.

Stephen Pound (Ealing, North) (Lab): Further to the Secretary of State's response to the question posed by my hon. Friend the Member for Wolverhampton, South-West (Rob Marris), may I tell the Secretary of State that my constituent Dr. Omar Mangoush and three medical colleagues have been detained since last Friday at the Rafah border crossing between Egypt and Palestine? Will he accept a representation from me to see what we can do to persuade the Egyptian Government to release this group of people bent on a humanitarian mission?

David Miliband: Certainly, and I am pleased to report to my hon. Friend that the Minister of State, Foreign and Commonwealth Office, my hon. Friend the Member for Harlow (Bill Rammell), will be travelling to Egypt today and will be able to take with him—

Mr. Denis MacShane (Rotherham) (Lab): You ask a question and you get your trip!

David Miliband: No, the trip was organised before the question, but I am pleased that the Minister of State will be able to take the issue raised by my hon. Friend the Member for Ealing, North (Stephen Pound) directly to the people who matter, and we will certainly get the details from him before the Minister departs.

Mr. William Hague (Richmond, Yorks) (Con): The Foreign Secretary spoke rightly a few moments ago about the importance of reconciliation and reconstruction in Sri Lanka—a process that must be as big a test for its Government as the military conflict that is coming to an end. In that regard, will he consider the proposal put forward by my hon. Friend the Member for Woodspring (Dr. Fox), the shadow Defence Secretary, when he was in Sri Lanka two months ago, for an internationally managed development fund to channel relief aid to the north of the country? Would that not be a mechanism that the international Tamil diaspora could constructively support and that would be seen as independent and impartial? Will the Government join us in putting forward such a proposal—or will they put forward their own equivalent—as well as saying to the Sri Lankan Government that it is time to engage all ethnic groups in a genuine political process, so that this military victory does not turn into a renewed insurgency?

David Miliband: We have been discussing all options for the delivery of funding to Sri Lanka. It is important to say that until now the focus has been on humanitarian help, for reasons that I imagine the right hon. Gentleman will understand.

When it comes to reconstruction, a wide range of funds will be delivered to Sri Lanka. The country has a bid in for International Monetary Fund funding and there has been discussion in this House over the past two months about the appropriateness of such funding, but I assure him that nothing has been ruled out. The crucial issues for us will be: first, to ensure that there is genuine international support; secondly, to ensure that the money reaches the right people; and thirdly, and obviously, to ensure that it is properly meshed with the arrangements being made by the Government of Sri Lanka. One particular on which work is under way is demining, because the areas that have been "cleared" and now need to be repopulated include those that had a lot of mines laid by the Liberation Tigers of Tamil Eelam—the LTTE. That is a particular issue where I know that there is a need for help and we want to ensure that it reaches the right place.

Mr. Hague: I very much accept what the Foreign Secretary says, but will he examine this already worked-up proposal? He has done a lot, although he has often been checked at the United Nations, to focus international attention on the crisis in Sri Lanka, and I hope he will take the message from across this House that we support

his calls for unfettered access for international agencies to what have been the conflict zones and to internally displaced persons camps.

Finally, on the question of support, given widespread reports that the Foreign Secretary is about to be replaced by Lord Mandelson, may I invite him to agree that in the 21st century the appointment by an unelected Prime Minister of an unelected Foreign Secretary in an unelected House would be a very good argument for an immediate general election?

David Miliband: I shall take that as warm good wishes from the right hon. Gentleman. Whether or not they are good for my prospects is an open question, but suffice it to say that I look forward to at least another year of the jousting that we have had across the Dispatch Box.

T4. [276092] **Siobhain McDonagh** (Mitcham and Morden) (Lab): My right hon. Friend will know that more than 250,000 Tamils are in refugee camps in the northern region of Sri Lanka and that no independent monitors or journalists are allowed into that region. Given that situation, the fear of reprisals and the fears about the removal of evidence of atrocities, will he do everything he can to inform the Sri Lankan Government that they will never win the peace unless they allow the United Nations monitors in at the earliest possible opportunity?

David Miliband: It is right to recognise that my hon. Friend has been a doughty, principled and passionate advocate of not only her constituents but all civilians in Sri Lanka. Her call for the maximum transparency and the maximum access is in the interests of not only the people of Sri Lanka who have suffered, but all those committed to Sri Lanka's future, because it is precisely the sort of access and transparency that she advocates that will be essential for any kind of reconciliation or political settlement to take place. I said in this House two weeks ago that a war without witness was being fought in the north of the country and, in many ways, that is the most dangerous kind of war, because it makes winning the peace that much more difficult. I assure her that the commitments to openness and access that were reflected in my written ministerial statement today will be followed up by the Government at all levels.

T2. [276090] **Mr. Geoffrey Clifton-Brown** (Cotswold) (Con): Following the totally unjustified actions by the Burmese authorities in moving Aung San Suu Kyi and five of her supporters to jail, and as the authorities in Burma spent more than 50 per cent. of their budget on arms and armed forces in order to suppress their own people and prop up their rotten Government, will the Foreign Secretary undertake a new initiative with the United Nations to see what further sanctions can be applied to Burma, including a worldwide arms ban?

The Minister of State, Foreign and Commonwealth Office (Bill Rammell): We have been at the forefront of the case for sanctions against the Burmese regime. We recently saw the rollover of EU sanctions. The recent actions have been reprehensible—the Prime Minister led the way internationally last week in condemning them—and the re-arrest last week suggests that the Burmese regime was intent on finding any pretext, no matter how tenuous, to extend Aung San Suu Kyi's unlawful detention. While thousands of political prisoners are still locked up in jail, including Aung San Suu Kyi, there cannot be credible elections in Burma next year.

T3. [276091] **Paul Rowen** (Rochdale) (LD): Is not the lesson from Northern Ireland for the middle east peace process that all parties need to be involved? What steps is the Foreign Secretary taking to ensure that Hamas is involved in the forthcoming peace talks?

David Miliband: One can debate long and hard the lessons of Northern Ireland, but one lesson is that all sides need to renounce violence. That will be the basis for a political settlement in the middle east.

T6. [276094] **Colin Burgon** (Elmet) (Lab): Our foreign policy towards Cuba is that Ministers will not visit Cuba. The Minister will be aware that this month the Canadians sent their Foreign Minister, thus meaning that the Heads of State or Ministers of 16 countries have visited Cuba. Would the Minister be willing to meet a group of us who think that our current policy is wrong for the Cuban people and wrong for Britain, too?

Gillian Merron: I will be very happy to meet my hon. Friend and other hon. Members to discuss our policy on Cuba. Our policy is continually to develop good relations with Cuba, which we have. On the issue of ministerial visits, my hon. Friend knows that I would be delighted to visit Cuba, but the difficulty is that the Cuban authorities indicate that, regrettably, they feel it would not be appropriate for British Ministers to meet the Opposition. I hope the hon. Gentleman understands. Perhaps he could assist me with this, as we need to see some change in that situation to allow me or other British Ministers to visit Cuba, in line with the EU common position.

Mr. Edward Davey (Kingston and Surbiton) (LD): I thank the Foreign Secretary for his statement today on Sri Lanka, for his emphasis on humanitarian aid and for his comments in answer to other hon. Members about the importance of transparency and UN monitors as well as the need for President Rajapaksa to reach out to the wider Tamil community to get a wider political solution. However, is not the key lesson from this horrific suffering that the international community has reduced influence when countries such as China prevent a united international position? May I prevail on the Foreign Secretary, in a week in which he has lauded the emergence of China as a major power, to urge his Chinese counterparts not to shirk their responsibilities as a major power but to deliver the same message to the Government of Sri Lanka as Britain and the EU?

David Miliband: The hon. Gentleman is right to say that disunity in the international community terribly undermines any sort of effectiveness in it. He will know that in Beijing in February 2008 I argued for responsibility from all powers, not just to their own citizens but to the international system, too. That obviously applies to China as an important member of the UN Security Council, and I hope that our increased engagement with the Chinese authorities means that we will be able

to find more common ground of the sort that he describes. Whether in the case of Sri Lanka, Iran or any of the great major conflicts that we face, disunity breeds impotence and it is vital that that is overcome.

T7. [276895] **Mrs. Joan Humble** (Blackpool, North and Fleetwood) (Lab): Many opponents of the European Union are telling people that as much as 75 per cent. of the legislation debated in the House comes from Europe. What assessment has my right hon. Friend's Department made of that assertion and can she give us some more information?

The Minister for Europe (Caroline Flint): It is absolutely rubbish to say that 75 per cent. of legislation comes from Brussels. In fact, the House of Commons Library produced an independent research paper demonstrating that between 1998 and 2005 only 9 per cent. of statutory instruments were actually about implementing European legislation. The other important point to remember is that often when we have domestic laws other European countries are mindful of them, so we do not have to implement anything because we are able to negotiate a position that reflects our current situation. That is about having influence—about having people listen to us—and I am pleased that we have more friends and allies in Europe in 2009 than we inherited in 1997.

T5. [276893] **Mr. Anthony Steen** (Totnes) (Con): With regard to point 9 of the 2008 UK action plan, which gives to the countries of origin joint responsibility for preventing the trafficking of human beings, will the Minister meet the Foreign Secretary of China and tell him exactly how human trafficking actually works from China? Young people, mostly children, are trafficked across from China and when they are on the plane they either swallow their passport or put it down the loo. Having come to Gatwick, they claim not as trafficked humans but as asylum seekers. They are brought to a care home just outside Gatwick and within two hours they have disappeared: their trafficker rings them on a mobile and off they go, and are lost for ever. Is the Minister aware of that and will he talk about it to the Foreign Secretary in China?

Bill Rammell: I know the hon. Gentleman has taken a keen interest in these issues and I pay tribute to that. We have an important bilateral relationship with China, and one of the key elements of that relationship is seeing greater co-operation and improvement in both migration and trafficking. We take those issues up on a regular basis, but if the hon. Gentleman wants to talk to me about them privately, I shall happily take that further.

T8. [276896] **Mr. Ian Cawsey** (Brigg and Goole) (Lab): On a recent visit to Washington, I was very impressed by all that the Obama Administration are doing to try to rebuild trust and faith in the American presidency and Administration across the world, in stark contrast to the President's predecessor. Given how closely our Government were associated with the Bush regime, I wonder what my right hon. Friend is doing to back the Obama Administration so that we too can help to rebuild trust across the world.

David Miliband: We want to build trust across the world on the basis of what we do, and what we do with our allies, and our long-standing relationship with the United States stands us in very good stead. The Obama Administration share not only priorities but values with the UK Government. In respect of the new American President's outreach to the Islamic world and in respect of issues such as climate change, and also in his determination to get to grips with the middle east process, he has made a flying start in the past 120 days. He has made a start that is rebuilding America's reputation around the world.

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. We are over time, and I have tried to take the questions that were on the Order Paper.

Points of Order

3.33 pm

Mr. John Gummer (Suffolk, Coastal) (Con): On a point of order, Mr. Deputy Speaker. In the debate yesterday, the Minister of State, Department of Health, the hon. Member for Exeter (Mr. Bradshaw), told the House that my constituents could complain about the closure of emergency heart facilities in Ipswich through the consultation process and the intervention of the health strategy committee of the county council. He failed to tell the House that the strategic health authority had refused any consultation whatever, that the county council is debarred from intervening by the purdah period under electoral law and that the strategic health authority has chosen this moment to push through a very damaging decision without any kind of disclosure. Would you please ask—

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I think I have made every allowance in the circumstances. I tried to give as good a hearing as I could to the right hon. Member but it was becoming apparent that it was not strictly a point of order. However, I hope he has sufficient on the record for the point to have been made.

Mr. Gummer: Further to that point of order, Mr. Deputy Speaker.

Mr. Deputy Speaker: Order. There is no point of order, so I cannot take a further point on it. I have ruled, and I ask the right hon. Gentleman to accept that ruling.

Mr. Gummer: On a point of order, Mr. Deputy Speaker. I am sorry to raise this, but is there no way in which one can ask a Minister to return to the House to correct the record on a point of order?

Mr. Deputy Speaker: I think that that was the original non-point of order part 2, and all this arose on a debate on Mid Staffordshire, as I recall. The fact of the matter is that I have no power to call a Minister. The right hon. Gentleman has got that on the record, and it will be noted.

Andrew Mackinlay (Thurrock) (Lab): I wonder—

Mr. Deputy Speaker: Is it a point of order?

Andrew Mackinlay: Yes, absolutely, Mr. Deputy Speaker. You will recall countless debates in which other hon. Members and I have protested about the Intelligence and Security Committee trying to pretend that it is a parliamentary committee. We recently debated its rather dotty report. This morning, the Prime Minister published its report on the London underground bombings, but you will notice that there is no statement. When my right hon. Friend the Member for Derby, South (Margaret Beckett) was in the revolving door of being the Chairman of that so-called Committee, she wrote to the Prime Minister to say that, given the seriousness of public interest, she hoped that debates on the report when it came out

"will be held in both Houses of Parliament shortly thereafter."

She has moved back to the Ministry; the report has come out today, without a ministerial statement; and there is no indication whatsoever that a debate is likely. Will you use your good offices, Mr. Deputy Speaker, to rap the knuckles of the Government for not making a statement and a response to the report today and to give notice to them that they will not get away with it?

Mr. Deputy Speaker: I recall listening to the generous contribution—in terms of length—that the hon. Gentleman made to that debate. I am sure that he will pursue this in his customary, dogged fashion, and he knows that there are other ways to do so, through questioning, debate and so on, other than on an attempt at a point of order.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): On a point of order of which I have given notice, Mr. Deputy Speaker. I raised last week at business questions, as did other hon. Members, the problem with programme motions being imposed on the House and Opposition parties. I asked the Leader of the House whether she planned to negotiate with Front and Back Benchers about where the knives go. She said in response:

"We will have as much discussion as we can and will try, if possible, to reach agreement on the allocation of time in the full day's debate on Report."

She repeated that assertion in her response to the hon. Member for Macclesfield (Sir Nicholas Winterton)—a senior Member—saying, "we will have discussions". I raised the issue on a point of order at that time with Mr. Speaker and asked him whether he has a role in ensuring that Back Benchers are protected from imposed programme motions, and he said:

"He will have heard the remarks made by the Leader of the House a few minutes ago." [*Official Report*, 14 May 2009; Vol. 492, c. 1026-32.]

A programme motion has been announced for the debate that follows. We can debate it, but it was not subject to consultation with Front or Back-Bench colleagues. Indeed, the Government Whip said that it is up to Opposition parties to go to the Government. That is the first that we have ever heard of that. Can you, Mr. Deputy Speaker, advise how we as a House can ensure that negotiations take place on programme motions and on where the knives go before they are imposed?

Mr. Deputy Speaker: That is not a decision that can be made solely by the occupant of the Chair, as I am sure the hon. Gentleman will understand. I am sure that the Procedure Committee would be happy to examine this. The points that he wishes to make can be made in the debate, when he could seek to challenge the programme motion if he was successful in catching my eye.

Dr. Harris: Further to that point of order, Mr. Deputy Speaker. In an attempt to take that advice, my colleagues and I have tabled an amendment to the programme motion. Is it within your gift to select that amendment, so that we can have a debate that is more focused on the problem of the Government imposing their timetable on the House which is unable to scrutinise huge chunks of the Bill?

Mr. Deputy Speaker: I am sure that all those points were at the forefront of Mr. Speaker's mind when, unhappily, his ruling was not to accept the hon. Gentleman's amendment.

Commission for the Compact

Motion for leave to introduce a Bill (Standing Order No. 23)

3.39 pm

Tom Levitt (High Peak) (Lab): I beg to move,

That leave be given to bring in a Bill to place the Commission for the Compact on a statutory basis; to confer powers on the Commission; and for connected purposes.

Let me first remind the House what the compact is. It is the national agreement between Government and the voluntary and community sector, aimed at improving their relationship for mutual advantage and community gain. It contains undertakings by both the Government and the sector about how they will conduct relations with each other. The agreement is voluntary and freely entered into, so although both sides are committed to the compact, it is not legally binding, and its undertakings cannot be enforced. The Bill does not change that arrangement.

In 1998, along with the then Home Office Minister, Paul Boateng, and Sir Kenneth Stowe, the compact's author, I had the privilege of formally launching the compact. The compact was a world first, and it has inspired other countries to develop their own. Across Europe, in particular, many have looked to the United Kingdom for guidance, and several countries have established similar agreements. The compact should be hailed as a great achievement. It has clearly set out the Government's commitment to an independent, diverse and thriving voluntary and community sector. It enshrines the sector's right to that independence, including its right, within the law, to campaign, comment on and challenge Government policy. The agreement has also been a driver for change at national and local level, defining what partners can expect from each other, and improving how they work together. That has resulted in better programmes, policies and services for citizens and communities, by setting clear standards for consultation, improving funding processes and providing resources for building the capacity of the third sector.

A milestone in the 10-year history of the compact was the development of local compacts, through which local authorities have worked alongside the sector to develop a compact way of working, making an invaluable difference to the communities that they serve. Just over the river in Lambeth, for example, a local compact turned the campaign to keep Brockwell lido open into a partnership to manage it jointly, allowing a much-loved landmark to survive, and to continue to be a special place for generations to come.

At the national level, the picture has been less clear-cut. There is a perception in the sector that commitment to, and compliance with, the compact in some—but by no means all—areas of government is somewhat patchy. A Home Office consultation in 2005 highlighted a lack of awareness of the compact, and identified a number of barriers to its adoption and implementation, so in April 2007 it was decided to establish the Commission for the Compact to act as a champion of the code and drive a change in behaviour. The compact advocacy programme of the National Council for Voluntary Organisations and Compact Voice have also played a fundamental role in promoting the compact and its principles, the former by advocating on behalf of individual organisations to ensure that the Government follow the agreed principles, and the latter by raising awareness within the voluntary and community sector, building up a strong network and representing the sector's voice on compact issues to Government.

In July 2007, the third sector review acknowledged that there was a desire within the sector for better partnership working with all levels of Government. It was concluded that that stronger approach was required to ensure that public bodies consistently adhered to the compact principles. A number of areas have been identified, and are well known, where the 10-year-old compact is being overtaken by developments in policy and practice. Although there has been little or no questioning of the desirability of maintaining a partnership working agreement between Government and the third sector, there is a perception that the compact is out of date, especially in respect of public service delivery.

Looking at the national level, many in the third sector are frustrated that the undoubted political commitment to the compact may not have been translated consistently into Government practice. As a result of that analysis, Sir Bert Massie, as Commissioner for the Compact, was asked by my hon. Friend the Member for Corby (Phil Hope), then Minister for the Third Sector, to launch a debate on the future of the compact and the commission. The consultation concluded that the compact agreement should retain its voluntary nature and its values, rather than being replaced with a statutory version, so the Bill does not alter the status or the content of the compact.

However, a majority also recognised that significantly more needs to be done to ensure proper implementation of the compact. There was strong consensus that the most effective way to do that would be to establish the Commission for the Compact as a permanent, independent statutory body, and to give it a mandate and a limited range of legal powers to secure better implementation. The Commission for the Compact is a non-departmental public body with the object of promoting and strengthening partnership working between public bodies and voluntary and community organisations. Its sole voting member is the Minister for the Cabinet Office. In addition, it has a small board consisting of directors with wide knowledge and experience. The members of the board are not intended specifically to represent central or local government, but they are meant to work independently and impartially in the interests of strengthening partnership working.

To fulfil the role, the commission needs to act independently and be seen to do so, but the current legal structure does not ensure that. The Minister created the commission, holding 100 per cent. of the membership voting rights himself, as well as full powers over its constitution and existence. In practice, successive Ministers have allowed the commission full operational independence, but there is no guarantee that future Ministers would do the same, in which case both the commission's status and its credibility could be undermined. The commission is not a regulatory body and has no powers beyond those of any private citizen.

With this Bill I propose to place the Commission for the Compact on a statutory basis and confer a very limited range of legal powers to enable it to promote better implementation of the compact. Having the commission established by Parliament, with a constitution

and powers determined by Parliament and a duty to report to Parliament, would make a great difference, lifting the commission out of direct Government control and making it inherently and visibly independent.

During the discussions held in the other place on the Local Democracy, Economic Development and Construction Bill, Lord Best tabled an amendment with similar intent to my Bill. However, it was ultimately deemed not to be within the scope of that Bill, despite having cross-party support. In particular, the Communities and Local Government Minister, Baroness Andrews, was very sympathetic to its objectives.

Now is the right moment to introduce the necessary changes. We are at a watershed with the compact. Ten years on, we must ensure that it remains a relevant and helpful tool in improving the relationship between Government and the third sector. The provisions of the Bill propose to convert the commission into a corporation with statutory powers, thus making it accountable to Parliament. The commission would consist of the Commissioner for the Compact and a small number of additional board members appointed by the Minister for the Cabinet Office.

The new commission would have a number of functions, mainly to promote and strengthen understanding and use of the compact across all tiers of government and within the voluntary and community sector. Its limited number of new powers and duties will constrain it to act in particular ways. Those would include powers of investigation where there have been inconsistencies with compact principles, access to relevant information, and the ability to impose a duty on others to co-operate with its investigations.

Both the statutory sector and voluntary and community organisations would be included within the commission's remit. Given that the compact is about better partnerships, it is fair and reasonable for the commission's powers to apply to both sides. There are no sanctions included in the Bill, as I believe that those would be outside the spirit of the compact, other than the power of naming and shaming those who are found not to be acting in that spirit.

This is a unique opportunity to make the compact more real and more relevant. It comes at a time when the compact is being scrutinised by the public and the third sectors with a view to agreeing changes. By strengthening the commission, we will finally have the mechanism to remove blocks to compact compliance and spread best practice on working together across government and the third sector. The end result would be not only a compact agreement that is more effective at all levels, but refreshed relationships between all the parties involved.

In practice, the Bill applies only to England. We would be the first country in Europe to take such a landmark step, setting the standard for the way in which relationships between Government and the voluntary and community sector should be conducted. Once again, our Government would be at the forefront in their relations with this ever more important and influential sector. I seek leave to bring in the Bill.

Question put and agreed to.

Ordered,

That Tom Levitt, Liz Blackman, Dr. Roberta Blackman-Woods, Mr. David Blunkett, Mr. Tim Boswell, Richard Burden, Mr. David Drew, Mr. Robert Flello, Fiona Mactaggart, Alun Michael, Dan Rogerson and Andrew Selous present the Bill.

Tom Levitt accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 16 October and to be printed (Bill 99).

Policing and Crime Bill (Programme) (No. 2)

3.49 pm

The Minister for Security, Counter-Terrorism, Crime and Policing (Mr. Vernon Coaker): I beg to move,

That the Order of 19 January (Policing and Crime Bill (Programme)) be varied as follows:

1. Paragraphs 4 and 5 of the Order shall be omitted.

2. Proceedings on consideration shall be taken in the order shown in the first column of the following Table.

3. The proceedings shall (so far as not previously concluded) be brought to a conclusion at the times specified in the second column of the Table.

TABLE

Proceedings	*Time for conclusion of proceedings*
New Clauses and amendments relating to the retention, use and destruction of samples etc.	One and a half hours after the commencement of proceedings on the motion for this Order.
New Clauses and amendments relating to Part 4.	Two and a half hours after the commencement of proceedings on the motion for this Order.
New Clauses and amendments relating to Part 2; new Clauses and amendments relating to Part 1; remaining proceedings on consideration.	One hour before the moment of interruption on the day on which proceedings on consideration are commenced.

4. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on the day on which proceedings on consideration are commenced.

The motion has apportioned time to allow for debate about the main issues that were brought forward by Members and stakeholders both in and outside Parliament. These brief remarks are intended to allow the maximum amount of time for debate.

3.50 pm

Chris Huhne (Eastleigh) (LD): The programming of the entire Bill has been quite extraordinary. The worst aspect is the allocation of just one day on Report to debate an extremely far-reaching Bill, which includes clauses that cover police reform, prostitution, lap dancing, gang injunctions, alcohol-related disorder, extradition, proceeds of crime, aviation security and the DNA database. I could add more.

One day is simply not adequate to apply the proper legislative scrutiny that the Bill requires. My hon. Friend the Member for Oxford, West and Abingdon (Dr. Harris) and others from all parts of the House have consistently made clear at the last two business questions their dissatisfaction with the decision. Noting those concerns, the Leader of the House made assurances that all concerned parties would be consulted on the programme motion for Report. However, no such consultation took place with us, despite the activity that we exhibited in Committee.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): We seem to be in a strange situation whereby the Leader of the House, none other, makes an assertion—a pledge—from the Dispatch Box at business questions but does not deliver on it. What explanation—perhaps there is one—can possibly be consistent with that assertion and pledge having been given in good faith?

Chris Huhne: I am grateful to my hon. Friend for that intervention. I am certainly unable to speculate on what has happened, but it is absolutely clear that we may now have as little as 30 minutes to debate the hugely important issue of the future of the DNA database. That is simply unacceptable, and it comes after the extremely late tabling in Committee of new clauses on DNA and gangs, which effectively precluded much debate and, indeed, the tabling of any Opposition amendments. The DNA amendments were tabled on the Friday of the February recess, allowing very little time to draft amendments before the deadline of Tuesday midday for the final Committee sitting.

As my hon. Friend the Member for Chesterfield (Paul Holmes) pointed out in Committee, the purposes of such Committees are to scrutinise the Bill, to table probing amendments, to ask questions and to allow the Government time to clarify their positions and aims. Little or no opportunity for any such scrutiny was provided on the DNA and gang amendments. With only one day on Report and wholly inadequate programming, there will again be little or no time for the House, as the elected representatives of the people, properly to debate these crucial issues. It is, frankly, shameful.

That raises the wider issue, so pertinent in the current climate, of whether the Government should bear sole responsibility for setting the business of the House through such programme motions. The measure was introduced during the first world war—at a time of national emergency—and has long outlived its usefulness. Few other legislatures allow the Executive to decide business in that way. No other western democracy forbids private Members' motions, and when it comes to legislative scrutiny the House's procedures are seriously lacking, as we have seen with the Bill. Scrutiny is easily fashioned to suit the Government's political objectives, and inbuilt majorities for the Executive ensure support for even the most peremptory truncation of debate.

Public Bill Committees, such as that which considered this Bill, take up an enormous amount of MPs' time yet, without Government support, seldom make any substantial difference to legislation—even when they have heard expert evidence. This Bill is an excellent example of that, as not a single Opposition amendment was agreed in Committee. Over the past 10 years, legislation has increasingly been fast-tracked through the Commons, with timetable motions ensuring that large sections of important Bills are never scrutinised by MPs. This is just another outrageous example. There have been similar problems with the Coroners and Justice Bill; my noble Friend Lord Thomas of Gresford made just that point on Second Reading in another place yesterday.

The volume of legislation shovelled through in that way has been absolutely immense; we are now looking at 3,600 new criminal offences—and this Bill is the 66th criminal justice Bill since 1997. It is becoming abundantly clear that quantity does not make up for a lack of quality, yet instead of programming adequate time to debate such Bills on Report or allowing enough time for debate of new amendments in Committee, the Government are set on pushing quantity through with no regard whatever for quality. We therefore rely on the unelected House of Lords to do our job for us—for which, frankly, we should be embarrassed and ashamed.

The Bill that we are so cursorily considering today is one of the worst examples of the bad practices that have grown up in the Chamber. As I said, we may have just 30 minutes to debate the DNA provisions and perhaps less time to debate the gang provisions once votes are taken into account. We will then be left with approximately two hours for the prostitution and lap-dancing provisions, with little, if any, hope of reaching the several other substantive parts of the Bill, such as those on police reform, alcohol, extradition and proceeds of crime—let alone the many excellent and interesting new clauses that have been tabled on issues such as demonstrations around Parliament, anti-terrorism laws and drug paraphernalia.

For that reason, we will vote against the programme motion, having tabled amendments to it. The amendments would allow for an hour and 30 minutes on DNA, the absolute minimum required; an hour and half on gangs; and an additional hour at the end of the debate to fit in as much of the remainder of the Bill as possible. We would scrap the hour set aside for Third Reading, as such a debate is not of any practical use for a Bill that has received such shockingly inadequate scrutiny and debate. We will vote against the motion, and strongly urge the Government to think more carefully about the purpose of the House when programming in future.

3.56 pm

Mr. David Ruffley (Bury St. Edmunds) (Con): This is an important Bill, and it is worth putting on the record the fact that in Committee my hon. Friends and I had a fruitful set of debates with Ministers. There was important agreement on the means of increasing and improving police efficiency through, among other things, collaboration, and important agreement on significant reforms to the law relating to sexual offences, alcohol abuse, extradition and so on. However, since Second Reading a large number of Government amendments have been tabled relatively late, so in Committee there was not sufficient time to get into the meat of some of them. We Conservatives have also tabled amendments for debate on Report. As I look at the number of amendments in front of us, I wonder whether one day will necessarily be enough.

3.58 pm

Keith Vaz (Leicester, East) (Lab): Bearing in mind that this debate is about the programme motion, we would all like to be as brief as possible, while not prejudging the outcome of the vote, so that we do not have even less time to discuss these important issues.

I share the concerns of the hon. Members for Eastleigh (Chris Huhne) and for Bury St. Edmunds (Mr. Ruffley) about the programme motion. There should be no party issue about a debate such as this on a Bill of this kind; it should be about making sure that the legislation works and that there is proper scrutiny. We are dealing with very important issues as far as policing and crime are concerned.

I was not surprised when the hon. Member for Bury St. Edmunds said that the Committee stage had been fruitful, because whenever I have had discussions with the Minister for Security, Counter-Terrorism, Crime and Policing on Home Office issues, I have always been pleased with how he has taken on board the concerns of parliamentarians and the wish to reach a consensus. However, my concern is that we are dealing with more than 100 new clauses and amendments on some very important issues.

If the Home Secretary had come to the House and made a statement about her policy on databases—*[Interruption.]* I am happy to be corrected by the Minister, but I do not think that she did; she went on Radio 4, on the "Today" programme, to do it. *[Interruption.]* The Minister says that it was him; perhaps it just sounded like the Home Secretary. I think that she did the same in dealing with gang-related violence—the media came first and Parliament second. We have had no notice of the changes that have been proposed on sex-related offences and establishments, or on police reform and accountability, which are all crucial areas.

I would have thought that the Government would want Parliament to help them to secure a robust piece of legislation that will last in time and make an important impression on the level of crime in this country. Even at this late stage—I know that the Minister will respond in the consensual way in which he always deals with these issues—I urge the Government to provide more time. If we do not finish the business today, I am sure that it will be possible to find additional time. The views expressed by the hon. Members for Eastleigh and for Bury St. Edmunds are shared by Members in all parts of the House. Let us make sure that we have a Bill that will last; let us scrutinise it properly.

4.1 pm

Dr. Evan Harris (Oxford, West and Abingdon) (LD): The programme motion that we are faced with is outrageous—there is no other word to describe it. It is not as though it is the first time that such a motion has been tabled and it is a one-off—it happens time and again. I put it to the Government that they do not understand how important Report stage is for the scrutiny of legislation. It is the only opportunity for Back Benchers who did not serve on the Public Bill Committee to debate with Ministers about the provisions in the Bill. What is the point of their speaking on Second Reading—particularly Government Members who do not agree with the Government and therefore talk themselves off the Committee—if they do not then have the chance to express their concerns on Report? It is the only real chance for Back Benchers' amendments to be promoted, but the opportunity to debate several cross-party Back-Bench new clauses and amendments will be stifled by today's motion. It is the only opportunity for Select Committee members—particularly their Chairmen, who are generally not on Public Bill Committees—to participate in detailed debate. We want to hear the views of the right hon. Member for Leicester, East (Keith Vaz), who has so much experience to offer this debate, and those of the Home Affairs Committee, which he chairs.

The Joint Committee on Human Rights looks at every Bill with human rights implications and issues a report, and it is its job to ensure that that report is made available on Report in the first House. What is the point of its doing that when huge numbers of its recommendations—this is a cross-party, cross-House Bill—can never be debated on the Floor of this House because the Government's programme motion precludes the opportunity for even those groups of amendments to be reached?

Paul Holmes (Chesterfield) (LD): My hon. Friend makes a powerful case about the lost opportunity for Back Benchers, members of Select Committees and so forth to contribute. However, that even applies to those of us who served on the Public Bill Committee and had fruitful discussions with the Minister. During the last week of Committee, two major amendments were tabled on gangs and on DNA, but we had totally inadequate time to discuss them. We will have a similarly ludicrous amount of time for discussion in the next hour or two. That represents a failure for everybody—those who were on the Committee and the vast majority who did not have the chance to take part in its deliberations.

Dr. Harris: I entirely agree.

It is not in the Government's interests to present a Bill to the House of Lords—where, thank goodness, they do not have a majority—that has had inadequate scrutiny here because their lordships then recognise that we have failed and give the Government a harder time. We then end up with delayed legislation, whereas if we had done the job properly here, the Government could rightly say, "This is the will of the elected House", and urge their lordships to consider that opinion more appropriately.

I agree with the view expressed by the right hon. Member for Leicester, East about the Minister; we had very productive debates in Committee. However, part of the nature of Committee is that one wants to save the key Divisions for Report so that one is not unnecessarily divisive in Committee. That approach allows all Members, perhaps including Government Members with sincere objections who wish to raise them, and even vote on them, to have their say on Report. The Government's curtailing of debate, as in this programme motion, denies the House the chance to debate such important issues and encourages more Divisions in Public Bill Committees, which is not in the interests of democracy or scrutiny.

Mr. John Gummer (Suffolk, Coastal) (Con): Does the hon. Gentleman agree that the provision of more time for consideration would also be better for the Government? Why do they not understand that it would produce a better Bill, and they would have less egg on their face much less often, if we were able to debate these matters? They would not subsequently find out about problems out in the world, where they look very bad indeed.

Dr. Harris: Absolutely, and the corollary to that is that if legislation were passed that turned out not to be great, the Government could share the blame with the House as a whole. I would certainly be willing to take my share of the blame if we had debated a matter and failed to convince the House that the legislation was bad.

As my hon. Friend the Member for Chesterfield (Paul Holmes) recognised, the timetable in Committee sometimes means that even when Government new clauses are tabled at that stage, there is simply not enough to time to debate them because of the end point in the programme motion. The Committee on this Bill was productive and did not drag on, and there was little excess verbiage on all sides, yet, as my hon. Friend said, still the Government brought in at the last minute two chunks of legislation in new clauses, too late for amendments to them to be tabled. This is the only chance that we have to debate those clauses, and it will be curtailed.

It is treating the House with contempt—there is no other word for it—for us not to have the opportunity to debate huge chunks of the Bill. That is a particular problem with regard to the DNA proposals, which state that the House will not have the chance to debate primary legislation when the Government sort out what they want to do. We have a Government proposal that would curtail Parliament's ability to amend legislation, and it is going to be rushed through in whatever time we have at the end of this programme motion debate.

The points that I have made are not just my opinion. They have been debated among a group of MPs, of which I am one of the more junior members, called Parliament First. That is an organisation that comes together to ask, as my hon. Friend the Member for Eastleigh (Chris Huhne) did, "Is it not time for Parliament to reassert itself and have control of the timetable?"

What else are we to debate in this Session? Is it crammed full of Bills that we need to scrutinise and have Second Reading debates on? The record will show that there are fewer Bills this Session than in practically any other. There are vanishingly few Second Readings still required, and we have had more days of general debates and Adjournment debates than ever before. I am not against those, but they do not trump scrutiny of legislation, which is our primary duty. More of those days have fizzled out, with unused time, than in any other Session that I can remember.

This is not the first time that such timetabling has happened in this Session. The Coroners and Justice Bill was given two days, but the first day had so much crammed into it that the House did not get the chance to debate murder. I understand that we are debating the present programme motion, but this is not the first time that we have been presented with a programme motion that packs so much into one day that we cannot reach important debates. There have been other examples of that, which I shall not go into now.

It cannot be said that the House did not urge the Government to reconsider a programme motion such as this. Going backwards in time, I raised the general problem at business questions on 26 March, in another Bill debate on 23 March, in business questions on 19 March and 5 March, in a written question to the Leader of the House on 5 March, in questions to the Leader of the House on 22 January, in business questions on 30 October, on 22 October and in business questions on 16 October. I am getting sick of me, so I am sure the Leader of the House is getting sick of me. [HON. MEMBERS: "Hear, hear!"] I asked for that. But it is an important point—what more can we do than raise the matter at business questions and in points of order time and time again?

In business questions two weeks ago, at least six Members mentioned the programming of this Bill. In response to my hon. Friend the Member for Somerton and Frome (Mr. Heath), the Leader of the House said that she would undertake to

"look at how much time is needed for the Bill"

In response to the hon. Member for Stoke-on-Trent, Central (Mark Fisher), she said, "Don't worry, there is plenty of scrutiny of these Bills." I am paraphrasing there, but that response is obviously not going to apply to this Report stage.

The right hon. Member for Leicester, East made the powerful point that an extra day was needed. It would not add greatly to the Government's burden, but it would provide the House with an opportunity to explain why the Government's position on DNA, to which he referred, is wrong. I raised the same point again, asking how the Government intended to deliver the pledge that the Prime Minister gave when he was selected as Prime Minister: that Parliament would have greater scrutiny of the Executive. That pledge has not been delivered, and we are considering another example of that failure.

In response to me and the hon. Member for Macclesfield (Sir Nicholas Winterton), the Leader of the House said that

"there are discussions between the parties about the time allocated to Bills."—[*Official Report*, 7 May 2009; Vol. 492, c. 351, 357.]

Last week, she said:

"We will have as much discussion as we can and will try, if possible, to reach agreement on the allocation of time in the full day's debate on Report."

That was after we had to accept that we would be given only one day. Again, in response to the hon. Member for Macclesfield, the Leader of the House said:

"I have said that we will have discussions to make sure that we can try to reach agreement on programming so that hon. Members are able to debate all the important parts of the Bill."—[*Official Report*, 14 May 2009; Vol. 492, c. 1026 and 1029.]

What discussions and negotiations took place? I have investigated and, despite the Leader of the House's undertaking, to which the Speaker referred when I made a point of order last week, Government Whips held no discussions with Liberal Democrat Members. Usual channels are usual channels only if they exist. As I understand it, no discussions took place with any Back Benchers who have tabled new clauses. The hon. Member for Hayes and Harlington (John McDonnell) has tabled several new clauses, yet there were no discussions.

I ask the Government, through you, Mr. Deputy Speaker, what is to stop the Government Whip on the Bill asking Liberal Democrat Members and Back Benchers generally through the usual channels where the knives should go in such a motion, thereby delivering the Leader of the House's commitment? Has the Government Whip been struck mute or is there another reason for his or the Government's decision not to implement the Leader of House's words, thus rendering them meaningless?

Keith Vaz: I am following the hon. Gentleman's speech with great interest. Is he telling the House that no discussions whatsoever have taken place about the matter, despite the fact that he and I and other hon. Members have raised it continually at business questions? Has not a single discussion about the time available for this important Bill taken place?

Dr. Harris: I understand that the only discussion took place between the Government Whip and the Conservative Front-Bench spokesman. The Government Whip—the hon. Member for Birmingham, Hall Green (Steve McCabe)—confirmed that. I alerted him to the fact that I would raise the matter and he admitted that he had not approached the Liberal Democrat party or any Back Bencher. I ask the Government whether the Leader of the House's commitment was made in good faith. If so, who is responsible for its not being delivered? Can the Government answer that question or will they undertake to come back and let us know the reason? What is the point of debating such matters at business questions, and of the Leader of the House making a commitment, if her side cannot deliver it? We are currently holding debates about whether the Executive are treating the House fairly; I believe that they are not.

Let us consider what will not be covered because of the insertion of knives: six Government amendments on police reform and accountability; eight Government amendments on extradition; 51 Government amendments on the proceeds of crime, and seven Government amendments in the last group. *[Interruption.]* It is not acceptable for hon. Members to say that if I speak on the important matter of the Government's failure to allow adequate time for debate, I am taking time from the deliberations. Whether we have 45 or 35 minutes on DNA, it is not enough.

When will the Government give the House the time it needs to debate even the Government amendments—introduced at the last minute—let alone the rest of the Bill? When will the House assert itself and vote against such programme motions? I invite the Conservative party and Government Back Benchers to assert the House's supremacy. Until that happens, we will have poor scrutiny.

A provision on extradition goes to the heart of human rights issues, but we will clearly not reach it, regardless of how long we spend debating the programme motion. That provision is relegated to a debate of about two and a half hours at the most and is down for consideration after prostitution, lap dancing and police reform. It simply will not be reached.

There are 51 Government amendments on the proceeds of crime. Why do the Government bring Bills to the House, just one part of which requires 51 Government amendments, and then deny the House the time to scrutinise those amendments? That is not acceptable either.

The Prime Minister's record on delivering his pledge to provide for proper parliamentary scrutiny of Government business will be shown to be hollow every time the Government table a programme motion such as this one, with knives in place to deliver, on just one day and after the required votes, half an hour or 45 minutes of debate on DNA and half an hour of debate or less on gang-related violence.

That is not good enough and Parliament should not stand for it. That is why I urge all hon. Members, including the official Opposition, if they are indeed doing their job of scrutiny, to vote against Government programme motions such as this one. I appeal to the House, when it is in a reforming mode, to find ways of ensuring that it is the House that determines its own business, not the Government. The Government are given their allocation of time, but they are not allowed to force through legislation without scrutiny in the disgraceful way that they are today.

4.16 pm

John McDonnell (Hayes and Harlington) (Lab): I simply want to place on record my extreme concern that, yet again, our debate on a piece of criminal justice legislation is being curtailed and guillotined in the way that it is today. I appreciate the need for the efficient management of the business of the House and for

[John McDonnell]

programming and guillotining at certain stages, but the Bill is a piece of legislation that, if enacted, will deprive a number of our citizens of their liberty. On that basis, debate should not be curtailed in this way.

May I suggest a way forward? We have a convention in the House that although Finance Bills are programmed to a certain extent, when issues are identified for debate, they are not subject to a guillotine. Indeed, we have gone late into the night on particularly important subjects. Debate on criminal justice Bills that, when enacted, will in effect deprive a number of our citizens of their liberty should be protected in that way. That would protect the rights of Back Benchers such as me, who, for some strange reason, do not serve on Public Bill Committees, and would give us the opportunity to engage in the debate and involve ourselves fully in the legislative process.

In the current discussions on somehow rehabilitating the name of this House in the eyes of the general public, we need to demonstrate that we are doing our proper job, which is scrutinising legislation, and particularly significant legislation that could result in a number of people losing their liberty. On that basis, the House needs to consider whether criminal justice legislation should be at least partially exempted from the kind of severe guillotining that is taking place today.

4.17 pm

Lynne Jones (Birmingham, Selly Oak) (Lab): If there is something rotten with the body politic in this country as far as expenses are concerned—and there is, and I do not exclude myself from that—it is right that there should be media and public attention on the work that we do. Equally, attention should be paid to the rotten way in which we conduct our business. Today is a supreme example of that.

I agree with every word that the hon. Member for Oxford, West and Abingdon (Dr. Harris) said. It is not as though there is pressure on Government time. For weeks now, we have had days of general debates, and when we get back after the Whitsun break, there will be at least two days of general debates. There is time. The Government could, if they so chose, give time to important legislation such as the Bill that we are considering today. For those reasons, I urge the Government to reconsider and will be voting against the programme motion, as I have on several occasions in the past.

4.19 pm

Mr. Coaker: I have heard what hon. Members have said, and all that I would say is that this is a matter for the usual channels. No doubt there will be discussions on the points that have been made. I am grateful for the comments about the constructive way in which the debate in Committee was conducted. Indeed, we had an additional sitting of the Bill Committee. From memory, I think that we had 16 sittings, including four public sittings, in which many of the issues were debated. We have tabled a number of amendments as a direct result of what was said in Committee, and we have tried to address some of the concerns that were raised. We have also tried to allocate time today in a way that will allow debate on some of the main topics, including DNA, gangs and sex-related offences.

Question put.

The House divided: Ayes 278, Noes 212.

Division No. 133] **[4.20 pm**

AYES

Abbott, Ms Diane
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Benton, Mr. Joe
Betts, Mr. Clive
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Bradshaw, Mr. Ben
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gibson, Dr. Ian
Gilroy, Linda
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.

Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lepper, David
Levitt, Tom
Linton, Martin
Lloyd, Tony
Lucas, Ian
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mallaber, Judy
Marris, Rob
Marsden, Mr. Gordon
McAvoy, rh Mr. Thomas
McCabe, Steve
McCarthy, Kerry
McCartney, rh Mr. Ian
McDonagh, Siobhain
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morgan, Julie
Mountford, Kali
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Tami, Mark
Taylor, David
Taylor, Dr. Richard
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Helen Jones and Mr. Dave Watts

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Barker, Gregory
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Bottomley, Peter
Brake, Tom
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Cable, Dr. Vincent
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Conway, Derek
Corbyn, Jeremy
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Nadine
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gidley, Sandra
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gove, Michael
Grayling, Chris
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Hosie, Stewart
Howarth, David
Howell, John
Hughes, Simon
Huhne, Chris
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jenkin, Mr. Bernard
Jones, Mr. David
Jones, Lynne
Kawczynski, Daniel
Keetch, Mr. Paul
Key, Robert
Knight, rh Mr. Greg
Kramer, Susan
Lait, Mrs. Jacqui
Lamb, Norman
Lancaster, Mr. Mark
Laws, Mr. David
Leech, Mr. John
Lewis, Dr. Julian
Lidington, Mr. David
Lilley, rh Mr. Peter
Luff, Peter
MacNeil, Mr. Angus
Main, Anne
Malins, Mr. Humfrey
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McDonnell, John
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick

Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Oaten, Mr. Mark
Öpik, Lembit
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Prentice, Mr. Gordon
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shepherd, Mr. Richard
Short, rh Clare
Simmonds, Mark
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Turner, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Webb, Steve
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, Mr. David
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Wishart, Pete
Young, rh Sir George

Tellers for the Noes:
Dr. Evan Harris and Jeremy Wright

Question accordingly agreed to.

Policing and Crime Bill

[Relevant Documents: The Tenth Report from the Joint Committee on Human Rights, Legislative Scrutiny: Policing and Crime Bill, HC 395, and the Fifteenth Report from the Committee, Legislative Scrutiny: Policing and Crime Bill (gangs injunctions), HC 441, and the Government's reply.]

Consideration of Bill, as amended in the Public Bill Committee

New Clause 1

DESTRUCTION OF SAMPLES ETC: ENGLAND AND WALES

'(1) Section 82 of the Criminal Justice and Police Act 2001 is repealed.

(2) Sections 9 and 10 of the Criminal Justice Act 2003 are repealed.

(3) After Section 64A of the Police and Criminal Evidence Act 1984 (c. 60) insert—

"64B Destruction of fingerprints and samples etc

(1) After a person is released without charge or acquitted of the offence for which a sample has been taken that sample shall be destroyed within one month of the fingerprints or samples being taken or the person being acquitted, unless the offence was of a violent or sexual nature.

(2) If the offence was of a violent or sexual nature that sample must be held for a period of three years, after which it must be destroyed.

(3) This section applies to the following material—

(a) photographs falling within a description specified in the regulations,

(b) fingerprints taken from a person in connection with the investigation of an offence,

(c) impressions of footwear so taken from a person,

(d) DNA and other samples so taken from a person,

(e) information derived from DNA samples so taken from a person.

(4) For the purposes of this section—

(a) "photograph" includes a moving image, and

(b) the reference to a DNA sample is a reference to any material that has come from a human body and consists of or includes human cells."'.—*(Chris Huhne.)*

Brought up, and read the First time.

4.36 pm

Chris Huhne (Eastleigh) (LD): I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker (Sir Alan Haselhurst): With this it will be convenient to discuss the following:

New clause 2—*Destruction of samples etc: service offences*—

'(1) Section 113 of the Police and Criminal Evidence Act 1984 (c. 60) (application to armed forces) is amended as follows—

(2) After subsection (1) insert—

"(1A) After a person is released without charge or acquitted of the offence for which a sample has been taken that sample shall be destroyed within one month of the fingerprints or sample being taken or the person being acquitted, unless the offence was of a violent or sexual nature.

(2) If the offence was of a violent or sexual nature that sample must be held for a period of three years, after which it must be destroyed."'.

New clause 3—*Destruction of samples etc (Northern Ireland)*—

'(1) That Police and Criminal Evidence (Northern Ireland) Order 1989 (S.I. 1989/3141 (N.I 12)) is amended as follows—

(2) After Article 64A insert—

"Destruction of samples etc

"(1) After a person is not charged or acquitted of the offence for which a sample has been taken that sample shall be destroyed within one month of the fingerprints or samples being taken or the person being acquitted, unless the offence was of a violent or sexual nature.

(2) If the offence was of a violent or sexual nature that sample should be held for a period of three years, and then be destroyed.

(3) This section applies to the following material—

(a) photographs falling within a description specified in the regulations,

(b) fingerprints taken from a person in connection with the investigation of an offence,

(c) impressions of footwear so taken from a person,

(d) DNA and other samples so taken from a person,

(e) information derived from DNA samples so taken from a person.

(4) For the purposes of this section—

(a) "photograph" includes a moving image, and

(b) the reference to a DNA sample is a reference to any material that has come from a human body and consists of or includes human cells.'".

New clause 31—*Retention of voluntary samples etc.*—

'(1) That the Police and Criminal Evidence Act 1984 (c. 60) is amended as follows.

(2) After section 64(1A)(b) insert—

"(c) any other provision in this Part does not prohibit or restrict their retention or require their destruction.".

(3) For section 64(3AC) substitute—

"3AC Retention of voluntary samples etc.

Where a person from whom a fingerprint, impression of footwear or sample has been taken consents in writing to its retention—

(a) that sample need not be destroyed under subsection (3) above;

(b) subsection (3AB) above shall not restrict the use that may be made of the sample or of any information derived from it; and

(c) that consent shall be treated as comprising a consent for the purposes of section 63A(1C) above;

provided that—

(1) No sample or information derived from any sample may be retained on any child under the age of 10 years; and

(2) Consent given for the purposes of this subsection shall be capable of being withdrawn by such person upon making written application to the responsible chief officer of police or person authorised by the Secretary of State for such purpose whereupon such sample and any information derived therefrom shall be destroyed as soon as possible following receipt of such written application.'".

New clause 32—*Retention of samples following arrest*—

'(1) The Police and Criminal Evidence Act 1984 (c.60) is amended as follows.

(2) After section 64A insert—

"64B Retention of samples

(1) Subject to subsection (2), where a sample has been taken from a person under this Part, unless such a person has been given consent in accordance with section 64(3AC), all such samples and all information derived from such samples shall be destroyed as soon as possible following a decision not to institute criminal proceedings against the person or on the conclusion of such proceedings otherwise than with a conviction.

(2) Subsection (1) above shall not apply—

(a) where the record, sample or information in question is of the same kind as a record, a sample or, as the case may be, information lawfully held in relation to the person; or

(b) where the person is cautioned for a recordable offence or given a warning or reprimand in accordance with the Crime and Disorder Act 1998 for a recordable offence in connection with the decision not to institute criminal proceedings or following the withdrawal or cessation of criminal proceedings; or

(c) where sections 64C or 64D apply.

(3) For the purposes of this section, criminal proceedings shall not be deemed to have concluded until the earlier of the (1) the lapse of any applicable appeal period and (2) a decision is made not to appeal such proceedings.

64C Retention of samples etc (violent and sexual offences)

(1) This section applies where any sample has been taken from a person under this Part where criminal proceedings were instituted against such person in respect of a sexual offence or violent offence and such proceedings concluded otherwise than with a conviction or with the person being cautioned for a recordable offence or given a warning or reprimand in accordance with the Crime and Disorder Act 1998 for a recordable offence.

(2) Subject to subsections (6) and (7) below, the sample and any information derived therefrom shall be destroyed no later than:

(a) 3 years following the conclusion of the proceedings ("the initial retention date"); or

(b) such later date as may be ordered under subsection (3).

(3) On application made by a chief officer of police within the period of 3 months before the initial retention date, the Crown Court, if satisfied that there are reasonable grounds for doing so, may make an order amending, or further amending, the date of destruction of the relevant sample and any information derived therefrom.

(4) An order under subsection (3) shall not specify a date more than 2 years later than the initial retention date.

(5) Any decisions of the Crown Court may be appealed to the Court of Appeal within 21 days of such decision.

(6) Subsection (2) does not apply where—

(a) an application under subsection (3) above has been made but has not been determined.

(b) the period within which an appeal may be brought under subsection (5) above against a decision to refuse an application has not elapsed; or

(c) such an appeal has been brought but has not been withdrawn or finally determined.

(7) Where—

(a) the period within which an appeal referred to in subsection (5) has elapsed without such an appeal being brought; or

(b) such an appeal is brought and is withdrawn or finally determined without any extension of the time period referred to in subsection (2),

the sample and any information derived therefrom shall be destroyed as soon as possible thereafter.

(8) For the purposes of this Part a "sexual offence" or "violent offence" shall mean such offences of a violent or sexual nature as shall be set out in any order made by the Secretary of State with reference to this section.

64D Retention of Samples - Residual Power

(1) On application by a chief officer of police, the Crown Court may make an order requiring the retention of a sample taken from a person and any information derived therefrom in circumstances where such a sample and any information derived therefrom would otherwise be required to be destroyed if it has reasonable grounds to believe that:

[Mr. Deputy Speaker]

(a) there is a serious risk of harm to the public or a section of the public; and

(b) such retention would prevent, inhibit, restrict or disrupt involvement by the person in the commission of a sexual offence or violent offence.

(2) An order under this section is not to be in force for more than 5 years beginning with the date of the commencement of the order.

(3) Any decision of the Crown Court may be appealed to the Court of Appeal within 21 days of such decision.

(4) Where an application has been made for an order under this section, the relevant sample and any information derived therefrom shall not be destroyed until such application and any appeal thereof has been determined.

(3) At end of section 113(1) insert—

"provided always that the protections in Part 5 relating to the retention of samples and any information derived therefrom shall also be applied to persons investigated or under arrest under such Acts".'.

Amendment 28, page 116, line 16, leave out Clause 95.

Government amendment 112.

Amendment 29, page 117, line 32, leave out Clause 96.

Amendment 30, page 118, line 3, leave out Clause 97.

Government amendment 113.

Chris Huhne: These new clauses and amendments address the issue of the retention of fingerprints and other DNA samples stored on the police national database, and seek to fulfil two purposes. Amendments 28 to 30 would seek to remove clauses 95 to 97. New clauses 1 to 3 then replace the current rules on the retention of DNA samples with our preferred alternative. We believe that this is both legal in the eyes of the European Court of Human Rights and the Human Rights Act 1998, and puts liberty, respect for a private life, and the presumption of innocence at the heart of the rules.

The UK has the largest DNA database in the world; it is far larger than its American equivalent. It contains records from more than 4 million British citizens; 1 million of those people have no record on the police national computer, and 1 million were added as children. Almost one in two of all black men are on the database. This has been not so much a policy—that would have entailed some systematic attempt to collect DNA—but a random accretion of profiles from anybody who happens to run into the police.

On 4 December last year, the European Court of Human Rights ruled that the retention of the DNA samples of two men—S and Marper—was illegal, and that it violated their right to a private life. The ruling stated that the judges were

"struck by the blanket and indiscriminate nature of the power of retention in England and Wales".

They ruled that

"the retention in question constituted a disproportionate interference with the applicants' right to respect for private life and could not be regarded as necessary in a democratic society".

That is a damning indictment of the Government's policy on DNA retention, and serves to highlight the Government's dangerous and illegal obsession with massive, Big Brother-style databases, whether for DNA, e-mails and phone calls, or biometric data collected for ID cards. A report by the Joseph Rowntree Reform Trust concluded that out of 46 databases examined, one quarter were almost certainly illegal, as the existing DNA database has been found to be, and fewer than 15 per cent. of those assessed were effective, proportionate or necessary.

The effectiveness of this random accretion in the DNA database is itself highly questionable. Figures have shown that despite the huge increase in the number of profiles on the database—from 2.1 million in 2002 to 5.6 million at the last count—the number of detected crimes in which a DNA match was available has fallen from 21,098 to 17,614 last year. Ministers have failed to produce any respectable peer-reviewed research that supports their case for this random increase in the collection of DNA samples and profiles—indeed, size is, in itself, problematic, as it makes the data more unwieldy in finding matches. Ministers like to say that DNA is essential in detecting crime, and of course it is, but the most significant application of DNA testing is when DNA is found at the scene of a crime and can then be matched with a suspect. That process will continue, and it should do, but what should not continue is the topsy growth for no reason in the number of samples and profiles added to the database.

Given the weight of evidence in favour of reform of the DNA database, the Government have signally failed to justify their current proposals. I am forced to conclude that Ministers are putting forward what they believe to be the absolute minimum that they can get away with before the European Court, while hoping that campaigners will not mount any further legal challenges. I think that Ministers will be proved wrong; to hold records for six years on people charged with or convicted of no crime, and to hold them for 12 years on those arrested for serious offences, makes a mockery of the presumption of innocence that has been fundamental to our law for centuries. There is no evidence that such a lengthy retention period is proportionate, necessary or effective.

Despite the extremely sensitive nature of these issues, the Government are essentially asking us to defer all serious decisions to statutory instruments that will be introduced at a later stage—there would then be no requirement even for a debate on the Floor of the House. The House backs far too many, "I'm a Minister, trust me" clauses in any case, but it should certainly not accept their use in this important matter—to do so would frankly be an outrage. This is an issue of national significance and national debate that potentially affects the human rights of millions of people, and it should be addressed only through primary legislation. Ministers will say that time was pressing, consultation periods are long and that what they propose is the only practical way of dealing with the issue, but that is nonsense. We have a precedent for a tailor-made, one-purpose Bill in respect of the Criminal Evidence (Witness Anonymity) Act 2008, which was also drafted in response to a court judgment and commanded support from all parts of the House.

The Government should not be allowed to get away with passing legislation that has not been subject to proper scrutiny in this House—we heard in the programme motion debate how little scrutiny the Bill received in Committee. Their manoeuvring with consultations and the use of secondary legislation is simply unacceptable, given the seriousness of the issue. We, on the Liberal Democrat Benches, along with Members from all parts

of the House, have signed amendments to remove the DNA provisions from the Bill and we will certainly push them to a vote.

Let me turn to our proposed alternative. We propose a similar system to that which has worked so well in Scotland. When we were in coalition in the Executive in Scotland, my Liberal Democrat colleagues in the Scottish Parliament led the charge to introduce less Orwellian rules for Scotland than those currently in place in England, Wales and Northern Ireland. The Scottish provision allows that any samples and profiles taken, voluntarily or otherwise, from somebody who is subsequently released without charge or acquitted of an offence should be destroyed within one month. However, if an offence was of a violent or sexual nature, a sample can be held for up to three years—we propose that the same period apply.

There is a legitimate debate to be had over the length of time that retention is acceptable in the cases of those arrested for serious violent or sexual offences. The Government propose to set this limit at 12 years, whereas the Scottish system sets it at three years, as in our new clauses, but allows for a possible two-year extension. The Conservatives' proposals are similar, but we part company with the official Opposition where they allow for a blanket application to retain samples and profiles for up to five years after an arrest for any offence because we believe that to be disproportionate and to depart from the spirit of the Scottish legislation.

To my mind, the Government's proposals—and, I am afraid to say, those of the Conservatives—do not get the balance right between liberty and the prevention and detection of crime. If there was evidence that the retention of samples for five years or 12 years was significantly more effective in preventing or detecting future crimes, there would be a case to be weighed in the balance, but we have not heard that case from the Government. It is my belief that we should err on the side of the tried and tested principles of British justice, respected as they are and will continue to be north of the border. The presumption of innocence is a cornerstone of our judicial system and must be protected. Our provisions would adequately roll back these intrusive and illiberal powers, while recognising that DNA is an important crime fighting tool and that the taking of samples during investigations must continue. Our proposals get the balance right, and I commend them to the House.

4.45 pm

Keith Vaz (Leicester, East) (Lab): I have a great deal of sympathy with the hon. Member for Eastleigh (Chris. Huhne), who based his arguments on the system in Scotland, which offers us an example of what can be done. I feel—this prompted my intervention during the discussion on the programme motion—that this serious and important area of policy deserves a proper debate in the House, rather than the time that we have allocated for this debate.

The Government are reacting to a judgment of the European Court of Human Rights. When the judgment was made, the Home Secretary made a statement to the House at the end of last year. Several months passed before the Government decided what their new policy would be. The Government have not met the fundamental objection to holding the DNA of innocent people on the DNA database. Either someone has committed an offence, or they have not. If they have not committed an offence, it is fundamentally wrong that their DNA should be retained on the database. If it is retained, as the Government hope, and an arbitrary figure, such as six years or 12 years, is chosen—I am not sure why those periods were chosen—the worry is that if that arbitrary figure cannot really be justified, it goes against the whole argument in changing the principle.

When this matter has been raised in the House on numerous occasions, Ministers have said that we need to retain the DNA of individuals in case they commit criminal offences in the future. Ministers have given many examples of the retention of DNA over one issue resulting in people being arrested or imprisoned for another issue several years afterwards. They come to the House with legitimate arguments and evidence to support their view, but I think that that is evidence in support of an even bigger database—the mother of all databases—on which would be retained the DNA of every individual in this country. Either we should have it for everybody, or we should retain only the DNA of those who have been convicted of an offence. The retention of DNA on the presumption that people who are in trouble over one issue will get into trouble over another because they have some kind of criminal tendency is, I think, wrong. That is the problem with the Government's argument—it is the fundamental flaw that they have in trying to address the proper ruling of the European Court of Human Rights. The suggestions made by the hon. Member for Eastleigh deal with that point.

I hope that when the Minister comes to reply he will be able to tell us that the DNA samples of children—of all children—have now been removed from the database. The Minister for Security, Counter-Terrorism, Crime and Policing is nodding, but I give the Under-Secretary the opportunity to put that on the record from the Dispatch Box. I do not think that we have heard that from the Dispatch Box since this matter first came into the public domain.

Let me give an example of an innocent person who suddenly has his DNA retained. A hooray Henry—a helpful guy—goes into a pub to enjoy himself. He intervenes to prevent a fight. The police are called to stop everyone in the pub, or outside it, causing a disorder. The police take everyone in and the DNA of the person who intervened to stop the fight is retained.

One of my constituents did exactly that. He intervened to prevent a fight, was arrested, detained overnight in a police station and had his DNA taken. He had no criminal record whatever, yet his DNA was retained. Why retain his DNA? Why presume that he might commit another offence when he has an absolutely clean record and intervened only because he was trying to prevent two people from fighting? He went out to enjoy himself with his friends. He was not involved in the disorder—he tried to stop it.

A Member of the House has raised the following matter on a number of occasions. When an elderly member of his family died in suspicious circumstances, the police took the DNA of all members of the family. The hon. Gentleman tried for months—it may be years now—to get an answer from the relevant chief constable and to have his DNA removed. He came to me, as

[Keith Vaz]

Chairman of the Select Committee on Home Affairs, and the Committee wrote to the Home Secretary to ask what was happening about the hon. Gentleman's DNA. I am not talking about the hon. Member for Ashford (Damian Green), although he too has a legitimate case for asking for his DNA back.

Why should the DNA of a Member who was not involved in any criminal activity be retained? He was not even at the scene of a crime, but happened to be related to a person who died in suspicious circumstances—although I understand that they are no longer suspicious.

Paul Holmes (Chesterfield) (LD): Does the right hon. Gentleman share my concern about the example I gave in Committee? Two boys had their DNA taken because they built a tree house in a cherry tree—many people probably built tree houses when they were young. Earlier, the right hon. Gentleman asked whether children's DNA would be removed. If those boys were 15 or 16 when their DNA was taken, would their DNA be removed when they were over 18 and adults?

Keith Vaz: I absolutely share the hon. Gentleman's concern. A particular incident could lead to DNA being retained. The House knows very well the circumstances relating to the hon. Member for Ashford, and the Select Committee recently published a report about them, although it did not mention the hon. Gentleman's DNA. However, the fact is that his DNA was taken and there would be no prospect of its being removed for six years under the Government's proposals, unless we were to make an exception for Members of the House, and in the current climate we should never be in a position to make exceptions for hon. Members. But why retain that DNA?

We know that the DNA of a disproportionate number of black and Asian people is held on the database, because if a disproportionate number of black and Asian people are stopped and searched under stop-and-search legislation there will be more DNA from people from the black and Asian community. Their DNA, too, is retained on the database. Why do the Government say that their DNA should be retained for six years or even longer because they were stopped under stop-and-search powers? There is a fundamental flaw in the Government's argument: either it is okay for everybody or it is okay only for people who have committed criminal offences.

The hon. Member for Eastleigh did not deal with the possibility of loss of data, although I am sure he would have done so if he had had the time he sought under the programme motion. Although the situation is better, unfortunately the Government were afflicted by loss of data for a period last year. I do not just blame the present Government—any Government who sought to retain so much data would be affected. The more data the Government possess, the greater the likelihood that the data will be lost, so why hold information if nothing is being done with it?

Ministers must address those issues if we are being serious about the subject. It is not that those who say that a limit is needed are against catching criminals. Of course we want to catch criminals, and we want to use everything in our power—every piece of new technology—to achieve that.

The professor of genetics who invented the way in which DNA is extracted and retained is Alec Jeffreys of the University of Leicester—one of our most eminent citizens, recently given the freedom of the city of Leicester—and he is on record as saying that he does not understand why the Government have made these proposals. He has talked about other ways in which such things can be used to aid the police and other authorities, without the retention. If our arguments are dismissed because we are not experts, I hope that the Government will listen to the expertise of none other than Sir Alec Jeffreys, who says that the Government are wrong on the issue. I know how fond Governments are of relying on experts, so the Government should take it from Alec Jeffreys, if not from us, that they need to think again.

As the Bill is going through Parliament, the view is, "Let's just stick it in the Bill, because we don't know when the next one is coming out." We have had 66 such Bills, as the hon. Member for Eastleigh said—quite a lot of Bills—and we have had almost as many immigration Bills. We need to think carefully before we adopt something that is a knee-jerk reaction, and we should not have a knee-jerk reaction, because we have known about this for seven months, so there is every reason for people to have thought about it very carefully. I hope that Ministers will reflect on the proposal before they push it through the House. I have every sympathy for the Liberal Democrat suggestion, and I hope that the Minister can reassure us that sufficient safeguards are in place.

One of the best safeguards is that, when people write in, they receive replies. In the case of the hon. Gentleman whom I mentioned, he has not had the decency of a reply from the chief constable. At the very least, there should be a robust process of challenging. It should not be exceptional; there should be a reasonable way in which people can challenge the retention. I wrote about my constituent, and I received a very flimsy reply from the custody sergeant. I expect more and better from a Government who are keen to ensure that our liberties are protected.

James Brokenshire (Hornchurch) (Con): In Committee, I said that the Government's proposal to deal with the retention of DNA data under an order-making power was utterly unacceptable and that we would oppose it vigorously. The Government have not changed their standpoint, and neither have we. The irony was that the Committee debate was held in a vacuum: we had absolutely no idea what the Government would propose. We were simply asked to provide a blank cheque. Now that we have some more details, we do not have the time to debate them sufficiently. Therefore, it is ironic that the most scrutiny allowed for any proposed order would last an hour and a half in Committee, although these very sensitive and controversial issues need to considered carefully.

Despite the Government's promises of consultation outside the House—obviously, we hear what they say—we must wonder why the Government are seemingly prepared to debate this highly sensitive issue anywhere other than the House. The Constitution Committee of the other place recommended in its recent report, "Surveillance: Citizens and the State" that

> "The Government should introduce a Bill to replace the existing regulatory framework governing the NDNAD. This would provide an opportunity to reassess the length of time DNA profiles are retained under regulatory oversight of the NDNAD."

We agree. The use, retention and destruction of DNA records and the oversight that sits behind it require detailed primary legislation in their own right, with full and detailed debate and examination in Parliament.

There is little doubt about the importance of DNA as an evidential tool in prosecuting criminals and bringing them to justice. DNA can form an important part of the evidential case to prove guilt and ensure that serious criminals are brought to justice. The fight against crime—in particular, organised crime and terrorism—depends on the use of modern scientific techniques of investigation and identification. However, as the European Court of Human Rights noted in the case of S and Marper, basic freedoms

"would be unacceptably weakened if the use of modern scientific techniques in the criminal justice system were allowed at any cost and without carefully balancing the potential benefits of the extensive use of such techniques against important private-life interests."

That frames this debate. The Government were well and truly on the wrong side of the line, and we would argue that they are still on the wrong side of the line.

5 pm

This country claims a pioneering role in the development of DNA technology, and consequently bears a special responsibility in striking the right balance between public protection and the protection of personal liberties and freedoms from intrusion by the state. At the heart of that—and, I believe, the basic starting point when considering what is appropriate in terms of the retention of DNA data—is the premise that a person is innocent until proven guilty. The indefinite retention on the national DNA database of the DNA of people who have never been charged with any crime, or who have been acquitted by a court, is unacceptable in a society founded on that principle. With regard to the national DNA database as currently constituted, that presumption is reversed: a person is always regarded as potentially guilty unless shown to be innocent. Everyone on the database is regarded as a potential suspect.

Until recently, the Government took the blanket, indiscriminate approach of simply growing the database, viewing that as a good in itself—and the number of profiles on the DNA database has certainly grown, from 2.1 million in 2003 to 5.6 million by the end of March this year. The full impact of that growth becomes clear only when we break the number down by the countries of the United Kingdom. We are talking about some 4 per cent. of the population of Northern Ireland, nearly 5 per cent. of the population in Scotland, and nearly 10 per cent. of the population of England and Wales. Under the Police and Criminal Evidence Act 1984 as amended by the Criminal Justice and Police Act 2001, fingerprints and samples, including DNA samples, can be taken from anyone arrested for a recordable offence and detained in a police station. However, the Home Office has confirmed that more than 1 million people on the database have never been convicted, cautioned, formally warned or reprimanded, as recorded by the police national computer. GeneWatch UK has calculated that there are records of more than 100,000 innocent children on the database. The database contains the records of about 40 per cent. of black men in the UK, as compared to 30 per cent. of Asian men and just 9 per cent. of white men.

Despite the huge growth in profiles, the number of detected crimes in which a DNA match was available has actually fallen. Between 2002-03 and 2007-08, the number of detections fell from 21,098 to 17,614. The total number of detected crimes in which a DNA match was available or played a part, and the percentage of crimes detected in which a DNA match was available, as opposed to crimes where potential DNA material was collected, have remained static, despite the huge increase in the number of profiles. Simply growing the database has not resulted in a growth in detections. We therefore welcome the Government's acceptance that the status quo is unsustainable. The problem is that it is simply unsupportable to think that such an important issue can be remedied by ministerial edict.

The Minister will no doubt say that the Government cannot act quickly enough to respond to the judgment of S and Marper, and that they need to go through a public consultation before they can do anything, but I just do not buy that line of argument. If the order-making power was some sort of legislative shortcut pending subsequent primary legislation, it could have included a sunset clause, but the Government have chosen not to include one. The approach is made even more perverse when one considers that the Home Office's consultation document on DNA retention, released just a few weeks ago, envisages that primary legislation will be required to take samples post-conviction, or from UK residents convicted of violent or sexual offences abroad who are returning to the UK. If primary legislation is required for that, surely it is right that basic protections regarding samples, profiles and the DNA database and its oversight should be embodied in statute.

There are points on which we do agree with the Government. There should be different treatment for the young, in terms of the retention of DNA profiles. The DNA profiles of under-10s should not be retained. DNA samples should be destroyed as soon as practicable once a profile has been taken. Where an adult has been convicted of a recordable offence, DNA should be retained indefinitely. Where consent has been volunteered for DNA profiles to be put on the database, that consent should be capable of being withdrawn. Accordingly, we trust that the Government will support our new clause 31.

We have long argued for the need to ensure that the police can retrospectively take samples for a longer period after conviction and from those convicted overseas, so we are glad that the Government have responded positively to that call. However, we differ on the retention of profiles on the DNA database of people arrested but never charged with an offence, or of those acquitted of any wrongdoing. The Government argue that in these circumstances it is appropriate to keep the profile—to treat someone as a future potential suspect in a criminal investigation, even though they are supposed to be innocent in the eyes of the law—for between six and 12 years, depending on the nature of the offence for which they were arrested.

The Government seek to argue this on the basis of the hazard rates and purported patterns of future reoffending, as set out in their consultation document, yet these models are based on individuals convicted of having committed a crime and an assumption that they are relevant to those arrested but never convicted. This fundamental assumption is not fully substantiated. All

the Government say is that their assumption is partially supported by analysis from the Jill Dando Institute, but this analysis has not been published and my understanding is that it has yet to be peer reviewed.

We believe it is appropriate to introduce an approach on DNA retention similar to that introduced in Scotland, where the DNA profiles of those convicted of an offence would be retained only in circumstances where charges relating to a crime of violence or a sexual offence had been brought. In these circumstances DNA profiles could be retained for a maximum period of five years, subject to judicial oversight after an initial period of three years. That is where we differ from the Liberal Democrats' analysis and their proposal. It is interesting to note that the Scottish DNA database has a higher success rate in matching profiles with crime scene samples than the national DNA database.

We recognise that there may be circumstances in which a serious risk of harm has been identified by the police and where the power to retain DNA information may be appropriate as a means of mitigating that risk, if a court considers that there is sufficient evidence. New clause 32 reflects this approach, and with your permission, Mr. Deputy Speaker, we shall test the opinion of the House on it.

Our amendments may not be perfect, but they demonstrate that it is possible to write these important protections into primary legislation. Government suggestions that that is too hard or inflexible miss the fundamental point that such protections need to be spelled out in this way precisely because it will be harder to change them in the future. That is why we believe these freedoms should be put on a firm statutory footing, and why the House should treat with the utmost suspicion the Government's approach of keeping the issue out of the House and out of sight.

The Parliamentary Under-Secretary of State for the Home Department (Mr. Alan Campbell): I shall respond to the amendments and new clauses tabled by Opposition Members and speak to those tabled by the Government.

I begin by saying to my right hon. Friend the Member for Leicester, East (Keith Vaz) that, in line with commitments given by the Home Secretary in her speech in December, I am pleased to confirm that the DNA of all under-10-year-olds has been removed from the database. My right hon. Friend also asked about the security of data on the DNA database. There has not been a single instance of the loss or misuse of data retained on the DNA database. I hope I have reassured him on those points.

I shall respond to the points raised by Opposition Members in the substance of my remarks. I welcome the aim of new clauses 1, 2 and 3 because they acknowledge that it is important to ensure that the biometric data of those suspected of violent or sexual offences are subject to a different regime of retention and destruction from the biometric data of a person arrested but not convicted. We would, however, have great difficulty supporting the amendments. I shall deal with the technical problems with them and then put them in the context of the wider argument.

First, the amendments do not clearly define the status of a person who has been released without charge. They could apply to a person released without charge and on bail, or to a person released without charge and informed that no further action would be taken. I can only assume that the latter is the intention of the amendment. The definition of an offence

"of a violent or sexual nature"

may be too vague. It may be more appropriate to list the actual offences involved and, therefore, clarify what offence is and what offence is not subject to a specific period of retention for DNA and fingerprints. It is neither correct nor appropriate to amend section 113 of the Police and Criminal Evidence Act 1984, as proposed, because the section allows equivalent legislative provision in part 5 of the Act to be applied to the armed forces, subject to modifications that are considered necessary to cater for the different circumstances in which the armed forces operate. Any amendments in respect of part 5 of the 1984 Act would be reflected in the statutory instrument that applied those provisions to the armed forces.

Those are technical points. I now turn to the more substantive point about the need to engage the public in any new framework that we propose for the retention of biometric data that are taken during a criminal investigation. I shall also reply to the accusation that we are responding simply to the judgment, because, in fact, we seek to go further than that.

I recognise that some people who are currently on the national DNA and fingerprint databases who have been arrested but not convicted may well ask why, in the light of the European Court of Human Rights judgment, their samples are not being destroyed. The judgment did not hold that any retention of samples of unconvicted people is unlawful per se; rather, it held that we cannot maintain a blanket scheme of retention that applies to all samples. Moreover, as Members will be aware, the existing law stands until such time as Parliament changes or amends it.

The contents of the Government's enabling clause will allow for a retention and destruction framework to be put in place to ensure compliance with the European Court judgment within a reasonable time, and for such regulations to be subject to the consideration of both Houses.

Hon. Members who tabled new clauses 31 and 32 may have done so in the absence of sight of the Government's proposals that were published on 7 May in the consultation paper entitled, "Keeping the right people on the DNA database". It sets out very clearly our proposals to implement the judgment of the European Court in the case of S and Marper, but it also shows that in some areas we have gone further than the judgment requires. One such area is samples.

It is important to get on the record the fact that we have announced our intention to destroy all samples, whether they were taken from a person who was arrested and not convicted, or arrested and convicted, amounting to about 4.5 million samples. That is in direct response to the level of public concern about the retention of living samples by the criminal justice system. In addition, we have indicated that in future all samples must be destroyed as soon as possible and held only up to a maximum of six months for the purposes of ensuring that an acceptable profile is placed on the DNA database. The proposals that hon. Members have set out in new clause 32 do not make the important distinction between

samples and profiles, and they fail to take into account a key area of public concern and an issue that was raised in the S and Marper judgment.

Dr. Evan Harris: Does the Minister accept that it would be far better to introduce primary legislation following the—albeit welcome—consultation that he just mentioned? The House would be able, by amendment rather than by resolution after a one-and-a-half hour debate, to give its view on the response to those discussions. That would be the most effective and mature way of developing legislation on these complex topics.

Mr. Campbell: We had that debate at length in Committee, and there are several points to make in response to the Opposition's call for a primary legislation route. First, we have to meet the time scale of responding to S and Marper, and our legal advice is that we have a 12-month period, so there would be absolutely no opportunity to introduce any primary legislation in that time. I must also say to the hon. Gentleman that to believe that such a rule has been applied to date is to misunderstand the way in which the current framework has evolved. Such a proposal would set an important precedent, because DNA guidelines and their operation move over time. If he is saying that every time the DNA guidelines change, we must have primary legislation, he misunderstands the way in which the DNA issue moves—and moves very quickly.

Mr. Gordon Prentice (Pendle) (Lab): Has my Friend consulted the Information Commissioner? If so, what is his view?

Mr. Campbell: Of course we consult and take advice. At present, I am not in a position to tell my hon. Friend exactly what that advice is, but I am sure that I will be able to find it and provide it to him in the foreseeable future.

5.15 pm

I turn to retention periods. New clause 34 proposes a retention period in respect of those arrested for violent and sexual offences, but only for a period of three years, subject to potential extension for a further two years on application to the Crown court. New clause 32 proposes a residual power on top of that, allowing a chief police officer to apply to a county court to make an order requiring the retention of a sample for up to five years when there is serious risk of harm to the public or when it would inhibit or disrupt the involvement of the person in the commission of a violent or sexual crime. If the provisions in new clause 32 simply relate to arrests, violent and sexual offences would be capable of a five-year retention period under proposals in its new section 64C. If the threshold of arrest is not involved, the criterion proposed is worrying. I assume that what was intended was a criterion of "risk of serious harm", rather than of "serious risk of harm"; otherwise, such an order could be applied in respect of any situation where there was harm or potential harm. In respect of inhibiting, restricting or disrupting the involvement of a person in the commission of one of those offences, the police already have the necessary powers.

I turn to the reasoning behind the retention periods that we propose—six years, or 12 years in the case of serious sexual offences. During the consultation period, we have set out the basis on which we have arrived at those decisions. There are two key aspects at work. Those who commit so-called minor offences also tend to commit more serious offences, and vice versa. Secondly, those arrested and not convicted have a propensity to offend—we did not say "reoffend", as the hon. Member for Hornchurch (James Brokenshire) said we did—comparable to that of those who are arrested and convicted but not given a custodial sentence.

We are emphatically not losing sight of the fact that people are innocent until proven guilty, and we are not saying that people arrested and not convicted will go on to commit offences in future. What we are saying is that our research suggests that some of them—a greater proportion than in the population at large—do tend to go on to commit offences, including serious offences. If we could identify those people at the point of first arrest, life would be easy. But we cannot, and that is why we propose a proportionate retention period based on the individual's propensity to offend.

David T.C. Davies (Monmouth) (Con): Will the Minister give way?

Mr. Campbell: I shall not, because I am running out of time. Research by the Jill Dando Institute indicates that 52 per cent. of subsequent offending takes place within the first six years of initial conviction, and that two thirds takes place within 12 years. Studies from the United States suggest that it takes up to 15 years for an individual who has been arrested to have the same risk of being arrested again as exists among the general population.

A point was made about the Scottish model. We did consider that model, which involves shorter retention periods. However, in the light of the research evidence available to us, which did not inform the Scottish Executive's decision, we have decided to propose six-year and 12-year retention periods. We recommend six years for most crimes and 12 years for those with high impact such as serious violent offences and sexual and terrorist-related offences.

5.19 pm

One and a half hours having elapsed since the commencement of proceedings on the programme motion, the debate was interrupted (Programme Order, this day).

The Deputy Speaker put forthwith the Question already proposed from the Chair (Standing Order No. 83E).

That the clause be read a Second time.

The House divided: Ayes 71, Noes 284.

Division No. 134] **[5.19 pm**

AYES

Alexander, Danny	Corbyn, Jeremy
Barrett, John	Davey, Mr. Edward
Beith, rh Sir Alan	Davies, Mr. Dai
Brake, Tom	Durkan, Mark
Brooke, Annette	Featherstone, Lynne
Browne, Mr. Jeremy	Foster, Mr. Don
Bruce, rh Malcolm	George, Andrew
Burstow, Mr. Paul	Gidley, Sandra
Burt, Lorely	Goldsworthy, Julia
Cable, Dr. Vincent	Hancock, Mr. Mike
Campbell, rh Sir Menzies	Harris, Dr. Evan
Carmichael, Mr. Alistair	Harvey, Nick
Clegg, rh Mr. Nick	Heath, Mr. David

Hemming, John
Holmes, Paul
Horwood, Martin
Howarth, David
Hughes, Simon
Huhne, Chris
Hunter, Mark
Jones, Lynne
Keetch, Mr. Paul
Kramer, Susan
Lamb, Norman
Laws, Mr. David
Leech, Mr. John
Llwyd, Mr. Elfyn
McDonnell, John
Moore, Mr. Michael
Mulholland, Greg
Oaten, Mr. Mark
Öpik, Lembit
Pelling, Mr. Andrew
Prentice, Mr. Gordon
Price, Adam
Pugh, Dr. John
Reid, Mr. Alan
Rennie, Willie
Robinson, rh Mr. Peter
Rowen, Paul
Russell, Bob
Sanders, Mr. Adrian
Short, rh Clare
Simpson, Alan
Smith, Sir Robert
Stunell, Andrew
Swinson, Jo
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Vaz, rh Keith
Webb, Steve
Williams, Hywel
Williams, Mark
Williams, Stephen
Willis, Mr. Phil
Wood, Mike

Tellers for the Ayes:
Dan Rogerson and
Mr. Roger Williams

NOES

Abbott, Ms Diane
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Betts, Mr. Clive
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gilroy, Linda
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hoey, Kate
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Kidney, Mr. David
Killoyle, Mr. Peter
Knight, rh Jim
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lepper, David
Levitt, Tom
Linton, Martin
Lloyd, Tony
Lucas, Ian
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morgan, Julie
Mountford, Kali
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, rh John
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn

Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Helen Jones and
Steve McCabe

Question accordingly negatived.

New Clause 32

RETENTION OF SAMPLES FOLLOWING ARREST

'(1) The Police and Criminal Evidence Act 1984 (c.60) is amended as follows.

(2) After section 64A insert—

"64B Retention of samples

(1) Subject to subsection (2), where a sample has been taken from a person under this Part, unless such a person has been given consent in accordance with section 64(3AC), all such samples and all information derived from such samples shall be destroyed as soon as possible following a decision not to institute criminal proceedings against the person or on the conclusion of such proceedings otherwise than with a conviction.

(2) Subsection (1) above shall not apply—

(a) where the record, sample or information in question is of the same kind as a record, a sample or, as the case may be, information lawfully held in relation to the person; or

(b) where the person is cautioned for a recordable offence or given a warning or reprimand in accordance with the Crime and Disorder Act 1998 for a recordable offence in connection with the decision not to institute criminal proceedings or following the withdrawal or cessation of criminal proceedings; or

(c) where sections 64C or 64D apply.

(3) For the purposes of this section, criminal proceedings shall not be deemed to have concluded until the earlier of the (1) the lapse of any applicable appeal period and (2) a decision is made not to appeal such proceedings.

64C Retention of samples etc (violent and sexual offences)

(1) This section applies where any sample has been taken from a person under this Part where criminal proceedings were instituted against such person in respect of a sexual offence or violent offence and such proceedings concluded otherwise than with a conviction or with the person being cautioned for a recordable offence or given a warning or reprimand in accordance with the Crime and Disorder Act 1998 for a recordable offence.

(2) Subject to subsections (6) and (7) below, the sample and any information derived therefrom shall be destroyed no later than:

(a) 3 years following the conclusion of the proceedings ("the initial retention date"); or

(b) such later date as may be ordered under subsection (3).

(3) On application made by a chief officer of police within the period of 3 months before the initial retention date, the Crown Court, if satisfied that there are reasonable grounds for doing so, may make an order amending, or further amending, the date of destruction of the relevant sample and any information derived therefrom.

(4) An order under subsection (3) shall not specify a date more than 2 years later than the initial retention date.

(5) Any decisions of the Crown Court may be appealed to the Court of Appeal within 21 days of such decision.

(6) Subsection (2) does not apply where—

(a) an application under subsection (3) above has been made but has not been determined.

(b) the period within which an appeal may be brought under subsection (5) above against a decision to refuse an application has not elapsed; or

(c) such an appeal has been brought but has not been withdrawn or finally determined.

(7) Where—

(a) the period within which an appeal referred to in subsection (5) has elapsed without such an appeal being brought; or

(b) such an appeal is brought and is withdrawn or finally determined without any extension of the time period referred to in subsection (2),

the sample and any information derived therefrom shall be destroyed as soon as possible thereafter.

(8) For the purposes of this Part a "sexual offence" or "violent offence" shall mean such offences of a violent or sexual nature as shall be set out in any order made by the Secretary of State with reference to this section.

64D Retention of Samples - Residual Power

(1) On application by a chief officer of police, the Crown Court may make an order requiring the retention of a sample taken from a person and any information derived therefrom in circumstances where such a sample and any information derived therefrom would otherwise be required to be destroyed if it has reasonable grounds to believe that:

(a) there is a serious risk of harm to the public or a section of the public; and

(b) such retention would prevent, inhibit, restrict or disrupt involvement by the person in the commission of a sexual offence or violent offence.

(2) An order under this section is not to be in force for more than 5 years beginning with the date of the commencement of the order.

(3) Any decision of the Crown Court may be appealed to the Court of Appeal within 21 days of such decision.

(4) Where an application has been made for an order under this section, the relevant sample and any information derived therefrom shall not be destroyed until such application and any appeal thereof has been determined.

(3) At end of section 113(1) insert—

"provided always that the protections in Part 5 relating to the retention of samples and any information derived therefrom shall also be applied to persons investigated or under arrest under such Acts."'.—*(James Brokenshire.)*

Brought up.

Question put, That the clause be added to the Bill.

The House divided: Ayes 154, Noes 352.

Division No. 135] **[5.35 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Barker, Gregory
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Beresford, Sir Paul
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Brazier, Mr. Julian
Brokenshire, James
Burns, Mr. Simon
Burrowes, Mr. David
Burt, Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, David T.C. *(Monmouth)*
Davis, rh David
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Nadine
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Field, Mr. Mark
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Gove, Michael
Grayling, Chris
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Gummer, rh Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Hayes, Mr. John
Heald, Mr. Oliver
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Horam, Mr. John
Howell, John
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jenkin, Mr. Bernard
Jones, Mr. David
Jones, Lynne
Kawczynski, Daniel
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Lidington, Mr. David
Luff, Peter
Mackay, rh Mr. Andrew
Maclean, rh David
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Murrison, Dr. Andrew
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Randall, Mr. John
Redwood, rh Mr. John
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Robinson, rh Mr. Peter
Rosindell, Andrew
Ruffley, Mr. David
Scott, Mr. Lee
Selous, Andrew
Shepherd, Mr. Richard
Short, rh Clare
Simmonds, Mark
Simpson, Mr. Keith
Soames, Mr. Nicholas
Spelman, Mrs. Caroline
Spicer, Sir Michael
Spring, Mr. Richard
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Dr. Richard
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Walker, Mr. Charles
Wallace, Mr. Ben
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Wilshire, Mr. David
Winterton, Ann
Young, rh Sir George

Tellers for the Ayes:
Mr. Rob Wilson and Jeremy Wright

NOES

Abbott, Ms Diane
Ainsworth, rh Mr. Bob
Alexander, Danny
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barrett, John
Barron, rh Mr. Kevin
Battle, rh John
Beckett, rh Margaret
Begg, Miss Anne
Beith, rh Sir Alan
Benn, rh Hilary
Benton, Mr. Joe
Betts, Mr. Clive
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Bradshaw, Mr. Ben
Brake, Tom
Brennan, Kevin
Brooke, Annette
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Browne, Mr. Jeremy
Bruce, rh Malcolm
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Burstow, Mr. Paul
Burt, Lorely
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Cable, Dr. Vincent
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, rh Sir Menzies
Campbell, Mr. Ronnie
Carmichael, Mr. Alistair
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clegg, rh Mr. Nick
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
Davey, Mr. Edward
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Elman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Featherstone, Lynne
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Foster, Mr. Don
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*

Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, Andrew
George, rh Mr. Bruce
Gerrard, Mr. Neil
Gidley, Sandra
Gilroy, Linda
Goldsworthy, Julia
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hancock, Mr. Mike
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Dr. Evan
Harris, Mr. Tom
Harvey, Nick
Havard, Mr. Dai
Healey, rh John
Heath, Mr. David
Hemming, John
Henderson, Mr. Doug
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hoey, Kate
Holmes, Paul
Hood, Mr. Jim
Hoon, rh Mr. Geoffrey
Hope, Phil
Horwood, Martin
Howarth, David
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Hughes, Simon
Huhne, Chris
Humble, Mrs. Joan
Hunter, Mark
Iddon, Dr. Brian
Ilsley, Mr. Eric
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Keen, Alan
Keen, Ann
Keetch, Mr. Paul
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kramer, Susan
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Lammy, rh Mr. David
Laws, Mr. David
Laxton, Mr. Bob
Leech, Mr. John
Lepper, David
Levitt, Tom
Linton, Martin
Lloyd, Tony
Lucas, Ian
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moore, Mr. Michael
Morgan, Julie
Mountford, Kali
Mulholland, Greg
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Hara, Mr. Edward
Oaten, Mr. Mark
Olner, Mr. Bill
Öpik, Lembit
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, Mr. Alan
Reid, rh John
Rennie, Willie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Rogerson, Dan
Rooney, Mr. Terry
Rowen, Paul
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Bob
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sanders, Mr. Adrian
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Spink, Bob
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Swinson, Jo
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Matthew
Teather, Sarah
Thomas, Mr. Gareth
Thornberry, Emily
Thurso, John
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Webb, Steve
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Hywel
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Helen Jones and
Mr. Dave Watts

Question accordingly negatived.

Clause 95

RETENTION AND DESTRUCTION OF SAMPLES ETC: ENGLAND AND WALES

Amendment made: 112, page 117, line 29, at end insert—

'(4) Before laying such a draft before Parliament, the Secretary of State must consult—

(a) the Association of Police Authorities,

(b) the Association of Chief Police Officers of England, Wales and Northern Ireland,

(c) the General Council of the Bar,

(d) the Law Society of England and Wales,

(e) the Institute of Legal Executives, and

(f) such other persons as the Secretary of State thinks fit.'.—*(Mr. Alan Campbell.)*

Clause 97

RETENTION AND DESTRUCTION OF SAMPLES ETC: NORTHERN IRELAND

Amendment made: 113, page 119, line 5, at end insert—

'(10A) Before making regulations under this Article, the Secretary of State must publish a draft of the regulations and consider any representations made to the Secretary of State about them.'.—*(Mr. Alan Campbell.)*

New Clause 20

INTERIM INJUNCTIONS: DURATION

'(1) An interim injunction granted under sections 38 or 39 must include the period for which it shall have effect.

(2) The period specified in subsection (1) above must not exceed four weeks.

(3) Interim injunctions granted under sections 38 or 39 may not be renewed.'.—*(Mr. Dismore.)*

Brought up, and read the First time.

Mr. Andrew Dismore (Hendon) (Lab): I beg to move, That the clause be read a Second time.

Madam Deputy Speaker (Sylvia Heal): With this it will be convenient to discuss the following:

Amendment 37, in clause 32, page 26, line, leave out 'two' and insert 'four'.

Amendment 40, page 26, line 6, leave out 'on the balance of probabilities' and insert 'beyond reasonable doubt'.

Amendment 201, page 26, line 13, leave out paragraph (b).

Amendment 38, page 26, line 13, at end insert—

'(3A) The third condition is that the applicant has demonstrated that prosecution of the respondent for a criminal offence was considered but not proceeded with.'.

Amendment 39, page 26, line 13, at end insert—

'(3B) The fourth condition is that the respondent is aged 18 or over.'.

Amendment 202, page 26, line 17, leave out paragraph (b).

Government amendment 60

Amendment 149, line 20, at end add—

'(6) In this section "gang" means a group of people who see themselves or are seen by others as a discernable group and exhibit any one or more of the following factors—

(a) engaging in criminal activity;

(b) identifying with a particular geographical area;

(c) having some form of identifying organisational feature;

(d) being in conflict with other similar gangs.'.

Amendment 204, in clause 33, page 26, line 32, leave out subsections (3) and (4).

Amendment 205, page 27, line 4, leave out 'and requirements'.

Amendment 206, page 27, line 9, leave out 'or (3)'.

Amendment 207, in clause 34, page 27, line 13, leave out 'or requirement'.

Amendment 43, page 27, line 14, leave out from 'injunction,' to end of line 16 and insert

'the period for which it shall be in force.'.

Amendment 208, page 27, line 16, at end insert

'except that no injunction shall remain in force for a period longer than two years from the date it is made.'.

Amendment 42, page 27, line 16, at end insert—

'(2A) The period specified in subsection (2) above must not exceed three years.

(2B) Injunctions granted under section 32 may not be renewed.'.

Amendment 209, page 27, line 23, leave out paragraph (b).

Amendment 210, page 27, line 26, leave out 'or requirement'.

Government amendment 61

Amendment 150, in clause 36, page 28, line 10, at end insert—

'(c) any primary care trust, mental health trust or other NHS authority that the applicant chief officer considers would be appropriate to consult; and

(d) any youth offending team, local probation service or office of the National Offender Management Service that the applicant chief officer considers would be appropriate to consult.'.

Amendment 151, page 28, line 10, at end insert—

'(c) any primary care trust, mental health trust or other NHS authority that the constable considers would be appropriate to consult; and

(d) any youth offending team, local probation service or office of the National Offender Management Service that the constable considers would be appropriate to consult.'.

Amendment 152, page 28, line 22, at end insert—

'(c) any primary care trust, mental health trust or other NHS authority that the applicant local authority considers would be appropriate to consult; and

(d) any youth offending team, local probation service or office of the National Offender Management Service that the applicant local authority considers would be appropriate to consult.'.

Government amendments 62 and 63

Mr. Dismore: The new clause was tabled by the hon. Member for Oxford, West and Abingdon (Dr. Harris), my hon. Friend the Member for Ealing, Southall (Mr. Sharma) and me on behalf of the Joint Committee on Human Rights in order to give effect to the recommendations we made in our 15th report. The Government responded to them only today. The amending provisions relate to the Bill's treatment of gang-related violence. In the report we expressed our concern about the fact that provisions highly significant for individual liberties and human rights appeared not when the Bill was first published, but only in the later stages of the Committee proceedings.

During the Committee stage, the Government explained that provisions were needed because of a judgment by the Court of Appeal in the case of Birmingham city council *v.* Shafi. In that case, the council had sought civil injunctions against individuals who were alleged to have been involved in gang-related offences and public nuisance. The Court of Appeal noted that the terms of the injunctions sought were identical, or almost identical, to those of antisocial behaviour orders. It noted the "striking feature" that the local authority sought ASBOs against those aged under 18 and injunctions in identical terms against those aged over 18. The court recognised that Parliament had laid down a number of specific safeguards applying to the grant of ASBOs, some of which might not apply to injunctions granted at common law.

The court held that the council should therefore seek an ASBO so that

"the detailed checks and balances developed by Parliament and in the decided cases"

would apply. The court considered that it would be bizarre if a different standard of proof applied. As the order sought by the council was essentially the same as an ASBO, the lower court had been correct to apply the same standard of proof that applied in proceedings for an ASBO. The court had to be sure that the defendants had acted in the antisocial way alleged. The court recognised that there might be cases in which the injunctions sought were not identical, or almost identical, to an ASBO, or which involved more complicated facts. In such cases, the civil standard might apply.

The first issue that we raised was the fact that there was no definition of what constituted a gang in the first place. Government amendment 60 deals with that, although I question whether it is sufficiently precise. I note that the Opposition have tabled an amendment on the same issue which is a little more precise. We were told that guidance would be laid before Parliament as soon as possible before the legislation came into force, for the purpose of interpretation.

We were anxious to ensure that the provisions were not open-ended, and that they were necessary. Given the findings of the Court of Appeal, we asked the Minister to explain why the existing law was inadequate, and why it was proposed to use civil law to tackle what was effectively criminal behaviour. We requested an explanation of why the Government had opted not to require those seeking an injunction to explain why criminal prosecution in an individual case was impossible. That is the purpose of amendment 38. In our view, the Government have failed to provide a satisfactory explanation of the need for the provisions, including the rather bizarre clause 32(3)(b), which is apparently intended to protect the respondent from himself. The Government have not published any statistically robust evidence showing why the existing law is inadequate.

Mr. Iain Duncan Smith (Chingford and Woodford Green) (Con): I am not here to defend the Government. My organisation, the Centre for Social Justice, produced an important report on gangs and gang-related violence after its members had travelled to Boston, Los Angeles, New York, Liverpool and Glasgow to see what was going on in those places. A key principle, which I think the Government have now generally adopted—although there are some faults in the arrangement—is that the provision is required for the simple reason that we are trying to get ahead of the problem. We need to identify people who may be at risk of violence, and who may end up being in street gangs. Where this has been applied, it has worked: it has worked in Boston and Los Angeles, for instance.

Mr. Dismore: I shall come to the points that the right hon. Gentleman has made. He has given us some evidence in support of what the Government propose, but so far we have not been given such evidence by the Government. All that we have been given are anecdotal explanations based on the Birmingham cases. If there is robust evidence from overseas, I am surprised that the Government have not produced it in response to our report or our earlier correspondence with the Minister.

The Minister told us that using the criminal law to deal with gang-related violence remained the preferred option. However, the Government considered it not advisable to make it a prerequisite for the Crown Prosecution Service to explain why it was impossible to charge an individual beforehand. The Minister said that the Government were clear that injunctions should not short-circuit the criminal justice process, but we were very concerned about the issue.

In earlier reports, we have drawn attention to the unsustainability in the long term of resort to methods of control which are outside the criminal process, and which avoid the appropriate standards of fairness. Gang injunctions constitute another step in that direction. In our view, the civil law is an inappropriate tool to deal with what is effectively criminal behaviour. We are pleased to note the Government's commitment to use of the criminal law as the preferred option, but it worries us that the Bill does not make that explicit, and that there are no safeguards in the Bill to ensure that it occurs. In particular, there is no requirement for those seeking an injunction to demonstrate that criminal prosecution has been considered as an option first.

We recommend in amendment 38 that the Bill be amended to impose an express duty, throughout the period during which the injunction has effect, to ensure that the question of criminal prosecution is reviewed and is kept under consideration when there is a reasonable prospect of successful prosecution of the subject of the injunction. We have raised a similar issue time and again in relation to control orders. It seems that once a control order has come into effect, little effort is made to prosecute those involved.

I am particularly concerned about the impact of the Bill on children and young people, as amendment 39 makes clear. It is in this regard that I consider the Government's response to be weakest. We welcome the Government's commitment not to amend the Bill to cover children and young people explicitly. However, we do not agree with their contention that part 4 will not be applied to children or young people. We recommend that the Bill be amended to make that clear, and to set a minimum age limit of 18 for respondents.

Mr. Duncan Smith: We spent a lot of time on our report. One of the reasons why we recommended no age limit of 18 was that street gangs, as defined in places such as America, Liverpool and Glasgow, consist of people ranging from children of 11 to men of 26. It is crucial to use civil orders to deal with those people in order to take them out of the gangs. If we wait until they are 18 and on a criminal charge, we shall have to wait until they have done what they intend to do, which will make the position much more dangerous.

Mr. Dismore: The problem with the right hon. Gentleman's contention is that the process is likely to bring the law into disrepute. Injunctions against those under 18 are unenforceable. According to the response that we received from the Government today,

"Injunctions must be enforceable and it is unlikely in practice that these injunctions would be enforceable for under 18s because the court cannot fine someone without a source of income."

The Government also refer to the penalties for those over 18, which could involve fines or imprisonment. They say:

"a court cannot sentence an individual under the age of 18 to detention...for a civil contempt of court. Therefore where when a gang member is under 18 and is without an independent and

[Mr. Dismore]

legitimate source of income, the court would be unable to sanction any breach and so would not grant an injunction."

That constitutes a paper tiger. That is why we have ASBOs.

The Government go on to say that

"there may be occasions where it would be both appropriate and enforceable",

and that

"whilst these instances are likely to be rare",

they want to retain their provisions in the Bill. However, we have not been given an example of where those provisions would be enforceable. If injunctions cannot be enforced, or are refused because they cannot be enforced, there is no point in having the power in the first place. It will simply bring the law into disrepute.

The other issue that concerns us particularly, as is reflected in amendment 40, is the applicable standards of due process. Breach of an injunction is a civil offence which is treated as civil contempt of court, but must be proved to the criminal standard of "beyond reasonable doubt". In the leading ASBO case, although ASBOs were considered to be civil orders—like injunctions—the House of Lords upheld the argument that the proceedings relating to ASBOs should carry the criminal standard of proof. Magistrates should apply that standard: they must be sure that the individual in question acted in an antisocial manner before they can make the order. We believe that similar standards should apply to injunctions which are very akin to ASBOs.

The analogy with ASBOs is particularly acute given the judgment of the Court of Appeal in the Shafi case, which recognised that ASBOs in identical terms could be sought. Some of the proposed injunctions are identical to or more severe than ASBOs, which require proof on the criminal standard. If they are to be more demanding than an ASBO, the argument that they should require the criminal standard of proof is all the stronger.

David T.C. Davies: The hon. Gentleman must have seen in his surgeries, as I have in mine, numerous people who have been victims of antisocial behaviour on the part of gangs, collections of young people, or whatever we want to call them. Why is he trying to make it difficult to enforce order and peace for the benefit of the law-abiding community?

Mr. Dismore: That is not the point. What I am trying to do is ensure that when we introduce draconian powers, we make certain that the individual concerned is subject to those draconian powers. That is the view that the courts have expressed time and again. We should bear in mind the debate in the country more widely about civil liberties, for this is a civil liberties argument. The hon. Gentleman suggests that we go down the route of the civil standard and conclude that, on the balance of probabilities, people have been involved in extremely violent criminal behaviour.

If we go down that route, we will run the risk of a major infringement of our civil liberties. If there is evidence of that, I think the criminal standard ought to be applied, bearing in mind the severe restrictions available through the injunction process and the fact that a breach of an injunction will be a criminal offence. As I have said, so far as young people are concerned the injunction process is pretty pointless; the ASBO is the only way in which can be dealt with, and, as the House of Lords has said, that should be judged by the criminal standard.

6 pm

The other issue that I particularly want to raise is set out in amendment 43 and new clause 20: the duration of an injunction. Injunctions can be of indefinite duration—they can go on for 10, 15 or 20 years—if there is no maximum period. We have tabled this amendment and new clause primarily because we think it is important for the House to have the opportunity to consider whether there should be a maximum term. That is especially the case in relation to the interim injunction process. That is not subject to a maximum time limit, but the whole point of an interim injunction—which can be obtained without notice to the individual concerned, and on a lower standard—is that it should be interim and subject to a proper hearing fairly promptly afterwards to determine whether it should be converted into a full injunction.

So far, we have been unconvinced by the Government's arguments as to why injunctions of indefinite duration are necessary. They say that if there were a maximum time limit—we have put forward a suggestion as to what it should be, merely for purposes of debate—those applying for the injunctions would automatically apply for the finite maximum period. The alternative argument, however, is that if there were a maximum period, the investigators applying for the injunction would then have to start thinking hard about getting the necessary evidence for a criminal prosecution, rather than relying on the softer option of the available indefinite injunction.

The Minister for Security, Counter-Terrorism, Crime and Policing (Mr. Vernon Coaker): We do not have much time to speak on these matters, and as I will not be able to respond in detail to my hon. Friend's remarks, may I put on the record the fact that we will look at the issue of time limits and duration in respect of injunctions?

Mr. Dismore: I am grateful to my hon. Friend. As a result of that assurance, I do not feel the need to put my argument any more strongly today. I am aware that other Members wish to speak, so I shall now bring my remarks to a close.

James Brokenshire: As many Members will be aware, the background to the Government's gang injunction proposals is the approach in Birmingham, where injunctions under section 222 of the Local Government Act 1972 were deployed to combat gang-related violence. Discussions of their use with West Midlands police and Birmingham city council have made it clear that they regarded the injunction as a useful tool to combat serious gang activity, basing a claim on the nuisance caused by gang activity and seeking to bring this within the remit of the Act. In many respects, the use of the injunction to disrupt gang activity is a model based on the tools used to disrupt gangs in Boston, where the injunction is seen as an important mechanism available to law enforcement officers.

We should be under no illusions about the nature of some of the challenges currently facing young people in this country. The children's charity NCH—now Action

for Children—highlights the shocking situation of young people growing up with the real fear of becoming a victim of crime, particularly violent crime. Therefore, we are certainly prepared to consider the application of injunctive relief to communities and neighbourhoods. The House will be aware that injunctions are used to prevent domestic violence, for example, and their application in a preventive sense in respect of harm is understood by the courts. However, in the case of Birmingham city council *v.* Marnie Shaft and Tyrone Ellis the use of section 222 injunctions was ruled to be inappropriate by Nottingham county court, and that decision was upheld by the Court of Appeal last October.

As I said in Committee, I understand why the Government have thought it appropriate to bring these proposals before the House. One of the most insidious aspects of the organised criminal gang structure is that gangs consciously focus their recruitment of new members on some of the most vulnerable members of society, such as those with poor educational attainment, weak family structures, addictions and mental illness. They also try to undermine the family ties that do actually exist.

Various approaches have been taken to combat gang crime and pernicious gang activity in different parts of the country, reflecting the fact that gangs are different in their structure and nature in the different areas in which they operate. It is right, for example, that Birmingham should be able to adopt a strategy different from that followed in Manchester, Liverpool or London, based on the particular problems it experiences and the nature of the relevant gang activity. Some gangs are simply interested in territory; others are motivated by broader criminal intent and the wish to fund a lifestyle. What they all tend to have in common is a sense of identity, often using colours to distinguish which gang people are part of, and aping some of the activities of gangs in the US.

The key question is whether the injunctions sought by the Bill are appropriate, and in particular whether they overstep the line from being preventive to being punitive, with all of the consequences in human rights law that that would impose. The Joint Committee on Human Rights has made a number of important points in its fifteenth report, and I am only sorry that the response to it—promised in the Home Secretary's statement today—had not reached the Vote Office prior to the commencement of the debate on this Bill, so that Members have not had a proper opportunity to assess and assimilate the Government response. I hope the Minister will be able to set out some of the Government's thinking on some of the key issues that have been highlighted, in particular the application of the criminal standard. The Minister will be aware of the McCann case, as we have discussed it at length.

The issue of the treatment of children is also relevant. It is my clear understanding that these injunctions would not be suitable for application to children, but from my brief look at the Government response to the Joint Committee it appeared that there was some suggestion that they could be used in certain restricted circumstances. We need to have a clearer understanding of the application of these provisions if they are intended to operate in that way; the Minister will be aware of issues in respect of enforcement and the fact that they would come not before the youth court but before the High Court or county court. There is certainly a very different enforcement regime governing breach of what is a civil injunction than breach of an ASBO, for example, which would be treated as a criminal matter and the individual concerned would be brought before a youth court.

The Minister will be aware that the injunctions seek to impose positive conditions on the recipient. That goes much further than what might be considered to be protective, either for the individual concerned or for the community affected. These provisions will inevitably be challenged, ultimately before the courts, on their compliance with applicable human rights law. The Minister needs to satisfy the House that they are likely to withstand this challenge. This is particularly the case for injunctions that are designed to be open-ended in duration and without formal review within a specific period as to their continuing suitability or necessity. I heard, however, what the Minister said about this being a live issue that the Government are looking into, and I welcome that.

On a slightly more conciliatory note, I should acknowledge that the Government have sought to address some of the concerns highlighted in Committee. These injunctions centre around the concept of gang-related violence but without defining what is understood by the term "gang", with Liberty asking:

"Is it simply a group of young people wearing hoodies?"

We understood from what the Minister said then that it was not, and the Government have now brought forward an amendment to provide some greater clarity, but we need still more clarity. We have tabled an amendment in relation to this issue, and the work done by my right hon. Friend the Member for Chingford and Woodford Green (Mr. Duncan Smith) and the Centre for Social Justice has set out some of the alternative thinking. The definition of the term "gang" is important if we are to define the application of these provisions properly, so that they are used in a manner appropriate for serious gang activity.

We also believe it is appropriate for relevant NHS bodies, and for probation and other relevant agencies, to be involved in the consideration of these injunctions. I note that the Minister has introduced further amendments to address those issues, which we welcome.

The further issues and concerns highlighted in Committee and in some of the amendments introduced today are important, and a response to them is necessary. Too many young lives are being lost as a result of gang-related disputes over postcode territories or minor disagreements where a perverse notion of "respect" is seen to have been challenged. We need to be satisfied that these injunctions are appropriate, and the Government still need to make out their case for certain important aspects.

Paul Holmes: As was said during the programme motion debate, this complex issue was introduced late in the Public Bill Committee—in the last week. That meant that we could not discuss it in full and prepare properly in Committee, and we have a derisory 30 minutes to discuss it now, so clearly nobody can be satisfied with the amount of scrutiny that we can give it at this point.

Mr. John Gummer (Suffolk, Coastal) (Con): Has the hon. Gentleman noticed that both Ministers have excused their inability to answer questions by saying that they do not have enough time? Is it not time that they realised that the time is in their hands, and that the reason why they do not have enough time is that they have denied themselves that opportunity?

Paul Holmes: Absolutely, but as the case was well made during the debate on the programme motion, I shall not go back over that ground.

The injunctions on gang members were said by the Government to be very effective in Birmingham, but Nottingham county court and then the Court of Appeal ruled that, first, the evidence being used to justify such draconian controls on people was too flimsy to justify them, and secondly, that existing powers and legislation were adequate.

In the short time that we had to debate this matter in Committee—perhaps this will also be the case in the two or three minutes that the Minister will have to answer today—the Government have in no way been able to make an adequate case as to why they think the existing legislation is inadequate and needs this draconian step forward; why such serious restrictions, which could almost amount to a control order, depending on how they are imposed, should have a lesser burden of proof—the civil burden of proof rather than the criminal standard—and why the state should protect people against their will in some cases, other than, obviously, in cases involving mental health legislation.

The Government have not given us any evidence, either, that they have considered the USA evidence from California and Chicago. The *Stanford Law Review* examined the approaches there, which have been in use for 20-odd years in some cases, and said that gang injunctions appear to work, but in fact simply move the problem to the next neighbourhood and do not have any effect, except to stigmatise large groups of people. It cited the case involving a 16-year-old, in which the police told the school involved that he was a cousin of some gang members who lived on his street and was thus probably in the gang, so he ended up being suspended from school, although there was no evidence that he had any involvement at all.

The university of Manchester has done research in Britain that shows similar stigmatisation occurring. It has studied the American examples and shown how the gang injunction process in America has slipped into mainstream law. In Committee, I, like other hon. Members, raised the issue of the way in which various pieces of legislation—counter-terrorism legislation—have similarly slipped into use in mainstream law in terms of controlling peaceful demonstrations at arms fairs, environmental events and so on.

Finally, the Government have not explained why, given that most of the examples the Minister gave at the start of the debate in Committee involved 15, 16 and 17-year-olds carrying guns and knifing each other, this legislation does not apply to anybody under 18 and, as has been said, is therefore a toothless paper tiger. Liberal Democrats believe that, as I argued in Committee, for such serious restraints on people's liberty, which potentially amount to control orders, a criminal standard of evidence, and time limits, should apply to injunctions. We expressed doubt about the state imposing draconian restrictions on someone "for their own protection", so we tabled our amendments, which are very similar to the conclusions reached by the Joint Committee on Human Rights and the amendments that resulted from those.

Given the derisory and insulting amount of time—30 minutes—that we have had to debate this matter today, which means that the Minister will barely be able to answer, I do not propose to push the amendments standing in my name and those of my colleagues to a vote. I know that in Committee the Minister feared that this provision would not get through the House of Lords. I hope that that House will take note of what was said in Committee, and what has been said—very briefly—today, and will go through this in great detail and at great length. I hope that either it will insist that the Minister makes some very convincing arguments, which we have not yet heard, or it will radically alter the Bill when it reaches the other place.

Mr. Iain Duncan Smith: I shall be brief, because everyone is waiting for the Minister to sum up. The only reason why I wish to speak is that I produced a report, having sent a number of people around America and the UK, whose outcome tends towards this approach. The Government have drawn some of the provisions in this particular area from the report, and I therefore congratulate them on having read it. They are going in the right direction, but I wish to make two points.

The UK has a major and growing problem with street gangs. The way in which cities in other parts of the world, particularly in America, have been successful in tackling the problem has been based on the idea of getting to younger kids earlier, on a looser parameter—not to make criminals of them; quite the contrary: the aim is to draw them out of criminality. The voluntary sector is involved, these people go into remedial education and they are got out of the gangs. Very few of them end up going through the criminal process in Boston—only the ringleaders do—and this approach is crucial in pulling them out of that once they have been identified. What follows is the necessary step of other organisations in the police stations picking them up straight away, and that has yet to be resolved.

The definition is crucial in all of this; the hon. Member for Hendon (Mr. Dismore) was right to say that we need a clear definition. We know that the Home Office has a definition and that it has stuck it back in as an amendment, but we do not think it is sufficient; we think that the better amendment is one based more on what has been put forward by my hon. Friend the Member for Hornchurch (James Brokenshire), because it is drawn directly from our report. There was a reason for that definition too, because we drew that from what people in Boston, New York, Glasgow and Liverpool, where there had been remarkable success, said to us.

6.15 pm

The point about the definition is first, that it must be good, and secondly, that all countries should use it. The Home Office definition is not used by every police force—it gets changed—but it should be universal, so I urge the Government to get the definition right and make it universal. I say to the Government and to colleagues on both sides of the House that gangs are a major problem. My area of Waltham Forest has seen murders and continuing violence from street gangs, and the situation is getting worse, not better. The police are tearing their hair out over this, and they need some help and support. Tackling this issue needs all the Government agencies, as well as the police, to operate, so I congratulate the Government on making the right moves forward, although much remains to be done.

Mr. Coaker: I wish to make a couple of quick points in the time available to me. I thank all the Members who have spoken, albeit briefly, because some important

points have been made. I particularly thank the right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith), because we have tried to draw on the work that he has done.

Before I deal with the issue of under-18s, I wish to make another point. The hon. Member for Chesterfield (Paul Holmes) asked about the evidence. In Birmingham, the injunctions were used for over-18s, not under-18s. In Handsworth-Lozells-Newtown, the level of robberies in the four months prior to the injunctions averaged 55 a month—compared with 33 a month while the injunctions were in place; after the injunctions were removed, the level rose again to 48 a month. In Aston-Nechells, an average of 11 firearms incidents took place in the four months preceding the orders, compared with four for the period when the orders were in place, and after the court judgment the figure rose to nine—

Paul Holmes *rose—*

Mr. Coaker: If the hon. Gentleman does not mind, I shall continue.

Firearms usage in the city centre dropped from eight incidents in July 2007 to one in September 2007, but again, after the injunctions were removed firearms usage increased, leading to a peak of nine incidents in May 2008. We thought that that evidence demonstrated that the injunctions had made an impact in respect of over-18s and that, given the fact that the courts had said that Birmingham had exceeded its powers, we ought to bring something forward to enable this approach to be used across the country.

I am not a lawyer, but lawyers tell me that there is an issue to address about using civil injunctions for under-18s and that it arises from the inability, in most cases, to enforce any breach. As that would be a civil contempt of court, one cannot imprison under-18s for it, and somebody has to be able to pay a fine in a legal way, and not many of those who would be subject to one of these injunctions would. I have said that the Home Office is looking to see how it can introduce similar legislation to deal with the under-18s issue in due course, and we will certainly try to do that.

The right hon. Member for Chingford and Woodford Green and the hon. Member for Hornchurch asked about definitions. We have included a definition of a "gang" in the Bill, but it will need to be debated. I am sure that as it is debated, as the Bill goes through Parliament, we will be able to improve it still further, but we have started the process and I hope that we can end up with something that we would all want. We are looking, as we said we would, at putting guidance before the House to ensure that people are properly informed about the use of these injunctions, and we have widened the number of people who will be consulted on whether or not the injunctions are used.

I agree absolutely with those who say that gangs are a major problem in our society in some parts of our cities. These injunctions will be a useful tool with which the police and local authorities will be able to combat some of the most serious and damaging individuals in our society and—

6.19 pm

Two and a half hours having elapsed since the commencement of proceedings on consideration, the debate was interrupted (Programme Order, this day).

The Deputy Speaker put forthwith the Question already proposed from the Chair (Standing Order No. 83E). That the clause be read a Second time.

Question negatived.

The Deputy Speaker then put forthwith the Questions necessary for the disposal of the business to be concluded at that time (Standing Order No. 83E).

Clause 32

INJUNCTIONS TO PREVENT GANG-RELATED VIOLENCE

Amendment made: 60, page 26, line 19, leave out from first 'of' to end of line 20 and insert

', or is otherwise related to, the activities of a group that—

(a) consists of at least 3 people,

(b) uses a name, emblem or colour or has any other characteristic that enables its members to be identified by others as a group, and

(c) is associated with a particular area.'.—*(Mr. Coaker.)*

Clause 36

CONSULTATIONS BY APPLICANTS FOR INJUNCTIONS

Amendment made: 61, page 28, line 4, leave out subsections (2) to (4) and insert—

'( ) The consultation requirement is that the applicant must consult—

(a) any local authority, and any chief officer of police, that the applicant thinks it appropriate to consult, and

(b) any other body or individual that the applicant thinks it appropriate to consult.'.—*(Mr. Coaker.)*

Clause 45

GUIDANCE

Amendment made: 62, page 31, line 5, at end insert—

'( ) The Secretary of State must lay any guidance issued or revised under this section before Parliament.'.—*(Mr. Coaker.)*

Clause 47

INTERPRETATION

Amendment made: 63, page 31, line 24, at end insert—

"consultation requirement" has the meaning given by section 36(2);'.—*(Mr. Coaker.)*

New Clause 22

PENALTY FOR CONTRAVENING NOTICE RELATING TO ENCRYPTED INFORMATION

'(1) Section 53 of the Regulation of Investigatory Powers Act 2000 (c. 23) (failure to comply with notice relating to encrypted information) is amended as follows.

(2) In subsection (5A)(a) after "case" insert "or a child indecency case".

(3) After subsection (5B) insert—

"(6) In subsection (5A) "a child indecency case" means a case in which the grounds specified in the notice to which the offence relates as the grounds for imposing a disclosure requirement were or included a belief that the imposition of the requirement was necessary for the purpose of preventing or detecting an offence under any of the provisions listed in subsection (7).

(7) Those provisions are—

(a) section 1 of the Protection of Children Act 1978 (showing or taking etc an indecent photograph of a child: England and Wales);

(b) Article 3 of the Protection of Children (Northern Ireland) Order 1978 (S.I. 1978/1047 (N.I. 17)) (corresponding offence for Northern Ireland);

(c) section 52 or 52A of the Civic Government (Scotland) Act 1982 (showing or taking etc or possessing an indecent photograph of a child: Scotland);

(d) section 160 of the Criminal Justice Act 1988 (possessing an indecent photograph of a child: England and Wales);

(e) Article 15 of the Criminal Justice (Evidence, Etc.) (Northern Ireland) Order 1988 (S.I. 1988/1847 (N.I. 17)) (corresponding offence for Northern Ireland).".

(4) The amendments made by this section apply in relation to cases in which the section 49 notice was given after the commencement of this section.'.—*(Mr Campbell.)*

Brought up, and read the First time.

Mr. Alan Campbell: I beg to move, That the clause be read a Second time.

Madam Deputy Speaker (Sylvia Heal): With this it will be convenient to discuss the following:

New clause 4—*Loitering: decriminalisation of under 18 year olds*—

'(1) The Street Offences Act 1959 (c. 57) is amended as follows.

(2) In subsection (1) of section 1, after "prostitute", insert "aged 18 or over"'.

New clause 7—*Protection of children (encrypted material)*—

'(1) Section 53 of the Regulation of Investigatory Powers Act 2000 (c. 23) (failure to comply with a notice) is amended as follows—

(a) in subsection 5A, after paragraph (a), insert—

"(aa) where subsection 5C applies, five years;",

(b) after subsection 5B, insert—

"(5C) This section applies where—

(a) the offender has been previously convicted of a relevant sexual offence,

(b) an indecent photograph of a child as been found in his possession, or

(c) the court is satisfied that it is more likely than not that the protected information may contain an indecent photograph of a child.

(5D) For the purposes of subsection (5C)—

"relevant sexual offence" means an offence under—

(a) section 1 of the Protection of Children Act 1978 (c. 37) (indecent photographs of children);

(b) section 160 of the Criminal Justice Act 1988 (c. 33) (possession of indecent photographs of a child);

(c) section 170 of the Customs and Excise Management Act 1979 (c. 2) (penalty for fraudulent evasion of duty etc) in relation to goods prohibited to be imported under section 42 of the Customs Consolidation Act 1876 (c. 36) (indecent or obscene articles), if the prohibited goods included indecent photographs of persons under 16;

(d) sections 48 to 50 of the Sexual Offences Act 2003 (c. 42) (abuse of children through prostitution or pornography) where the victim was under 18 and involved in pornography;

"indecent photograph of a child" has the same definition as in sections 1 and 7 of the Protection of Children Act 1978 (c. 37) and for the avoidance of doubt includes a reference to a pseudo-photograph of a child or a tracing of an indecent photograph within the meaning of section 7(4A) of that Act.".

(2) In Schedule 3 of the Sexual Offences Act 2003 (c. 42), after paragraph 35 insert—

"(36) An offence under s. 53 of the Regulation of Investigatory Powers Act 2000 (c. 23) where subsection (5C) applies.".

New clause 25—*Paying for sexual services of a prostitute known to be trafficked or coerced: England and Wales*—

'After section 53 of the Sexual Offences Act 2003 (c. 42) insert—

"53A Paying for sexual services of a prostitute known to be trafficked or coerced: England and Wales

(1) A person (A) commits an offence if—

(a) A makes or promises payment for, or uses, the sexual services of prostitute (B), and

(b) A knows, or ought to know,

(i) that B is the victim of trafficking,

(ii) that the sexual services have been provided through coercion of B,

(iii) that B has provided sexual services in order to gain access to controlled drugs, or

(iv) that a third party has influenced the activity of B by direction or instruction in circumstances where B does not freely consent to such direction or instruction.

(2) It is irrelevant where the sexual services have been or will be provided.

(3) In this section, 'trafficking' means the recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation.

(4) In this section, 'coercion of B' includes—

(a) violence against B or another person,

(b) threats against B or another person, or

(c) intimidation of B.

(5) A person guilty of an offence under this section is liable—

(a) on summary conviction, to imprisonment for a term not exceeding 6 months, or a fine not exceeding the statutory maximum, or both;

(b) on conviction on indictment, to imprisonment for a term not exceeding 14 years."'.

New clause 26—*Paying for sexual services of a prostitute known to be trafficked or coerced: Northern Ireland*—

'After Article 64 of the Sexual Offences (Northern Ireland) Order 2008 (S.I. 1769) (N.I. 12)) insert—

"64A Paying for sexual services of a prostitute known to be trafficked or coerced: Northern Ireland

(1) A person (A) commits an offence if—

(a) A makes or promises payment for, or uses, the sexual services of prostitute (B), and

(b) A knows, or ought to know,

(i) that B is the victim of trafficking,

(ii) that the sexual services have been provided through coercion of B,

(iii) that B has provided sexual services in order to gain access to controlled drugs, or

(iv) that a third party has influenced the activity of B by direction or instruction in circumstances where B does not freely consent to such direction or instruction.

(2) It is irrelevant where the sexual services have been or will be provided.

(3) In this section, 'trafficking' means the recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a

position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation.

(4) In this section, 'coercion of B' includes—

(a) violence against B or another person,

(b) threats against B or another person, or

(c) intimidation of B.

(5) A person guilty of an offence under this section is liable—

(a) on summary conviction, to imprisonment for a term not exceeding 6 months, or a fine not exceeding the statutory maximum, or both;

(b) on conviction on indictment, to imprisonment for a term not exceeding 14 years.'".

New clause 37—*Definition of a brothel*—

'(1) The Sexual Offences Act 1956 is amended as follows.

(2) After section 33A insert—

"33B Definition of a brothel

(1) Premises shall not be regarded as a brothel where—

(a) no more than two prostitutes, with or without a maid, are working together or separately on any given day, and

(b) each prostitute retains control over her or his individual earnings from the prostitution carried out at the premises.

(2) In this section 'prostitute' has the meaning given by section 51(2) of the Sexual Offence Act 2003."'.

New clause 38—*Decriminalisation of associated workers in brothels*—

'(1) The Sexual Offences Act 1956 is amended as follows.

(2) After section 33A insert—

"33B Associated workers in brothels

For the purposes of section 33 and 33A, a person who is not directly involved in the provision of sexual services is not to be treated as assisting in the management of a brothel by reason only of being employed in a brothel."'.

Amendment 142, in page 15, line 25, leave out clause 13.

Amendment 211, in clause 13, page 15, line 27, leave out from beginning to end of line 2 on page 16 and insert—

"33A Paying for sexual services of a trafficked prostitute

(1) A person (A) commits an offence if—

(a) A makes or promises payment for the sexual services of a prostitute (B), and

(b) B has been trafficked, and

(c) A is aware, or ought to be aware, that B has been trafficked.

(2) Whether A ought to be aware that B has been trafficked is to be determined having regard to all the circumstances, including any steps A has taken to ascertain whether B has been trafficked.

(3) It is irrelevant where in the world the sexual services are to be provided and whether those services are provided."'.

Government amendment 46.

Government amendment 47, page 15, line 30, leave out from '(B),' to end of line 32 and insert—

'(b) a third person (C) has used force, deception or threats of a kind likely to induce or encourage B to provide the sexual services for which A has made or promised payment, and

(c) C acted for or in the expectation of gain for C or another person (apart from A or B).'.

Amendment (a) to Government amendment 47, in line 2, leave out 'of a kind likely to induce or encourage' and insert 'which caused'.

Amendment 235, page 15, line 31, at beginning insert

'A knows or ought to know that'.

Amendment 236, page 15, line 36, leave out paragraph (b).

Government amendments 48 and 49.

Amendment 237, page 16, line 3, leave out subsection (4) and insert—

'(5) A person guilty of an offence under this section is liable—

(a) on summary conviction, to imprisonment for a term not exceeding 6 months, or a fine not exceeding the statutory maximum, or both;

(b) on conviction on indictment, to imprisonment for a term not exceeding 14 years.'.

Amendment 215, page 16, line 4, at end add—

'(5) For the purposes of this section "force" includes coercion by threats or other psychological means including exploitation of vulnerability.'.

Amendment 143, in page 16, line 5, leave out clause 14.

Government amendment 50.

Government amendment 51, in clause 14, page 16, line 11, leave out from '(B),' to end of line 13 and insert—

'(b) a third person (C) has used force, deception or threats of a kind likely to induce or encourage B to provide the sexual services for which A has made or promised payment, and

(c) C acted for or in the expectation of gain for C or another person (apart from A or B).'.

Amendment (a) to Government amendment 51, in line 2, leave out 'of a kind likely to induce or encourage' and insert 'which caused'.

Amendment 238, page 16, line 12, at beginning insert

'A knows or ought to know that'.

Amendment 239, page 16, line 17, leave out paragraph (b).

Government amendments 52 and 53.

Amendment 240, page 16, line 21, leave out subsection (4) and insert—

'(5) A person guilty of an offence under this section is liable—

(a) on summary conviction, to imprisonment for a term not exceeding 6 months, or a fine not exceeding the statutory maximum, or both;

(b) on conviction on indictment, to imprisonment for a term not exceeding 14 years.'.

Amendment 216, page 16, line 23, at end add—

'(5) For the purposes of this section "force" includes coercion by threats or other psychological means including exploitation of vulnerability.'.

Amendment 6, in clause 15, page 16, line 32, leave out 'three months' and insert 'one week'.

Amendment 7, page 17, line 1, leave out clause 16.

Amendment 194, in clause 25, page 22, leave out lines 1 to 3.

Government amendments 54 to 59.

Amendment 199, in schedule 3, page 149, line 3, leave out paragraphs 1 and 2.

Government amendment 119.

Mr. Alan Campbell: First, I want to deal with the matter of encryption keys. New clause 22 and amendment 119 are together intended to have the same effect as new clause 7, which was tabled by the hon. Member for Mole Valley (Sir Paul Beresford). I want to

[Mr. Alan Campbell]

place on record our gratitude to the hon. Gentleman for his interest in this area and for the way in which he has pursued this point.

New clause 22 and amendment 119 relate to the maximum sentences that can be imposed when people fail to comply with a notice relating to encrypted information issued under part 3 of the Regulation of Investigatory Powers Act 2000. Specifically, the amendments raise the maximum sentence on indictment from two years' to five years' imprisonment in child indecency cases. At present, the sentence in such cases is limited to two years. Given that sentences for child indecency offences can be far higher, as the hon. Member for Mole Valley has pointed out, we are proposing to raise the sentence for failing to comply with a notice to five years. In addition, the amendments allow individuals convicted of failing to comply with a notice or tipping off in connection with such a notice to be made subject, in appropriate cases, to a sexual offences prevention order under the Sexual Offences Act 2003.

We have adopted a slightly different approach from that proposed by the hon. Gentleman, because of the technical problems with the drafting of his new clause. We have also not included all the offences that were in new clause 7. That is not because they are not important offences, but rather because—in so far as they involve indecent images of children—they would be redundant. In other words, when they do not involve such images, the offences that we have included are the relevant offences so the higher sentence should be available anyway.

Our amendments will also make high sentences available in relation to specified offences in Northern Ireland and Scotland, and I should clarify that the Scottish Executive have welcomed those provisions. I want to conclude this section of my speech by repeating my thanks to the hon. Member for Mole Valley. I know that his efforts have been appreciated by members of the law enforcement community, particularly the Child Exploitation and Online Protection Centre. I hope that he will feel that there is no need to press his new clause and that he and all hon. Members will be able to support new clause 22 and amendment 119.

James Brokenshire: The Minister will be aware that this is an issue that we highlighted in the Public Bill Committee. I am sure that my hon. Friend the Member for Mole Valley (Sir Paul Beresford) will be pleased to hear that the Government have accepted the concept in tabling these amendments. Can the Minister give any explanation or guidance as to how the provisions will be rolled out? Is it intended that CEOP will take this forward, or will further broader guidance be given to police forces on the application of this new offence? Obviously, we hope that it will be effective in dealing with these pernicious paedophiles, who seek to hide away appalling images in computers and other systems in an encrypted form.

Mr. Campbell: Of course, CEOP plays a vital part in tackling this hideous crime. It is important that police officers in forces across the country are aware of this criminality and are able to spot it and know what to do with it. We will bring forward guidance in due course.

I want to move now to the issue of "controlled for gain", which took a great deal of time to debate in Committee. The debate in Committee was positive and constructive, even though we did not always agree. Amendments 142 and 143 would remove clause 13 and clause 14 respectively and replace those clauses with a new offence that seeks to address some of the concerns that have been raised about those clauses as the Bill has progressed. First, they seek to clarify the scope of the offence. In Committee, there were concerns that that the phrase "controlled for gain" was too wide and not sufficiently clear. We have tabled our own amendments in response to those concerns.

We believe that our amendments are preferable to the approach taken by new clauses 25 and 26 and a number of amendments that have been tabled that relate to the definition of "controlled for gain" or the scope of this offence. First, we have used the terms "force", "threats" or "deception" as we consider them to be more precise than the word "coercion". Secondly, although there appears to be consensus that the offence should cover those who pay for sex with someone who has been trafficked, we do not feel that it would be appropriate to adopt the approach followed by using the term "trafficked" in the legislation. For that reason, we also have reservations about amendment 211.

Using the term "trafficked" would mean that if someone had been trafficked and escaped from their traffickers, but still chose to work as a prostitute, it would still be an offence to have sex with that person if the payer knew or ought to know about the prostitute's past. Instead, our amendment focuses on the conduct that is likely to have induced or encouraged the person to provide the sexual services to the payer.

Keith Vaz: Has the Minister seen the report of the Select Committee on Home Affairs on human trafficking, which was published last Thursday, and the concern that we expressed about the enforceability of what he is talking about? The evidence that the police gave us was that it would be very difficult to enforce. I welcome the shift in position. The Government have taken an important step forward in the few months since the publication of the Bill. Has the Minister been able to go back to the police to ask them whether this new proposal will be workable?

Mr. Campbell: I welcome the report by the Select Committee and the interest that it has taken in such matters. Of course, we speak to the police regularly about a host of things, and not least the enforceability of the legislation. Let me say by word of caution that we have brought forward a new definition that we believe is more workable. However, I think that this is still a work in progress. I will be listening carefully to the arguments that are made today from people with all sorts of different points of view on the matter. It is crucial that we get this definition right. Of course we want the definition to be right as the Bill leaves this place and goes to another place, but I am sure that this point will be the subject of great discussion at a later stage.

Mr. Denis MacShane (Rotherham) (Lab): I would modestly suggest that a definition that can satisfy everybody is all but impossible to achieve. There is a definition that covers anybody who employs a cleaning lady, for example,

who might be an illegal immigrant. It is no defence to say, "I didn't know that she was an illegal immigrant." It is a crime under our law, decided by this House, to employ someone who is an illegal immigrant. Therefore, if someone has sex with someone who has been trafficked, it should be no defence to say, "I did not know that she was trafficked." *[Interruption.]* My right hon. Friend the Member for Leicester, East (Keith Vaz) says, "Ridiculous", but this is a profoundly important point. We have to send a signal out to the traffickers that if they bring girls into Britain and men pay for sex with them, buying that sex is a crime. Until we cut off some of the demand with tough measures we will never deal with the supply.

Mr. Campbell: My right hon. Friend goes to the crux of the debate. I understand that there are different views, not only about the workability of this measure but about whether it was a good idea to embark on it in the first place. However, my contention in Committee, which still holds, was that this is a fundamentally important piece of legislation. We need to focus on the Government's intention when we set out. The intention has not changed, but we have learned lessons on how best we can define the way in which we can take this forward. As I say, the debate continues.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): First, may I take this opportunity to welcome the fact that the Government have thought further about restricting the definition of "controlled to gain" to the language used in their amendment? It is probably equivalent to the way in which provisions are made in new clause 25, of which I hope to speak in favour if I catch your eye, Madam Deputy Speaker. We can recognise that that definition is work in progress, but the key issue concerns the strict liability and the fact that that is associated with a trivial penalty, even for someone who knowingly has sex with someone whom they know to have been coerced. That is what divides us still at the moment, and therefore that is what I think most of this debate will be about.

6.30 pm

Mr. Campbell: I intend to cover that very point. It is important that we have a workable definition that does the job we ask it to do, but it is also important that we have a proportionate response. I shall return not just to strict liability but to the penalties that flow from such offences.

We expect our proposed definition to cover most cases when a prostitute is still under the control of traffickers. We also expect it to cover most of the cases intended to be captured by the fourth scenario mentioned in new clause 25, whereby someone is directed or instructed to provide sexual services but the person does not consent to that direction, provided that they were not simply free to ignore it. In such cases, we imagine that such directions or instructions would be backed up by force or threats.

Our new clause will deal with the case of a prostitute who agrees to work as a prostitute because their pimp would otherwise refuse to supply them with controlled drugs. However, unlike new clause 25, it would not cover a person who decides to work as a prostitute and chooses to use the money to pay for controlled drugs. Although we accept that there are clearly desperate circumstances in which people provide sexual services to gain drugs or money for drugs, we believe that element of the proposed new clause is drafted too widely.

New clauses 25 and 26 would capture anyone who uses the sexual services of a prostitute who, under the definition, was trafficked, coerced or otherwise considered exploited, rather than just someone who pays for sexual services. There would be a danger that the offence would also criminalise consenting sexual relationships, such as those between the prostitute and their partner or spouse. It is payment to those who are controlling the prostitutes that fuels demand for them, so that act is the focus for our offence.

Dr. Evan Harris: I am grateful to the Minister for giving way again. It is useful for the House to discuss these points as he makes his critique, because we may never come back to them.

Is the Minister saying that the reference in new clause 25 to a person who

"uses...the sexual services of a prostitute"

might be felt by the police and the courts to apply to the husband or wife of a prostitute? Is he seriously saying that that is a flaw in the provision?

Mr. Campbell: We are saying that we have to be careful about the language we use. The hon. Gentleman may be dismissive of the fact, but someone who uses a woman who is a prostitute is different from someone who exploits them for gain. There is a clear distinction and as we are talking about moving to a better definition it is important that we get the language absolutely right, or as close as we can.

New clauses 25 and 26 seek to address the other significant issue that has been discussed in relation to the offence—strict liability. We cannot accept the other amendments that have been tabled on the issue and we have concerns about that aspect of the new clauses. We still believe that strict liability is the most effective way of ensuring that those who pay for sex are forced to consider the circumstances of the prostitute who will be providing the sexual services, and that it protects those who have not chosen to be involved in prostitution.

My next point about the new clauses goes to the heart of the hon. Gentleman's point about penalty. The proposals would increase the maximum penalty for the offence under clauses 13 and 14, which is currently a fine of £1,000, to 14 years' imprisonment. Amendment 240 would have the same effect. We intend to continue to make the offence one of strict liability. In our view, it remains appropriate to maintain the maximum penalty as a fine. That is consistent with similar offences aimed at tackling the demand for prostitution, such as kerb crawling. If someone has sex with a person and they do not reasonably believe that the person consents, they should be prosecuted for something else—namely, rape.

The hon. Member for Oxford, West and Abingdon (Dr. Harris) is shaking his head. I realise that the Members who tabled the new clauses and amendments will not be satisfied by all the aspects of our response, but I hope that our amendments to the scope of the offence will be of some reassurance and persuade them not to press the new clauses.

Lynne Jones (Birmingham, Selly Oak) (Lab): I am not sure that I have adequately understood what my hon. Friend said about the penalty. If someone knowingly or recklessly pays for sex with a person they know is subject to force, deception or threats, surely that is rape and a £1,000 fine is completely inadequate.

Mr. Campbell: The crux of the matter is whether there is evidence. The point I made is that if there is evidence of rape, the person should be prosecuted for rape and the penalties would be considerably higher. We seek to introduce for the first time an offence, and a penalty, to deal with people who have until now been able to get away scot-free. It would cover situations when traffickers have been held responsible for the women who were victims. We know what to do with the victims, but the men were able to walk away. We are saying—indeed, I am strongly saying—that if there is evidence that can be used to prosecute another offence that tackles the problem, that is what should be done. We are talking about reducing demand by sending out a strong message, based on strict liability. The penalty that goes with that strict liability offence is compatible with other measures that we want to introduce, and associated action we could take, to press down on demand—whether that is kerb crawling or other areas. We are saying to men, "If you pay for sex with a woman, whether or not you know she has been trafficked, you will be held responsible and the penalty will be commensurate with that offence". However, I agree with my hon. Friend that if something else can be brought to bear in such circumstances, the authorities should use that offence.

Dr. Harris: It is difficult to get a conviction for rape, even in the starkest circumstances outside prostitution. I do not think that there have been any convictions of rape in prostitution and I should be grateful if the Minister could tell us whether he knows of any rape prosecutions against the clients of prostitutes. Does he still agree with Home Office evidence to the Joint Committee on Human Rights that there is no prospect of obtaining a rape conviction in the context of paid sex with a prostitute? If that is the case, that option is not an answer to the hon. Member for Birmingham, Selly Oak (Lynne Jones), so her proposal offers the better way forward.

Mr. Campbell: The hon. Gentleman is in danger of making our case for us. The difficulty in holding people to account has led us to introduce the strict liability clause and although he does not accept it, the penalty we propose is proportionate because it corresponds with other actions that can be taken to suppress demand. He asks me for examples of prosecutions for rape. My understanding is that the figures would not be broken down in that way; if that is not true, I shall set out the alternative. We could not say categorically whether people had been prosecuted for rape in such circumstances, but we must not lose sight of the reality that the men we are talking about have not been held to account. Whether the evidence—in the view of some people—would be akin to rape or whether it was actually evidence of rape, men have walked away from their responsibilities. The offence is one of the measures that we are putting in place to hold them to account and it is an important step forward.

I turn to the amendments tabled by the Home Secretary and a number of Members, which deal with control for gain in relation to clause 13. Amendments 211 and 214 would narrow the offence under clause 13 by removing the term "controlled for gain" and substituting the word "coerced". Members tabled similar amendments in Committee and the matter was discussed at length. The amendments tabled by my hon. Friends the Members for Hayes and Harlington (John McDonnell) and for Slough (Fiona Mactaggart) and the hon. Member for Totnes (Mr. Steen) and the new clauses tabled by the hon. Member for Oxford, West and Abingdon, which I have already discussed, would clarify the scope of the offence to ensure that it could not be used to prosecute men paying for sex with prostitutes who have freely consented to their involvement in prostitution, who work in a safe environment and who are directed, in a limited way, by a madam.

Our amendments would remove the term "controlled for gain" in light of concern about what would be covered by the word "control". We do not want to interfere with the way in which "controlled for gain" has been interpreted by the courts in relation to other offences under the Sexual Offences Act 2003 by attempting further to define the term in the Bill. We have instead replaced the word "control" in the offence with a requirement that the prostitute involved must have been subject to force, threats or deception. We believe that that is consistent with the aims of a number of amendments tabled in Committee and on Report. I note in particular that, by using the term "force, deception or threats", our amendments appear to have a similar effect to amendment 211, tabled by the hon. Member for Totnes.

Government amendments 46 to 53 would amend clause 13 to make it an offence to pay for sex with someone who has been subject to force, deception or threats from a third party of a kind likely to encourage the provision of sexual services for which payment has been made or promised. The third party must have acted for or be in expectation of gain for himself or another person. We believe that the term "force, deception or threats" covers the conduct that we have always been clear that we wish to capture—for example, paying for sex with someone who has been trafficked and forced to work as a prostitute—while clearly excluding circumstances in which someone chooses to work as prostitute entirely of their own free will. We have used those terms because we believe that they best respond to the concerns raised in Committee, while ensuring that we do not compromise the policy objective of tackling the demand for prostitutes who are being exploited.

On the amendment tabled by my hon. Friend the Member for Birmingham, Selly Oak (Lynne Jones), we do not feel that the word "coercion" would add greater clarity to the offence, as it is still not clear what threats or other types of pressure it might cover. We have therefore chosen language that we consider to be more precise.

Mr. MacShane: The Minister's proposed definition, which severely waters down the Bill's original intention, will not cover any of the poor women who were killed in Ipswich. They were not forced, deceived or threatened. They were killed, because they were prostitutes, by a man who would face absolutely no pressure from any

police authority to stop him buying sex and then taking the women away to kill them. I urge the Government to look very seriously—if not here, certainly in another place—at the amendments that would introduce the definition in relation to forced marriages, because the Minister's definition would not have protected any of the Ipswich victims.

Mr. Campbell: As I have tried to point out throughout my remarks, we believe that this debate will continue—it will do so this evening, and it will certainly do so in another place—but I reassure my right hon. Friend that I am not deaf to the remarks that I hope will be made from several quarters of the House tonight. We believe that we have alighted in the right place; but as the debate is continuing, we will certainly be open to it. I want to make it absolutely clear that our intention is not to water down severely the proposals.

Mr. Gummer: I very much hope that the Minister will listen carefully, as I am the Member of Parliament in whose constituency two of those sad girls were found. I do not think that I can overstate the feeling locally that the proposals do not go far enough; nor can I overstate the fact that, when people are coerced by their providers of drugs, so that they are provided with drugs on terms in which prostitution is the only route that they feel that they can go down, to exclude the protection that they ought to have under the Bill is something that we feel very strongly about, and I hope that the Minister will listen to those who press him.

Mr. Campbell: I am grateful to the right hon. Gentleman for his remarks, because they go to the nub of why this is such an important part of the debate on an important part of the Bill. I have listened carefully to what he has said, and we must avoid in any way letting down his constituents or, of course, the individuals whom we are talking about.

Lynne Jones: The Safety First coalition, which developed following the Ipswich murders, is very much against many of the measures in the Bill, simply because it believes that they will make women more vulnerable to attack. That is the strong view of other interested organisations, such as Royal College of Nursing, and it has certainly been expressed by the Police Federation.

Mr. Campbell: That illustrates the problem that I have in trying to get the Bill into the right form to satisfy as many Members as I can, if not all of them, while remaining true to the intention that we set out in the Bill. Very strong views have been expressed from the first day that the Bill was mooted, and I am sure that those views will continue to be expressed. Even when the Bill becomes an Act, a strong debate will continue, because, of course, there are strong and different views about prostitution per se. We have tried, and we are still trying, to ensure that the Bill addresses a particularly horrific set of circumstances, whatever one's view of prostitution. I hope to satisfy as many right hon. and hon. Members as possible.

6.45 pm

Of course, to talk about force, threats or deception might suggest a kind of static process, but we expect that the offence would still be active when the sexual services were provided. If, however, someone was forced into prostitution by a pimp but later chose to continue to work as a prostitute on her own, it would not be an offence to pay for sex with her during that later period. We have also used the term "likely to induce or encourage" because we do not believe that it will be necessary to show the actual affects of the force or threats on the prostitute, as that would be more likely to give rise to the need for the prostitute to give evidence to show the particular affect of the force or threats on her.

Fiona Mactaggart (Slough) (Lab): My hon. Friend will know that I have tabled amendments designed to address that problem, which relates to the point about enforceability made by my right hon. Friend the Member for Leicester, East (Keith Vaz). I hope that my right hon. Friend will be reassured by a meeting that I had just a few days ago with Tim Brain, the lead for the Association of Chief Police Officers on prostitution and sex crimes, who feels, having studied it more carefully, that the offence is enforceable, even in its initial wording. However, I have tabled my amendments as a result of speaking to lawyers who work in the magistrates courts and who believe that the phrase

"of a kind likely to induce or encourage"

will provide another means to argue about whether an offence has taken place. We want a strict liability offence to operate in magistrates courts, but the complicating factor created by that phrase will make such offences harder to prosecute successfully.

Mr. Campbell: Of course, Madam Deputy Speaker, it is a matter for your discretion, but I hope that my hon. Friend catches your eye, because I want to listen carefully to her remarks, as I do to those of other Members. She has a great deal to say about the psychological pressure that women are put under in such circumstances and about the concern that our current definition will not address that, but let me make it clear—this goes back to what was said by my hon. Friend the Member for Birmingham, Selly Oak—that we do not want to exclude any vulnerable woman in prostitution from the protection afforded by the offence. So we will be interested to hear views on this important matter if my hon. Friend and other hon. Members who want to express them are called to speak. I hope that my explanation has at least highlighted the difficulty of defining what we are trying to combat. I also hope that a constructive process continues, building on the work done in Committee. I am grateful to right hon. and hon. Members for their views.

I turn now to strict liability. Amendments 235, 236, 237, 238, 239 and 240 replicate amendments that were tabled in Committee and would remove the strict liability aspect of the offence. I am grateful for the dialogue that we have had, for the prospect of further amendments that will allow the debate to continue and to the Joint Committee on Human Rights for its report on the Bill. We particularly note the Joint Committee's comments in relation to the offence's compatibility with article 8 of the European convention on human rights. However, we do not accept the Committee's conclusions. We are satisfied that the new offence complies with both the European convention and principles of common law. We do not accept that article 8, which is about the protection of person's private and family life, includes a

[Mr. Alan Campbell]

right to pay for sex. In any event, we consider that any interference with a person's private life would be in accordance with the law and can be justified as necessary for the protection of health, morals and the rights and freedoms of others.

The JCHR has suggested that the offence is not sufficiently certain; we simply disagree. We believe that the clause is clear. A person will know that if they pay for sex with someone who is found to have been controlled for gain, they commit an offence. If someone who intends to pay for sex has any doubt as to whether the prostitute is being controlled for gain, they can choose not to pay for sex with that person. The amendments that we have tabled to clarify the scope of the offence will make clearer the circumstances in which it will be illegal to pay for sex with a particular person, and that should help people to regulate their behaviour accordingly.

I have noted the points raised in Committee by the Joint Committee on Human Rights, and by a number of hon. Members, and I hope to be able to address all their concerns explicitly. None the less, we still believe that strict liability is the most effective way of ensuring that those who pay for sex are forced to consider the circumstances of the prostitute providing the sexual services, and of protecting those who have not chosen to be involved in prostitution. It is vital, and right, that we do not ignore the desperate and exploitative circumstances that affect some of those involved in prostitution. It will not be a defence to say, "I didn't know that this person was controlled for gain." That is the key aim of the offence—to ensure that sex buyers are held responsible for their conduct, and to ensure that we deal with those who fuel demand for prostitution. Strict liability is fundamental to ensuring that.

Dr. Evan Harris: To clarify, when the Minister says that he wants strict liability in order to force men, if we can generalise, to consider the consequences of their actions, is he not saying that they should make inquiries as to whether the person is controlled for gain, or whatever the definition is? Yet under a system of strict liability, if men did make such inquiries, as we want them to, but were misled, or got it wrong, they would still be penalised, although they had made every effort to ensure that the person was not controlled for gain. That does not encourage them to make those inquiries, because whether they do or not, if they are misled, they will be caught by the offence. Does the Minister recognise that the measure will therefore not have the impact that he hopes it will? He certainly has not produced evidence that it would have such an impact.

Mr. Campbell: I think that we have to take one step back from those circumstances. We heard in Committee, and in the evidence sessions, about men who had come forward to say that they believed that women had been trafficked, or were being controlled for gain. They had alerted the women about where they might seek support in order to exit from prostitution, but I think that we have to take one step back from that and say to men: "If you get involved in these situations, it is no good saying that you didn't know." One might say: "How do you not know something that you do not know?" but that is a risk that they take. The bottom line is that if a person visits a prostitute, and there is any suggestion or hint that the prostitute was trafficked or is controlled for gain, or if the question even is in their mind, the person should not go ahead. That is a choice that they can make.

To add to that, as the hon. Member for Oxford, West and Abingdon will know, because he was on the Committee, there are circumstances in which men point women in the direction of support, but in every single example that the POPPY project cited, the men who pointed them in the direction of help and support had sex with them first. We are not talking about a simplistic, black-and-white situation; we are talking about a complex set of circumstances. The easiest and clearest way to put it is this: "If you don't want to get caught up in this offence, and there is any doubt in your mind, whether there is any evidence or not, just don't do it."

I want to turn to another issue that rightly took up the Committee's time: lap dancing. In particular, I want to speak about amendments 194, 198, 199 and Government amendments 54 to 59. Lap-dancing clubs have grown in number in recent years, and have become an issue of concern for many local communities, who do not feel that existing legislation is adequate to address the impact of such venues on a local area. We have brought forward measures in the Bill to reclassify places that provide lap dancing and other similar entertainment as sex establishments under the Local Government (Miscellaneous Provisions) Act 1982. That will give local authorities greater powers to control the number and location of lap-dancing clubs.

Philip Davies (Shipley) (Con): Is it the intention of the Government, under the Bill, to close down lap-dancing clubs that were opened, in good faith, under previous legislation?

Mr. Campbell: The purpose is to give communities the opportunity to have their say. In some cases they accept lap-dancing clubs, but in many cases they oppose them. The measure is about empowering communities that do not feel that they are, or have been, part of the process to date. There is a concern that lap-dancing clubs have grown in number, and that they could continue to grow in number unless communities are able to have a stronger say. Under the changes that we propose, if a lap-dancing club is a well-established and well-run establishment, there is no reason why it would not continue in business. The measures address the deficit that there was in the past, with regard to what local communities were able to say about lap-dancing clubs, particularly new ones, in their area.

Philip Davies: I am grateful to the Minister for his clarification, but do his proposals introduce any kind of grandfather rights for lap-dancing clubs that were opened, in good faith, under previous Government legislation?

Mr. Campbell: We are currently working on that. The other debate on grandfather rights that I remember was on the introduction of the Licensing Act 2003. The reality is that lap-dancing clubs will, like other establishments, need to be licensed. If local authorities adopt the legislation, such clubs will, at some point, need to be licensed. We are not saying that the legislation will do away with lap-dancing clubs; that was never the intention, and it is not the intention now.

Lynne Featherstone (Hornsey and Wood Green) (LD): Does the Minister realise that there has been a rash of applications for lap-dancing licences, just prior to the legislation coming into force? If there were to be grandfather rights, would there be a distinction between those establishments that have been opportunistic and are suddenly getting in on the act, and others?

Mr. Campbell: If establishments have rushed to apply for a licence before the legislation comes into force, thinking that they will thereby get some advantage in the long run when their local authority adopts the legislation, that view is misplaced. It would be short-sighted of them to do so. The reality is that they will be subject to the legislation, as will new lap-dancing clubs.

We understand that there are concerns about aspects of clause 25, including the decision to remove venues that provide infrequent entertainment of the type that we are discussing from the definition of a sex encounter venue. The purpose of the provision is to recognise that not all premises that provide relevant entertainment should be classed as sex encounter venues. An example is a pub that hosts a birthday party for which a strippergram has been booked; we do not believe that such premises should be regulated in the same manner as a lap-dancing club that offers adult entertainment nightly. We accept that not everyone agrees with that distinction, but we believe that the legislation needs to be both targeted and proportionate. In practice, under the provisions, any premises offering relevant entertainment nightly, weekly or even monthly will be required to obtain a licence. Only relatively infrequent or one-off performances of "relevant entertainment" will be permitted without a sex establishment licence; such entertainment will continue to be regulated under the Licensing Act 2003.

In Committee, my hon. Friends the Members for Stourbridge (Lynda Waltho), and for City of Durham (Dr. Blackman-Woods), who have done so much to bring the issue to public attention, spoke plainly about their concerns that the provision would create a loophole that would be exploited by lap-dancing operators who wished to avoid tighter regulation. It is clear from amendment 194, which is in the name of my hon. Friends and the hon. Member for Shipley (Philip Davies), that those concerns remain. We take those concerns very seriously. It is not our intention to create opportunities for lap-dancing operators to avoid the impact of the reforms, but at this stage, the Government are not minded to remove paragraph 2A(3)(b) of schedule 3 of the Local Government (Miscellaneous Provisions) Act 1982, which will be inserted by clause 25. Instead, we propose safeguards against potential abuse of the provision.

Government amendments 55 to 59 introduce a limited order-making power that will allow the Secretary of State or, in Wales, Welsh Ministers to tighten the exemption or remove it altogether if there is clear evidence that, following implementation, it is being exploited in a way that is obviously against the spirit of the reforms and the wishes of local people. That will allow us to monitor the situation further, and to respond to concerns quickly by limiting exemption powers, or removing the exemption entirely.

I am aware that my hon. Friends the Members for Stourbridge and for City of Durham have raised specific concerns that temporary event notices will enable lap dancing to be provided on a regular basis by a number of licensed establishments working in partnership to facilitate that. We do not believe there is compelling evidence that the problem is likely to occur, because that opportunity already exists, but we take these concerns seriously.

7 pm

Since the Committee stage, the Culture, Media and Sport Committee has published its report on the Licensing Act 2003, which considered a number of issues in relation to temporary event notices and made specific recommendations, including giving local councillors, as representatives of their local community, the ability to object to such notices. Before formally responding to the Select Committee, we will consider more fully all these recommendations and the impact that they will have on other activities covered by temporary event notices.

I know that hon. Members would like to see the exemption removed. I hope that the order-making power and the comments that I have made in relation to TENs will give them some reassurance and that they will feel able to withdraw their amendments.

Government amendment 54 will clarify the conditions that will allow venues to provide infrequent performances without requiring a sex establishment licence. The amendment makes it clear that in order to provide relevant entertainment without a sex establishment licence, three conditions must be fulfilled: no more than 11 events in any 12-month period, no event lasting longer than 24 hours, and at least one calendar month between events.

Amendments 198 and 199 would make schedule 3 of the Local Government (Miscellaneous Provisions) Act 1982, and by extension provisions introduced by clause 25, mandatory for all local authorities. My hon. Friend the Member for City of Durham tabled a similar amendment in Committee and I know that these concerns remain. Unless provisions are mandatory, my hon. Friends argue, local people will not be guaranteed a greater say over the regulation of lap-dancing clubs in their area.

Schedule 3 of the Act, which also deals with the licensing of other sex establishments, such as sex shops and sex cinemas, is currently optional for local authorities. It recognises that while the presence of sex establishments can raise particular concerns for many local communities, the issues are not necessarily universal. Many local authorities do not have lap-dancing clubs in their area.

We cannot be exact regarding numbers, but we estimate that under half of all local authorities have lap-dancing clubs or similar venues in their areas, so the Government do not believe it right to impose the legislation irrespective of need, especially in areas where there are no lap-dancing clubs, and therefore no means of recovering any cost, however small, of implementing the regime.

David Lepper (Brighton, Pavilion) (Lab/Co-op): Does not my hon. Friend think that the system as he has just outlined it could create anomalies? In neighbouring local authority areas, particularly within a conurbation, there could be one regime in place on one side of a borough border, and another on the other side. That is no way to help regulate lap-dancing clubs.

Mr. Campbell: The basis upon which we intend to introduce the legislation will give local people and local communities a greater say. I cannot stress enough the importance of localism in this context. The situation

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that my hon. Friend described pertains to the Licensing Act as well. A different set of circumstances pertain in the Bigg Market of Newcastle from those that pertain in the Esplanade of Whitley bay, yet local authorities are able to manage the situation as they believe best suits their local communities.

Mr. Gummer: It is likely that the Suffolk Coastal district council would not have need for any of these applications, but I commend the Government for their way of looking at these things. I wish they would extend that to many other topics, but in this case I hope the Minister will rebuff those who want to be more universal. His position would be accepted and welcomed.

Mr. Campbell: I cannot give an undertaking that this will be the norm for Government policy, but we believe that it is right on this occasion. Local authorities should have the flexibility to decide whether the provisions are necessary, based on local circumstances.

Lynda Waltho (Stourbridge) (Lab): I welcome much of what my hon. Friend has said, but my difficulty is that Dudley has been particularly timid in using the current licensing law. For instance, when a club asks for a later licence, it is granted, then another and another, because the council is frightened to death of being taken to court. We have had so much trouble with lap dancing, particularly in Stourbridge, and my worry is that Dudley will choose not to take up the powers and my constituents will be in the same position as they are now, with no voice.

Mr. Campbell: My hon. Friend and I have discussed this at great length. We do not share the same views, but we have the same concerns. When we went out to consultation, no shortage of local authorities clearly indicated that, were the powers available, they would take them up. Ultimately, my hon. Friend's constituents decide the fate of the local authority. A local authority or lap dancing club that thought it could set itself against a local community would be short-sighted. It is important that local people hold local authorities to account. If lap-dancing clubs are a big issue in their area, the excuses that my hon. Friend attributes to her local authority would not hold water with residents.

I shall move on to other important issues and try to deal with them properly and quickly, as I am taking up a great deal of time. On the decriminalisation of under-18 prostitution, new clause 4 seeks to amend the offence of loitering or soliciting for the purpose of prostitution so that those under the age of 18 cannot commit the offence. The hon. Member for Oxford, West and Abingdon tabled similar amendments in Committee. I want to be clear that the Government have a great deal of sympathy with the issue. There is a fine line between the positions held.

We recognise that children who have become involved in prostitution are the victims of a sexual offence and should be offered appropriate support. That is in our advice, "Safeguarding children involved in prostitution", which was issued in 2000 and which we will update along similar lines this summer. Since the publication of that guidance, the numbers of those under 18 cautioned or prosecuted for this offence have been very low. It is clear, therefore, that in practice, the offence is used extremely rarely in relation to under-18s, and that in most cases children are treated as victims.

The approach of treating children abused through prostitution as victims will rightly continue to be that approach that agencies take, but on balance—and it is a fine balance—we believe there are still reasons for retaining the current position on statute. First, decriminalising under-18s would risk sending out a message that we do not think it is acceptable for adults to be involved in street prostitution, but that somehow it is acceptable for a child or young person to loiter or solicit for the purposes of prostitution. If one child is deterred from getting involved in prostitution because they would be at risk of breaking the law, that would justify our position.

Secondly, abolishing the offence could encourage pimps to target children, as they would know that the police could not arrest child prostitutes if they were found loitering or soliciting. Thirdly, we are concerned at the risk that such a move would encourage the trafficking of women into street prostitution, having been briefed to lie about their age. This may be a particular risk as it may be difficult to establish the age of women trafficked form abroad. There may be exceptional cases where support from agencies has been made available but the child refuses to accept that support. At that point, criminal justice agencies may be important to push the child towards that support. Our approach is supported by the Association of Chief Police Officers and the Crown Prosecution Service. On that basis we cannot accept the amendments.

With reference to persistent prostitution and orders requiring attendance at meetings, amendment 7 seeks to remove clause 16 from the Bill and prevent the Government from introducing orders requiring attendance at meetings for someone convicted of loitering and soliciting contrary to section 1 of the Street Offences Act 1959. Following the publication in 2004 of a consultation paper, "Paying the Price", the Government published in 2006 a co-ordinated prostitution strategy that recognised the concern in communities not only about the nuisance that street prostitution can cause, but that there must be a way for prostitutes to exit prostitution should they wish to do so. Respondents strongly indicated that women who are involved in street prostitution have multiple and complex needs, and that our approach must recognise that complexity.

It is important that the offence of loitering and soliciting for the purpose of prostitution is maintained and used where appropriate, and we have also identified the need for some important reforms to ensure that the offence is used consistently. However, we want to help people to begin exiting prostitution—something that is difficult to achieve with a fine, which is the current maximum penalty. We intend to remove "common" from the offence of loitering and soliciting for the purpose of prostitution.

Lynne Jones: Is not the largest barrier to sex workers leaving the industry the stigma that is associated with prostitution? In what way will the legislation going through the House today help to remove that stigma?

Mr. Campbell: I am not sure that there will never be a stigma associated with prostitution in some people's eyes, because it raises very strong feelings. However, we

are looking for a series of practical measures to bear down on the demand for prostitutes when they have been controlled for gain and, in particular, when they may have been trafficked. We are offering a way out for prostitutes who wish to exit the sex industry, and, as part of that process, we believe that orders are very important.

Amendment 6 would narrow the definition of "persistence", so that the offence of loitering and soliciting could be used to protect those found loitering and soliciting only on two occasions in one week. We believe that that would be unenforceable in terms of police resources, so we cannot accept the amendment. If someone is found loitering and soliciting within a three-month period, which is a relatively short space of time, the police should have the power to take action against them. They may receive a caution or continue to receive a fine, but they may also be able to access the help that they need. That is why the new clause would introduce a rehabilitative penalty as an alternative to a fine, allowing someone convicted of loitering and soliciting to address why they were involved in prostitution, and helping them to exit street prostitution.

The orders should be tailored to individual requirements, and a series of meetings will take place as a gateway to their accessing the help that they need. If they breach the order, which will be a part of the process that the court puts in place, they should be held accountable for it. There is a misconception that the order would criminalise further those involved in street prostitution and that, as a result of making such persons subject to an order, they would face tougher sanctions, including imprisonment, for having breached it. That is not the case. If someone breaches an order, they will be brought back before the court, but its option at that stage will be the same as its option on conviction. The court will be able to impose a fine or a new order. In deciding what sentence to impose, the court will take into account the extent to which the offender complied with the previous order. A breach will not mean further criminalisation or the imposition of tougher sanctions.

One other issue that was raised in Committee is that the provisions allow an order to be imposed without the consent of offenders. Ideally, we want people to choose to engage with support services in order to leave prostitution, but persistent involvement makes some element of compulsion necessary. The strategy encourages a diversion from the criminal justice system towards support services and, ultimately, away from prostitution. If people relapse, they should get help, but they should be pushed towards accessing that help.

The orders are an important part of the development of the Government's prostitution strategy. I have outlined the reasoning behind its introduction and some of the major concerns that were raised Committee. I hope that hon. Members will reflect on my remarks and on what the Government intend to do, and remember that we are still in listening mode.

John McDonnell (Hayes and Harlington) (Lab): In the Government's response to the legislative scrutiny Committee, there is a statement about the process that my hon. Friend the Minister has set out. It says that a person will end up in police detention only as a last resort, and that the period of detention will be as short as possible. Is there any estimate of the numbers that will be detained? What is the shortest estimated time scale for detention itself?

7.15 pm

Mr. Campbell: I cannot give my hon. Friend any estimates off the top of my head, but I shall find out that information for him. He will know that when similar provisions were introduced in other legislation, a time scale of 72 hours was mentioned, but it was felt to be too long. We sought to introduce the phrase "as soon as practicable" to make the time scale shorter than 72 hours. In some people's eyes, it opens up the measure to an indefinite extension, but that is not what we propose. Given that a prostitute may be picked up on a Friday, with little prospect of going before a court until the following Monday, we believe that the measure is an appropriate response.

John McDonnell *rose—*

Mr. Campbell: I had finished, but I shall give my hon. Friend one last chance.

John McDonnell: It would be really helpful if we could get as much information as possible on those estimates, and if we could get on the record what the Government mean by "as soon as practicable", because, on some interpretations, it might elongate to 72 hours. Before the Minister finishes, I should also welcome any comments on new clause 37 and the definition of a brothel.

Mr. Campbell: I undertake to find out that information, and I am sure that, if my hon. Friend catches your eye, Madam Deputy Speaker, we will return to the other issue that he mentioned.

Dr. Evan Harris: The Minister's speech shows two things: first, that we had good debates in Committee, because three Ministers were willing to take interventions and have a debate, and Government amendment 47 now demonstrates that willingness at least to listen and to consider the important issues; and, secondly, the fact that the Minister spoke for almost an hour shows that before us we have an enormous group of amendments, covering a huge number of issues. I therefore hope that we will have the opportunity to decide as many of those issues as possible at the end of the debate.

I shall restrict my remarks to two new clauses that have been tabled in my name and those of Back Benchers from all parts of the House. New clause 4 relates to the decriminalisation of prostitutes under the age of 18 and the decriminalisation of the victim. Given the Government's acceptance of the need to narrow the definition of "controlled for gain" in the strict liability offence, new clause 25 deals mainly with the question of whether we should have strict liability, and with the consequent low penalties for people—men—who have sex with prostitutes whom they know to have been, or are reckless as to whether they have been, trafficked or coerced into sex.

On new clause 4, the Minister just said that he thought that there was a fine line between our two positions, but that is difficult to accept, because, regardless of whether the line is fine, our distinction is fundamental. If one believes, as I and those organisations that represent

[Dr. Evan Harris]

children, their welfare and their best interests do, that criminalisation of under 18-year-old prostitutes on the street puts them at greater risk of exploitation and further from help, we have a fundamental difference. There is clear evidence for the position that I and other hon. Members who tabled the new clause hold—that criminalisation is detrimental to the welfare of children and fundamentally against their rights. Although the Minister tried to make the best fist of his case for continued criminalisation, he provided no evidence to support his contention.

We need to be very clear that children's charities and human rights organisations, including the United Nations committee on the welfare of children, have for a long time sought the decriminalisation of under-18s in prostitution. Back Benchers are divided on strict liability; the hon. Member for Slough (Fiona Mactaggart), for example, differs from me and the other Members supporting the amendment on the strict liability provision. However, there is a consensus, including the hon. Lady, that decriminalisation of prostitutes under 18 is critical.

The Standing Committee for Youth Justice represents a number of organisations, including Barnardo's, the Children's Society, the Children's Rights Alliance for England, the Howard League for Penal Reform, JUSTICE, Nacro, the National Children's Bureau, the National Society for the Prevention of Cruelty to Children and others, and they generally support decriminalisation. Why is it harmful to maintain the power to prosecute in such cases? According to the Standing Committee for Youth Justice, although the levels of prosecution for child prostitution are very low, young people on the street are not aware of that. That is damaging. What they know, or what they will be told—*[Interruption.]*

Madam Deputy Speaker: Order. The level of conversation among Members who have just come into the Chamber is unfair on those who have been here throughout this debate.

Dr. Harris: Thank you, Madam Deputy Speaker. I understand that they have not come to hear this debate or me, but I hope to make progress on these important matters in nine minutes.

What young people on the street know, or will be told, is that prostitution continues to be illegal and that they are therefore at risk of prosecution. That alone will make them sceptical about seeking help from the authorities.

Mary Creagh (Wakefield) (Lab): During a Joint Committee on Human Rights visit, the hon. Gentleman and I spent an evening that I will always remember on the Via Cristoforo Colombo in Rome; we were looking at the trafficked women there. If women have been trafficked into a country, does he agree that they are even less likely to understand the laws of the land and will be even more fearful of entering into any contact with authority?

Dr. Harris: The hon. Lady is absolutely right. We are talking about extremely vulnerable people, regardless of whether they have been trafficked; the idea that they could be arrested rather than assisted by a police officer will be the driving force. The Standing Committee for Youth Justice also points out that research suggests that continuing to criminalise these young people in this way actively assists the controlling influence of those who exploit them.

Obviously, pimps can exercise control over the children whom they pimp by saying, "If you cross me, I will report you to the police because what you do is criminal." The young people are not in a position to know the Minister's figures, which show that only one or two people have been prosecuted for such an offence in any given year; they are in a position to hear from the pimp that they are at risk of prosecution and had better toe the line.

The literature recognises that point in respect of domestic child abuse. Such threats, even when not founded on statute, hold huge sway with vulnerable young people and children, yet the Government continue to ignore the research base. They make their own pronouncements without a shred of published evidence, or even the pretence of evidence, to back them.

The Standing Committee for Youth Justice also tells us that fear of the police can result in young people taking health risks. Young people involved in commercial sexual exploitation are less likely to carry and use condoms. They fear that if they are found with them, that will give away the fact that they are on the game. That is a problem if we want to reduce harm. That is why there is so much pressure from human rights organisations and charities for the law to be changed. We thought that we had won the argument when, during the passage of the Criminal Justice and Immigration Act 2008, the Minister for Security, Counter-Terrorism, Crime and Policing acknowledged that children involved in sexual exploitation are victims and that he wished to give

"a clear message that child sexual exploitation is a grave crime that will not be tolerated, and that the child is always a victim."—*[Official Report, Criminal Justice and Immigration Public Bill Committee*, 27 November 2007; c. 538.]

The child is not always the victim if on occasion they can be the criminal. It does not work for the Government to say that messages are sent out. This Minister has claimed that the decriminalisation of child prostitutes would send out a message that it was okay for children, but not adults, to be prostitutes. Again, that cannot be right without the evidence.

Madam Deputy Speaker: Order. Once again, I ask all hon. Members who have just come into the Chamber and who have not been part of this debate to keep their conversations at a low level.

Dr. Harris: For the Government to rely on the assertion that reversing the criminalisation of children who are victims of exploitation sends out such a message, evidence must be provided, because the evidence base is on the other side. Similarly, a Minister has argued that pimps will seek out child prostitutes because they will not be arrested and therefore be a shelter from the law, but that also has no evidence behind it. However, the issue underpins the importance of concentrating police and criminal justice efforts at the pimps, traffickers and exploiters rather than further criminalising the vulnerable people. Furthermore, I do not believe that children or older women would be forced into street prostitution and encouraged to lie about their ages. Pimps already encourage their prostitutes to lie—that is the nature of pimping. If the new clause is agreed to, we can protect children, and that is critical.

Many hon. Members are here, and I make a plea to them. When new clause 4 is moved at the end of the debate at 9 pm, as I hope it will be, I ask them to listen to the likes of JUSTICE, the NSPCC, the United Nations Committee on the Rights of the Child and the Children's Rights Alliance for England and to say, "Enough is enough. It is time to do what the Government undertook to do during the passage of the Criminal Justice and Immigration Act 2008." The Minister for Children, Young People and Families said as she gave evidence to the Joint Committee on Human Rights that child prostitutes are always victims and never criminals. It is time to support new clause 4 on that basis.

The case has been made overwhelmingly, even before we consider the recommendations of the Joint Committee on Human Rights.

John McDonnell: Evidence has been collected from children who have been prosecuted and had to live their lives with that hanging over them; that relates to the issue of stigma, mentioned by my hon. Friend the Member for Birmingham, Selly Oak (Lynne Jones).

Dr. Harris: I absolutely agree with the hon. Gentleman, whose contribution to this debate has been important. I am grateful to him and Back Benchers from all parties for their support on new clause 4.

The Joint Committee on Human Rights said:

"We are therefore unconvinced by the Government's explanation of the continuing need for the criminalisation of children involved in prostitution, which is in direct opposition to the conclusions of the UN Committee on the Rights of the Child. In particular, we are not persuaded by the assertion that the criminal justice system may be needed to enable children to access support. The provision of revised guidance is insufficient to address our central point of concern. We recommend"—

as I do now—

"that the Government reconsider its opposition to decriminalising children involved in prostitution and suggest an amendment to the Bill."

In the minute that I have left, I should like to turn to new clause 25; I imagine that I will have to come back to it after the Speaker's statement. The new clause is one of the key parts of the debate. *[Interruption.]*

Madam Deputy Speaker: Order. Yet again, I ask the House to come to order while the hon. Gentleman is on his feet.

Dr. Harris: The House is anxious to hear the statement, and I understand that. *[Interruption.]* If I do not speak, someone else will, so there is no choice.

I am talking about an important matter. Hon. Members will have been lobbied about the Government's proposal for a strict liability offence that meant that paying for sex with a prostitute controlled for gain will be a criminal offence whether or not the person was aware, or should have been aware, that the prostitute was controlled for gain. The fundamental problem with that approach is that the penalty for someone who is aware that they are having sex with a trafficked or coerced woman will be a maximum fine of £1,000. The offence that I am talking about is akin to rape. It cannot be right that the Government's provisions fail to capture a person who goes on to have sex with someone, against their will, who they know has been trafficked and coerced. It is clear that that person cannot be prosecuted or convicted for rape. The Minister could provide no examples of where rape prosecution would work in the context of prostitution. New clause 25, which is supported by official Opposition Front Benchers, Liberal Democrats and Back Benchers on both sides of the House, would provide for an offence that would suitably punish people in that respect.

After the Speaker's statement, I will set out why the Government's approach is wrong and ours is right. This amendment is supported not only by those who work in prostitution but by health service workers such as those in the Royal College of Nursing, who voted by 10 to one during their last conference to oppose deeper criminalisation of the vulnerable people working in prostitution. It is supported by organisations such as Justice and Liberty, which recognise that it is fundamentally against people's human rights to be hit with a strict liability offence that criminalises them, particularly in a private matter.

Debate interrupted.

Speaker's Statement

7.31 pm

Mr. Speaker: I should like to make a statement, for the second time today.

This afternoon I convened a meeting of party leaders—both major and minor parties—and members of the House of Commons Commission to make decisions on the operation of parliamentary allowances pending the recommendations of Sir Christopher Kelly's Committee on Standards in Public Life. The Chairman of the Committee on Members' Allowances was also present to advise us.

The Committee on Standards in Public Life will come forward with long-term reforms to the current allowances system. All parties are now committed to implementing its recommendations as a whole, subject to the formal agreement of this House, provided that these reforms meet the tests of increased transparency and accountability and reduced cost for the taxpayer. We have today agreed a robust set of interim measures which will take effect at once and do not pre-empt any more substantial changes to be put forward by the Kelly committee.

Second homes: there will be no more claims for such items as furniture, household goods, capital improvements, gardening, cleaning and stamp duty. The following only should be claimable: rent, including ground rent; hotel accommodation; overnight subsistence; mortgage interest; council tax; service charges; utility bills, including gas, water, electricity, oil, telephone calls and line rental; and insurance—buildings and contents.

Designation of second homes: no changes to be made to designation of second homes in the years 2009-10, with a transparent appeal procedure for exceptional cases.

Capital gains tax: Members selling any property must be completely open with the tax authorities about whether they have claimed additional costs allowance on that property as a second home and are liable for capital gains tax. Members should make a declaration in respect of any property on which they claim for expenditure that it is not—and will never be—their main residence for capital gains tax purposes. Whether such a declaration has been made will be made public.

Couples: Members who are married or living together as partners must nominate the same main home, and will be limited to claiming a maximum of one person's accommodation allowance between them.

Mortgages: all those Members claiming reimbursement must confirm that the mortgage continues, that the payments are for interest only, and the amount claimed is accurate. Mortgage interest claims will be capped at £1,250 per month. In the view of the meeting—and subject to the recommendations of the Kelly committee—this maximum figure should be reduced in the longer term. The same cap will apply to rent and hotel accommodation. Some of these measures I am announcing will require a resolution by the House in the near future; others will be put into effect by administrative action.

Staffing: we confirmed the enforcement of deposit of staff contracts and the registration of any relatives employed.

While the Kelly committee recommendations are awaited, there will be no specific changes to other allowances. The Department of Resources is instructed to tighten the administration of all claims and apply a clear test of "reasonableness". If there is any doubt about the eligibility of a claim, it will be refused and there will be no appeal. In future, all authorised payments will be published online at transaction level on a quarterly basis by the Department of Resources.

All past claims under the former additional costs allowance over the past four years will be examined. This will be carried out by a team with external management; the external manager will be appointed after consultation with the Comptroller and Auditor General. All necessary resources will be made available. The team will look at claims in relation to the rules which existed at that time, and will take account of any issues which arise from that examination which cause them to question the original judgment.

The meeting also received a paper from the Prime Minister, which was endorsed by the other party leaders, calling for a fundamental reform of allowances—moving from self-regulation to regulation by an independent body. The Government will consult widely on this proposal. Further to this, the Leader of the House will be making a statement tomorrow, which will allow the House a full opportunity to ask questions, and Members to air their views on the decisions we have made and the proposals for the future.

The Leader of the House of Commons (Ms Harriet Harman): Further to your statement, Mr. Speaker. As you said, the Prime Minister provided a document for today's discussions with you and other party leaders. For the convenience of Members, I will deposit this paper in the Library tonight, and copies will be made available for Members in the Vote Office.

Mr. Speaker: I will now pass the House back to the Deputy Speaker.

Policing and Crime Bill

Proceedings resumed.

7.39 pm

Dr. Evan Harris: I shall continue with the second half of my contribution, in which I shall specifically support new clause 25. It has been tabled by myself, by the hon. Members for Birmingham, Selly Oak (Lynne Jones), for Hayes and Harlington (John McDonnell) and for Totnes (Mr. Steen), by my hon. Friend the Member for Chesterfield (Paul Holmes), and by the hon. Member for Hendon (Mr. Dismore), who chairs the Joint Committee on Human Rights. I understand that it is supported by both Opposition Front-Bench teams.

My view on clause 13 is that further criminalisation of prostitution will be detrimental. My hon. Friend the Member for Chesterfield and I voted against the clause in Committee, but I recognise that my view on that does not have sufficient support in the House, and that the Government have a majority to get some sort of offence on to the statute book to tackle demand. It is only realistic, therefore, for me to work with other hon. Members to find a form of words on which we hope there can be majorities in both Houses. I am grateful to Liberty, Justice, the Criminal Bar Association, the English Collective of Prostitutes and the International Union of Sex Workers, as well as to hon. Members, for their help in drafting the new clause. I am particularly grateful to the hon. Member for Bury St. Edmunds (Mr. Ruffley) for his willingness to try to identify a way forward that delivers what he wants—a workable law that does something about demand but does not have the drawbacks that he expertly identified in the Public Bill Committee.

New clause 25 is therefore based on a consensus, and it has three main ingredients. First, it would get rid of the strict liability provisions, for reasons that I shall explain. Secondly, and as a consequence of that, it would enable the punishment to match the offence where there is not strict liability. Thirdly, it would redefine "controlled for gain" in a narrower way. I recognise that in tabling amendment 47 and associated amendments, the Government have also done that, so I do not propose to spend time comparing the construction of that amendment and the new clause. There are probably advantages and disadvantages to both, but they are both in the same general ballpark.

I have some points to make about the Government amendment, however. First, it still provides that control has to be for gain. We considered that matter with the lawyers who were assisting us, and could not understand why the Government did not want to capture pimps who do what they do for cruelty and for the hell of it, who get a kick out of controlling women and girls in prostitution and perhaps running them for drugs purposes, but do not operate for gain from the sale of sexual services. If the Government are still in listening mode concerning the nature of that part of their provisions, they should consider that.

Our equivalent provisions have four main parts. First, in proposed new subsection (3), we define a victim of trafficking. We use the language that has found favour with the hon. Member for Slough in other legislation. She is concerned that we ought to return to the definition that is often used in international law, and we have included it as far as we can. Secondly, the new clause mentions "coercion" and is therefore very similar to the Government's provisions. We include in that violence, threats and intimidation.

We thought that it was important that the third point was clearly captured, so that people controlling prostitutes would know exactly what they were letting themselves in for. We state that the person in control commits an offence if B—the prostitute—has provided sexual services

"in order to gain access to controlled drugs".

Finally, recognising that we could not get the Government to agree with us on the matter in the Public Bill Committee, we believed that we needed to discriminate between brothels that are run co-operatively, in which the women at all times accept the control of the madam, and brothels where women are working together but do not freely consent to the direction or instruction of someone who tells them, "Do this with this person, in this room, for this price." That situation would be covered by the new clause, because we reached consensus on a pragmatic way forward that would cover mischief in relation to which demand needs to be tackled on a non-strict liability basis. I hope that the Government will consider that further, as they have indicated they are willing to do in another place.

I now turn to the important matter of strict liability. I know that other hon. Members will talk about the experience and views of the English Collective of Prostitutes and others, so the best thing that I can do is demonstrate the forensic job that the Joint Committee on Human Rights, on which I serve, did, in a report that was unanimously agreed, on why the strict liability offence is so wrong.

7.45 pm

The first criterion for having a law that potentially engages human rights—as the Government, in their memorandum to the Committee, accepted that this one will—is that it is necessary in a democratic society. That fundamentally requires evidence that the Government's legitimate goal, which will constrain freedoms, will be effective. The Joint Committee reflected on the fact that the Government have still failed to publish the evidence—although they said in their little paper supporting the offence that it existed—that strict liability would be beneficial. In Committee, the Under-Secretary of State for the Home Department, the hon. Member for Tynemouth (Mr. Campbell), confirmed that the review of evidence had not been published, but stated that the Government had never made a commitment to publish the evidence, and that it was currently being collated.

I do not think that that is acceptable, or that most Select Committees would consider it acceptable—certainly not the Joint Committee on Human Rights or the Select Committee on Innovation, Universities, Science and Skills, on which I also serve—for the Government to claim that they are introducing evidence-based policy and then fail to produce the evidence on which they seek to rely. Not only did they not produce it, they did not have it published and peer-reviewed before publication. That suggests that the Government do not have evidence upon which they can rely. They are, of course, aware that the weight of academic and health service opinion is that further criminalisation will be harmful. Taking an evidence-based approach alone, the Government are wrong.

The Government said that we

"should not read too much into the fact that the evidence has not been published. It does not mean that it contradicts the propositions that the Government are bringing forward." [*Official Report, Policing and Crime Public Bill Committee*, 29 January 2009, c. 113, Q197.]

I cannot understand why something that was alleged to exist a year ago has still not been published. The Joint Committee stated:

"We are disappointed that the Government has failed to provide the evidence which, in its view, demonstrates the necessity for the new strict liability offence. As we have said on a number of previous occasions, legislation should be firmly based on evidence. We consider this to be particularly important when new criminal offences are proposed, to show why the existing criminal law is inadequate to deal with the targeted conduct and how the proposed new offence tackles the behaviour in a proportionate way."

Evidence is important when we are dealing with the criminal law. That echoes the point made by the hon. Member for Hayes and Harlington that adequate time for debate is important in such cases. The Joint Committee's report continued that

"it is even more imperative when the proposed new offence is one of strict liability. We recommend that the evidence be published without further delay so that Parliament can be properly informed when debating the need for this new strict liability offence."

Sadly, we are debating this before the Government's response to that report, and before we have seen the evidence, which is unfortunate.

The second criterion for such an offence identified by the Joint Committee is that it needs to be prescribed by law. Liberty made clear in its evidence to the Committee a point that it also made in its briefings on the Bill:

"Strict liability offences should be used very sparingly and should only apply to minor offences where it seems obvious in the circumstances that an offence has been committed. It should not apply when a person is unable to ascertain whether what they are doing is unlawful. Given it is not an offence to pay for sexual services of a person who is not controlled for gain, it would be unfair to impose a strict liability offence on someone who pays for the sexual services of a person who is controlled for gain but whom the offender does not know is controlled."

I have read that into the record because it is the quickest way to get that point across.

The European Court of Human Rights has considered the matter, and in one case, Salabiaku v. France, stated:

"States may, under certain conditions, penalise a simple or objective fact as such, irrespective of whether it results from criminal intent or from negligence."

However, proving that an individual did not know that a person was controlled for gain is explicitly ruled out as a defence in the Government's proposal, which goes further than that case. That is why the Joint Committee was right to say that the proposed offence would be a human rights breach as well as bad law, and that we will have to amend our law if a case is brought.

The Joint Committee concluded that

"the fact that the offence is one of strict liability will make it difficult for an individual to know how to regulate his conduct given that his knowledge is not an element of the offence. We have concerns about the breadth of the new offence and its potential impact beyond the group that the Government seeks to target. In our view"

this is important—

"the proposed offence has the potential to put women into more exploitative or unsafe situations, may not address the problem which the offence aims to target (namely exploitative prostitution) and may discourage reporting of such prostitution."

I know that other hon. Members can speak about those issues, based on the experience and views of women involved in prostitution and of those involved in human rights.

I want to consider the provisions on rape, which, again, the Government have got wrong. I think that the Government accept that it is impossible to get a conviction for rape in the context of prostitution. However, they cannot have it both ways: they cannot say that because rape happens even though there are no prosecutions, we should have a strict liability offence with a low penalty, while also claiming that we can still prosecute for rape in those hard cases. The position is clear: it is impossible to get a conviction for rape in the context of prostitution. I wish it were not so, and that rape conviction rates were higher, but that is a problem in cases of rape outside the context of prostitution, and the Government have provided no evidence of prosecutions, let alone convictions, within that context. That leaves a gap. When someone knowingly has sex with a person who is not freely consenting in the context of prostitution, that should be punished by imprisonment. New clause 25 would rightly provide for that.

Fiona Mactaggart *rose—*

Dr. Harris: Of course I shall give way to the hon. Lady, who has strong views and has always been willing to have a proper exchange of views on such matters.

Fiona Mactaggart: The hon. Gentleman describes the existing situation, whereby men who rape prostituted women too often act with impunity. Does he realise that Cleveland police authority, which has the highest conviction rate for rape—twice the average rate of other police authorities—is also the most active in protecting prostituted women and tackling kerb crawling? Is he aware that it is possible to prosecute effectively if police and prosecution authorities work together to protect prostituted women? Cleveland has begun to show that, but it is not being done elsewhere in the country.

Dr. Harris: The hon. Lady's comments would be evidence for the Government's proposals if a causative association could be shown between the further criminalisation of prostitution and what she describes as an improved success rate for rape convictions. However, even she does not make the direct association—*[Interruption.]* I am sorry—I did not hear what she said just then; I shall give way to her again shortly, but I want to make my point clear. Policing prostitution as she described cannot be said to cause higher rates of conviction for rape. She states ex cathedra—I would like to see the published evidence—that there is such an association. Those on our side of the argument are talking about clear evidence of driving women away from the police. Making men more furtive will make women more vulnerable.

Fiona Mactaggart: The hon. Gentleman is right to say that there has been no research on causation. But let me offer him two facts. First, approximately 20 per cent. of all the prosecutions for kerb crawling in the country happen in Cleveland. Secondly, Cleveland police authority has double the average success rate, and a much higher success rate than the nearest police service, for rape prosecution. That authority takes seriously the violence

against women that is inherent in prostitution. I believe that, as a result—though no study has been funded and completed—

Mr. Deputy Speaker (Sir Michael Lord): Order. May I say to the hon. Lady, and the House generally, that consideration of this group finishes at 9 o'clock and that many hon. Members are trying to catch my eye? The hon. Gentleman who has the Floor has been speaking for a long time. Interventions are helpful to the debate, but deny other hon. Members the opportunity to speak, so perhaps hon. Members will bear that in mind.

Dr. Harris: Perhaps it will be best if I do not take any more interventions.

I have the utmost respect for the way in which the hon. Lady has put her case on this matter in the past few months. However, all I can say about her comments is that she is entitled to her own opinions, but not to her own facts. We need evidence-based policy, which seeks to protect women and punish the real offenders.

New clause 25 would make it an offence for a person to make or promise payment, or use the sexual services of a prostitute, when he knows or ought to know that the woman essentially does not consent. Associated with that is a prison sentence, which is the proper penalty befitting the offence of deliberately having sex with someone who does not consent, or of being reckless—the new clause has a wide recklessness test—of that fact. In the worst cases a long prison sentence can be expected, because it cannot be right for such an offence to be greeted with a fine.

The fundamental difference between us is, as the Joint Committee on Human Rights makes clear, that the Government's approach has no evidence to back up its effectiveness. It is not sufficiently clear for users to know when they are committing an offence, and it will make matters worse for the prostitutes because the men will be driven to seek out the exchange of money for services in a place where they will be less likely to be detected.

Keith Vaz (Leicester, East) (Lab) *rose—*

Philip Davies *rose—*

Dr. Harris: I have nearly come to the end of my speech, but I shall give way twice before concluding.

Keith Vaz: I am happy to accept "I have nearly come to the end of my speech."

Philip Davies: The new clause specifically states that a person commits an offence when they know or "ought to know" that somebody is "the victim of trafficking" and so on. What does the hon. Gentleman mean by "ought to know"? I am not entirely sure what that means.

Dr. Harris: "Ought to know" is a recklessness test, which basically means that if the court decides that it is reasonable that the person should have known, given the information in front of him, that the other person was not consenting—that the person was controlled, or whatever definition we use—he would be committing an offence. I hope that I have answered the question.

Now I shall respond to the intervention by the right hon. Member for Leicester, East (Keith Vaz). He is right: the case has been made for new clauses 4 and 25, and I hope that the House will support them both.

Fiona Mactaggart: Given that so many hon. Members wish to speak, I aim to be brief. I want to speak about amendment (a) to amendment 47, amendment (a) to amendment 51 and amendments 215 and 216. Some are amendments to the amendments that the Home Secretary tabled to clause 13.

Earlier, the right hon. Member for Suffolk, Coastal (Mr. Gummer) reminded us of what, for many of us, is the trigger for the debate: the violence that is inherent in prostitution, and the cause of the fact that prostituted women are, according to the *British Medical Journal*, 40 times as likely to die a violent death as other women.

The Government's proposal for a strict liability offence, which targets demand for prostitution, is based on clear evidence from other European countries that such an offence can reduce trafficking and also the demand for prostitution. For example, in Sweden, the number of men who pay for sex has reduced in the time that that country has had a stricter but comparable offence, from 13.6 per cent. to below 8 per cent. On the whole, that 8 per cent. pays for sex outside Sweden. Other Nordic countries have followed Sweden, including Norway. Despite being so much smaller than Sweden, it had a massively larger population of women who were trafficked for sexual purposes. Norway perceived that as a serious human rights problem, which it had to address. Finland has a slightly half-hearted version of the offence, with few prosecutions, although more have begun to be conducted.

Countries that have taken the opposite approach, such as the Netherlands, regret it and have experienced the growth of criminality and abuse that is inherent in prostitution.

It is also important to realise that public opinion on the issue can follow leadership. The Swedish law has become more popular since it was introduced. When the Minister for Women and Equality commissioned research in the United Kingdom into whether people thought it right to make it illegal to pay for sexual services, to start with, only a third thought so. When there was a prompt and people were asked whether such a law should be part of a campaign to reduce trafficking and exploitation, a clear majority of respondents supported it. That is why, despite being profoundly attracted by the Swedish approach, I felt it right to support the Home Secretary's more limited definition, which says that there should be a strict liability offence of paying for the sexual services of someone who is controlled for gain.

8 pm

However, I am anxious that the further amendments that my right hon. Friend has tabled will limit the proposed offence more than I believe she intends to. I think it certain that the exploited women of Ipswich would not be covered by the language used in amendment 47, which refers to persons subjected to "force, deception or threats". We are talking about vulnerable young women whose vulnerability is exploited, sometimes with violence, but sometimes with profound emotional blackmail and with psychological pressure

and force. If we are to keep to the original intention of the Bill, it is essential that we ensure that the—I think inadvertent—over-narrowing that is inherent in the Government's amendments is overcome.

That is why I have proposed amendments to the Government's amendments. In doing so, I have used language from other legislation. Although there are profound disagreements between the hon. Member for Oxford, West and Abingdon (Dr. Harris) and me, for example, everybody in the House is absolutely united in wanting to protect women who are controlled, exploited, deceived, psychologically threatened and so on. My amendments, which use language drawn from the UN protocol on trafficking and from our legislation on forced marriages, would have the effect of including all the persons whom we wish to include. However, my amendments would do that without causing the problem caused by the original language, whereby, for example, a maid or a landlord could be described as controlling a prostitute or woman for gain. I always denied that that problem, which is portrayed as a common one, existed, but one has to face it when one has lost an argument.

The language that I have included says, first, that force should include psychological threats. That is language drawn straight from the Forced Marriage (Civil Protection) Act 2007. Secondly, I have referred to the exploitation of a person's vulnerability. That language is drawn from article 3 of the UN protocol on trafficking, which says:

"'Trafficking in persons' shall mean the recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force"—

that is similar language to the Home Secretary's amendment 47—

"or other forms of coercion, of abduction, of fraud, of deception"—

again, that phrase is used in the Home Secretary's amendment—

"of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person".

In fact, my amendments are still narrower than the international definition of trafficking. Nevertheless, I believe that they incorporate the fundamental issues.

I have talked to Home Office Ministers about that. I think that we are on the same page, but we need to start writing on it. Let us be clear: we are talking about an offence that will be tried in the magistrates court. It rightly carries a low penalty, and the reason is that the aim is to deter demand and ensure that those who would seek to pay an exploited woman for sex should obey the rule for any buyer anywhere: caveat emptor—buyer beware—and take care. For example, if one of our constituents came to us and said, "I bought this bottle of perfume from a table outside the shops, but it doesn't smell of anything, even though it says 'Dior' on the label," we would all be inclined to say, "Well, you have avoided the protection that you might have had if you'd gone into Debenhams and bought your perfume from there." The situation that we are talking about is exactly the same.

Lynne Jones: My hon. Friend is arguing that the Government's proposals as amended by her would help to keep women safe and help victims of trafficking. Could she cite evidence that the laws in Sweden have been effective in doing that? She gave no information on that point. Have the laws in the countries that she has named been subject to reviews of their effectiveness, as has been the case in New Zealand, which she has not cited, but where completely the opposite approach has been adopted?

Fiona Mactaggart: Those laws have indeed been subject to such review. There is quite clear evidence from research showing the extent to which there has been a reduction in trafficking in Sweden. I cannot find the citation, which is buried somewhere in this heap of paper, but I will send it to my hon. Friend by e-mail. That is also evidenced by the figures that I gave comparing Sweden and Norway. She referred to New Zealand, where there has been a Government-sponsored survey of the impact of the law. In this debate we are looking into how we can use the prevention of demand to protect women, and we are considering a legal mechanism to effect that prevention of demand. However, there are other mechanisms to prevent demand.

Small communities, where people know each other, act as a very effective mechanism to prevent demand. If someone knows the guy knocking on the door of the brothel and is aware that some of the women in the brothel are exploited or controlled by other people, they will be likely to tell their neighbours that he is sleeping with exploited women and paying for it. That changes the nature of the sex market in New Zealand—the fact that it is miles away from anywhere also changes it. The community is very small there and it is different from other places. I have quite specifically compared us to similarly diverse and similarly densely populated European countries that, I believe, have stronger lessons for Britain.

Keith Vaz: I know that my hon. Friend has a great interest and passion in the subject. However, she has clearly not had the opportunity to read the Home Affairs Committee report into human trafficking, which we published last Thursday, following a year-long investigation. The best way to stop demand is to stop the women from being trafficked into the country. That means going to the source countries. Once those women get here, it is too late. My hon. Friend's complaint is actually against prostitution. It is not about human trafficking; she just wants to stop prostitutes.

Fiona Mactaggart: My right hon. Friend is using an inaccurate definition of trafficking. Trafficking does not require people merely to be transferred across a border. Rather, trafficked women are often moved around within countries. There are women trafficked from Glasgow to Nottingham, Slough or London daily. We therefore cannot simply deal with such gross exploitation and violence towards women by protecting women from Romania or Thailand; we have to protect the women in our own communities who are trafficked and exploited through violence, pimping and abuse.

Lynne Jones: Will my hon. Friend give way?

Fiona Mactaggart: May I just finish this point?

This is a point on which the Government and I do not completely agree, but I have chosen to support them in what I believe they are trying to achieve. I urge the Minister to accept my amendments because, without them, he will not achieve what I believe he is trying to

achieve. The Government have identified the ill as the exploitation and control of a prostituted woman by another person. In effect, that is a modern day form of slavery. We are talking about women who do not have a choice because of "force, deception or threats", to use the Government's words. We also need to include the psychological exploitation that is so often at the heart of prostitution.

The Bill will not do what the legislation in Sweden has done. It will not make any man who pays for sexual services an offender. There is a strong argument for doing that. I believe that buying someone else's sexuality destroys human relations and creates a grossly unequal society. At present, however, I am not arguing for that position. I am hoping that the Government will accept my amendments and ensure that this offence will include women who are controlled by psychological means and exploited because they are vulnerable. Ministers have taken that position from their platforms in the past, and said that those women should be protected.

Lynne Jones: My hon. Friend responded carefully to my earlier intervention, saying that there was evidence that trafficking in countries such as Sweden had been reduced. However, she did not address the question of whether violence against women in the sex industry per se had been reduced. In relation to New Zealand, does she not think that that country has just as many big cities as Sweden? To suggest that it has no large communities is an inaccurate reflection of that country.

Fiona Mactaggart: It does have large communities, but they are not as diverse as those in Britain. The mechanisms that we would need to use extend beyond those that would work in New Zealand. I have not challenged the New Zealand Government-sponsored review of their legislation, although I have spoken to women who have worked with prostituted women in Britain and who currently work with prostituted women in New Zealand. They believe that that report is not a proper description of what is happening on the ground there.

I did not answer my hon. Friend's question about violence against prostituted women in Sweden because I could not find the citations that she asked for. I can tell her, however, that I have spoken to Kajsa Wahlberg, a chief police officer in Sweden, who has made the specific point that one of the consequences of the Swedish legislation is that women are safer.

I want to conclude by looking at the issue of human rights. People have cited the conclusion of the report of the Joint Committee on Human Rights that introducing strict liability in the Bill would make it difficult for an individual to know how to regulate their conduct, and suggested that that could lead to an abuse of the rights of the punter. I would like to direct Members' attention to the parts of that report that clearly state that measures aimed at preventing prostitution can actually protect human rights.

Our international human rights obligations are quite clear under the United Nations convention against transnational organised crime, the convention on action against trafficking in human beings, the convention on the elimination of all forms of discrimination against women, the Beijing platform for action, and the declaration on the elimination of violence against women. All those international human rights instruments require states parties to tackle the demand for sexual exploitation. The Bill is our first serious attempt to do that since the legislation on kerb crawling 20 years ago. I urge Members to support my amendments and to support the Bill.

8.15 pm

Mr. David Ruffley (Bury St. Edmunds) (Con): It is important to put on record on behalf of Her Majesty's Opposition that the trafficking and exploitation of women and children is a vile and disgusting trade, and we can all agree that the Bill tries to tackle it more effectively. The question is the means that we should use. I am aware that many hon. Members wish to speak—in retrospect, I think it might have been a good idea to have had two days for Report—so I shall quickly state Her Majesty's Opposition's view on two points.

First, there has been a great deal of debate on the definition of "controlled for gain". Many of us thought that the definition in the original drafting was too broad and would not successfully target those who had been trafficked. Paradoxically, it might have caught many of those who assisted prostitutes in their trade. Government amendments 46 to 48 seek to narrow the original broad wording, and the Government are to be congratulated on that attempt. However, we believe that the language in new clause 25 is more appropriate, for the simple reason that it tracks the language relating to trafficking that is used in the Palermo protocol, which states:

"'Trafficking in persons' shall mean the recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation."

That definition is included in new clause 25.

My second point relates to strict liability. It is important that people listening to the debate understand why we are wary and sceptical about this issue, and why we do not support the Government's importation of strict liability into the offences in clauses 13 and 14. We are not going soft on the horrible exploitation of vulnerable young women and children in any shape or form, but we do have a concern about the nature of strict liability offences generally. That concern has been put across rather well by Liberty, which has stated that such offences

"have traditionally been enacted in the regulatory sphere or for fairly minor offences where it is obvious that an offence has been committed. The strict liability standard is inappropriate where a person is unable to ascertain whether what they are doing is unlawful."

The proposed offence will apply whether or not a person knows that a prostitute is being controlled for gain or trafficked.

Liberty went on to state a point of principle:

"We are not aware of any other criminal offence of this nature where the strict liability standard applies allowing no prospect of a defence. It is worrying that such a move is being made here and it would be extremely concerning if this approach were to be extended."

That is our concern, too. Is this a slippery slope? Does it represent the thin end of the wedge? We are going into territory here that would be best avoided.

Mr. David Burrowes (Enfield, Southgate) (Con): My hon. Friend mentions a point of principle, but is there not also a point of practice in respect of parity with the Sexual Offences Act 2003, especially where there is an incorporation of a mental element? In the light of the proposed amendments, we also need to reflect on circumstances involving forced threats and deception; there should be parity of sentencing—not a level 3 fine, but an either-way offence.

Mr. Ruffley: My hon. Friend anticipates me, and his points are well made. That is why we see merit in the proposal in new clause 25 for a "know or ought to know" test instead of a strict liability test, which would mean that it would be an offence only if the accused knew or was reckless as to whether the prostitute was controlled for gain. That will ensure that strict liability does not apply and it also deals with the issue of parity, to which my hon. Friend referred. The offence would require actual knowledge of or recklessness in respect of the circumstances; the person who should have known should be presumed to have had knowledge.

Mr. MacShane: The hon. Gentleman is making his case fairly, but what he is actually saying is that there is going to be very little deterrent and no discouragement. I am not all surprised that Liberty, which is a libertarian organisation, is defending the rights of men to have sex almost on any terms, provided that they can put their money on the table and say later that they had no idea of the conditions of any of the women that they paid to have sex with. Liberty is a deeply reactionary and conservative organisation, whereas we need a more liberal interpretation of—

Mr. Deputy Speaker: Order. I appreciate that the right hon. Gentleman does not like having his intervention abbreviated, but we are now running very short of time and I think that he has made his point.

Mr. Ruffley: The right hon. Gentleman makes a point that is traditionally put across in such discussions and we have heard it debated many times. The point here, however, is that moving away from strict liability is not being soft on the offence nor indicative of failing to want a deterrent. I shall rapidly cite the reasons for that claim, before allowing other Members, many of whom have a great deal of knowledge in this subject, to speak.

We believe that the penalties for men who engage in sexual relations with trafficked people should be strengthened, and we support amendments 237 and 240 precisely because they will toughen the penalties for those caught under the new offence. Currently, a person found guilty of the new offence is liable to a fine of up to £1,000. The Government have not proposed any amendments to alter that, but under the amendments I mentioned, a person found guilty of the new offence under clauses 13 and 14 will be liable to imprisonment for a term not exceeding six months or a fine not exceeding the statutory maximum. On conviction for an indictable offence, a person is liable to imprisonment for a term not exceeding 14 years. Those severe penalties are appropriate given the ghastliness of the crime and offences that we are debating.

It is particularly important for Conservative Members to underscore the abhorrent nature of paying for sex with trafficked individuals, and it is in that spirit of toughness, while keeping a certain element of practicability in the back of our minds, that we believe we should move away from a strict liability test and replace it with a "know or should have known" test instead. That is the purport of new clause 25, which we support.

Lynda Waltho: Many of us have had problems with lap-dancing clubs in our constituencies. The arguments were well rehearsed at length in Committee, so I willnot go over them again. I would like to speak to amendments 194 and 199, and Government amendment 54.

We have had trouble in our constituencies because lap-dancing clubs are currently licensed solely under the Licensing Act 2003. Those clubs share the same licences as cafés and karaoke bars and since the 2003 Act it has become very much easier for lap-dancing clubs to obtain a licence and far more difficult for our communities to have a say. Local authorities are also prevented from putting in place vital controls to govern how many licences can be granted in an area and whether private booths should be permitted.

Industry mapping has shown that new lap-dancing venues are opening on a nearly weekly basis and legal advice has shown that concerns relating to gender equality cannot be raised by local authorities or residents during the licensing process. This places local authorities in direct breach of their duties under the gender equality duty, which came into force in 2007.

I applaud the Government's response to this issue, but they have gone only so far. I think that the Bill is seriously undermined by the fact that the proposed sexual encounter venue category is optional and that venues where lap dancing is provided less than once a month are exempt from the category. In other words, the SEV licensing category is optional. Local authorities will not have to adopt it, although universal application has recently been advocated by the Select Committee on Culture, Media and Sport, following a lengthy review of the Licensing Act 2003.

It is crucial that we adopt the SEV category because it will guarantee local communities a voice. The current optional arrangement means that our communities will be deprived of that voice, so they are not guaranteed a greater say in the licensing of lap-dancing clubs because the outcome will depend on whether the local authority in question chooses to adopt that option.

Ms Celia Barlow (Hove) (Lab): In Brighton and Hove, money was ring-fenced for a private Bill to change the licensing law, and there is a will among all parties to control the spread of lap dancing, particularly in small communities like my own in Hove or Slade. There is concern that, on a temporary basis, it will possible to hold up to 11 such events a year, and it will be very difficult to police them in the same successful way that Sussex police have been able to police the larger venues.

Lynda Waltho: Indeed, and it is very difficult—in fact, impossible—for local people to object to those temporary licences; only the police are able to do so, and in my experience they rarely do. This state of affairs applies despite massive objections, a 10,000-name petition that went to No. 10 Downing street and almost mayhem in some constituencies—not least my own.

We also need to protect local authorities from being vulnerable to challenge by the lap-dancing industry, which is quite a strong advocate. Furthermore, a sub-group

of almost virtual lap-dancing clubs is growing, with businesses aiming to move their stable of women—a term used previously—from venue to venue. We really must not allow that to happen. We must protect local authorities from their vulnerability to this strong and powerful industry. The voluntary aspect governing the application of the Local Government (Miscellaneous Provisions) Act 1982 and the sexual encounter venue category will create an uneven licensing landscape, vulnerable to exploitation by the industry. Before the Licensing Act, uneven licensing between local authorities enabled lap-dancing clubs to exert pressure in favour of looser regulation. In 2002, for example, Westminster city council came under pressure to relax a no-nudity clause following the decision of a neighbouring borough council, Camden, to do so. Unfortunately, unless we can amend the new clause, that risk will be reintroduced.

It has been argued that universal reforms will impose a burden on local authorities, but closer examination of the actual process involved in implementation of the new clause reveals that that is simply not the case. Optional reforms will require local authorities to undergo eight procedures to install the controls that the new clause would introduce. However, if the reforms were applied universally, the process that each local authority would then undertake would be halved, and would require significantly fewer resources. We are talking about a low-cost procedure for local authorities, regardless of whether lap dancing clubs are involved.

8.30 pm

David Lepper: I believe that fees are set nationally under the Licensing Act, but under the usual regime the local authority can levy a charge for the application for a licence which covers the costs of the administration involved in consideration of that application. Would not universal reforms be cost-neutral?

Lynda Waltho: Indeed. I intend to say more about that later.

Optional reforms would reduce the burden on local authorities that chose to adopt the new controls. The increased costs of enforcing the new clause would arise when an application was made. However, the costs of the process would be absorbed by licensing fees, and incurred by lap-dancing club operators rather than local authorities. That contrasts with the current circumstances, in which local authorities are not guaranteed to recoup fees through the premises licensing costs. Local authorities with existing premises would likewise be able to retrieve the cost of requiring venues to apply for the new SEV licence. The new category would, in fact, create efficiency savings for authorities.

Many local authorities currently undertake enforcement work against premises licence-holders who have specified dancing on their licences but who are, in fact, hosting lap-dancing events. The new clause will reduce the amount of work required in that context by providing for adequate scrutiny and funding through the increased licensing fees. It should also provide a solution that delivers local flexibility. Universal application of the new category is consistent with that, allowing local authorities more discretion when it comes to licensing clubs. Sexual encounter venue licensing affords flexibility within application and renewal rates. The duration of licences and a wide range of other factors could be included. The localities in which the sexual encounter venues could be licensed are assigned by individual local authorities. The definition of a locality is also determined by local authorities, as are licensing conditions.

Dan Rogerson (North Cornwall) (LD): At the beginning of her speech, the hon. Lady said that the arguments had been advanced before. That is in no small part down to her, and I congratulate her on the work that she has done. Does she agree that lap-dancing operators and their representatives ought to welcome a consistent approach across the country, which would enable them to know exactly how they will be treated because they would know that their establishments would be treated as sexual encounter establishments throughout the country?

Lynda Waltho: They ought to welcome it, but of course they do not, because they prefer an uneven mixture of provision enabling them to exploit loopholes. Their industry has a history of exploiting loopholes and gaining as a result, and I do not expect its approach to change.

In its current form, the Bill exempts premises that provide lap dancing less frequently than once a month from requiring a sex encounter venue licence. Removal of that exemption is crucial, because we need to prevent the growth of lap dancing sub-markets. The proposed exemption will exclude a large number of premises that hold lap-dancing nights provided by lap-dancing agencies that take bookings in a range of public houses, bars and hotel venues. That sub-market is likely to grow in the light of such an exemption, especially in the context of falling alcohol revenue during the economic recession.

That is demonstrated by the recent case of the White Hart lap-dancing application in Lewisham, in London. A landlord stated:

"lap dancers are the sole salvation for my struggling pub".

Mapping of the lap-dancing industry between May and November 2008 revealed that a new lap-dancing venue opened, on average, every week during that period. Half those openings were in public houses or bars which now provide specialist lap-dancing nights.

We can prevent additional burdens from being placed on local authorities. The frequency-based exemption will increase the workload of local authorities, which will face higher enforcement costs in order to ensure that venues do not host lap-dancing events more than 11 times a year. That will place further financial pressure on authorities that are struggling now to recoup existing licensing costs through low premises licence fees.

I believe that the new clauses and amendments will add to what the Government have already done. I note and welcome Government amendment 54, which attempts to address the possible abuse of the TEN system, but I do not believe that it is strong enough.

Mr. Andy Slaughter (Ealing, Acton and Shepherd's Bush) (Lab): I entirely agree that the Bill is already having an effect. I offer as an example the fact that a major lap-dancing venue in west Kensington has withdrawn its appeal because it could see the writing on the wall. My hon. Friend is also right that temporary event notices are a way around regulation. The debate on this Bill has drawn attention to the fact that TENs in general—not just in relation to lap-dance clubs—represent a major loophole. Does my hon. Friend agree that it

[Mr. Andy Slaughter]

would be welcome if the Government were to issue a statement that the TEN system in general should be looked at so that local populations can challenge their use in the same way as they can challenge licences?

Lynda Waltho: Indeed. The Minister spoke earlier about possible Department for Culture, Media and Sport plans to give councillors a voice. That—a community voice—is what has been missing. If the TEN system is looked at across the board, we will get what I and many of my colleagues started out in politics to support: a voice for local people. That is what has been missing.

Bob Spink (Castle Point) (Ind): Does the hon. Lady agree that one of the problems with the TEN is that local councils are either reluctant to collect the evident to prosecute, or do not have the required staff to do so, and so encourage breaches, which local people do not want? Local people do not understand why the Government are not taking stronger action.

Lynda Waltho: That is absolutely the case.

In conclusion, I believe that the removal of the frequency-based exemption and universal application are crucial to ensure that these welcome reforms to lap-dancing club licensing deliver real and robust change, and I urge my hon. Friend the Minister to revisit the area covered by the amendments, if not here then in another place.

Mr. Gummer: Because of the way in which the House works, I am the only Member representing the Ipswich area who is able to refer to the terrible situation that arose there, and on which this Bill importantly bears.

Before I do so, I would like to say that I agree with the hon. Member for Stourbridge (Lynda Waltho) about the licensing of the occasional venue; it certainly will be misused, and I hope the Government will resile from that. I do not, however, agree with the hon. Lady's comments about local authorities. They must have as much freedom as possible to decide whether they wish to use these provisions. I would just say to her that different parts of the country are very different, and it is perfectly reasonable for a local community to decide, through its local authority, that it does not need to have this kind of operation; it should be allowed to do that.

I turn now to what for me is the most important part of the Bill. I agreed very much with the comments of the hon. Member for Slough (Fiona Mactaggart), who put the point very clearly. It is difficult for those of us who have a strong view about the nature of prostitution to speak in a way that is wholly acceptable to those for whom that view seems too harsh, or, indeed, too old-fashioned. I just think that the exploitation of human beings is at the heart of evil. There is little that one can say about it except that it is deeply offensive to the nature of human beings. To exploit the vulnerable—and particularly, if I may say so, those who are vulnerable because they are women—is offensive in a way that practically nothing else is. Therefore, we ought to talk about this subject very seriously, and I want to congratulate the Government on the delicacy of the manner in which they have sought to find an answer that helps us to move away from the old arguments. We have gone through a period when it was thought so improper for personal sexual activities to be affected by the law that we could not get beyond that and see how sometimes the human rights bit is about the exploited person and not about my human rights to follow to the nth degree any desire I might have. It is, I fear, 40 years since I wrote a book on this subject. In considering whether one might bring it up to date, I must say that I am appalled how right I was in some prognostications of what would arise from the perfectly reasonable liberal attitudes that made people think that we ought not to be as judgmental as historical societies had been. I join those who hold the view that the problem is that the pendulum has moved to a degree whereby it is difficult to discuss this subject without being thought to be censorious.

I wish to say simply that I hope the Government will move a little further, because it is very necessary to take on board what the hon. Member for Slough said. Our definition of trafficking must not be limited to the horrible but obvious business of collecting women—it is not always women, but it is in general—from poor and depressed communities in one part of the world and moving them to another part of the world where people have the money to indulge themselves in this way.

I must tell my own Front-Bench team that I thought it unacceptable to try to move away from having strict liability, because that is crucial; if someone wishes to pay for sex, they must recognise that in doing so they take on a particular burden. If they think that what they are doing is reasonable, they must recognise that the downside is with them and not with the woman concerned. I am sorry that our team has moved from the position that I thought it had taken—one of understanding that the libertarian position means being concerned about the woman in these circumstances—so I hope that it will move from the position it has taken.

One other issue must be raised very clearly. I have gone through the experience of those terrible few weeks in Ipswich when the bodies of a number of women were deposited in some of the most beautiful parts of my constituency. One must remember the circumstances of those girls, who had but a short period before been the light of the families who bore them. I wish to make that point, because we are not necessarily talking about girls who come from some appalling background and who are forced into this situation; we are talking about girls who, for one reason or another, find themselves believing that there is no other way in which they can pay for things—in this case, we are talking almost universally about drug habits. I cannot see that such a situation is any less exploitative than one where somebody is standing behind them with a knife, one where they know that they will be beaten up or one where they have been threatened that they will be deported. This situation is just as exploitative, and the suppliers of the drugs know perfectly well where the money is coming from. I do not see that one can make so clear a distinction between these things.

I come to the conclusion that it is better to move further towards the position that the hon. Member for Slough described so well, simply because we have to find a way in which the source of the money is restricted. This is a matter of trying to ensure that those who make this kind of prostitution successful enough to pay for the drugs or successful enough for the people to engage in trafficking find it more and more difficult.

8.45 pm

Is it not reasonable in a civilised society to say to people whose very act of paying for sex is exploitative, at least to some extent—to use the words of the hon. Member for Slough—"Cave emptor. You have to make the decision, and the responsibility is with you"? Yes, it is true that we probably would not do this in almost any other circumstance in a free society, but we are not talking about any other circumstance. We are talking about the exploitation of one human being by another.

I am going to avoid any moralism, but I cannot escape the fact that all civilisations have understood that the central point about the difference between good and evil is that good is never exploitative; it is always free and it is always about individual, personal choices, whereas evil is always about exploiting someone else for one's own gain. If that is the case, I do not think that the strict liability test is a bad thing. I would move much further towards the position held by the hon. Member for Slough.

John McDonnell: May I just say, Mr. Deputy Speaker, that this is no way to run a country, is it? We have had two hours of debate on amendments and about 15 more amendments will not even be discussed. We are talking about the prospect of legislation that will put prostitutes' lives at risk and will allow people to be arrested, detained and deprived of their liberty. We have had two hours, and that is all. I say to the Government that we cannot go on like this with criminal justice legislation.

We also cannot legislate on the basis of such lack of knowledge. Along with my hon. Friend the Member for Birmingham, Selly Oak (Lynne Jones), I have tabled questions just to try to get some information. We asked the Government how many prostitutes there are in the country, and about their ages, sexes and basic circumstances, and we were told that information was not available. We then found that 80,000 was the figure used in one of the reports—one reference mentioned that a vast proportion were trafficked. We asked how many were trafficked and the Government estimate that came back was 4,000. I asked about incidents of violence in relation to prostitution, and was told that the information was not held centrally. I asked for information about prosecutions concerning brothels, and was told that information was not held centrally. We not only do not give ourselves the time to discuss legislation, but we legislate in absolute ignorance of the facts of what is happening on the ground.

Let me very briefly address the amendments tabled in my name, and particularly new clause 37. I would welcome a Division on that new clause, Mr. Deputy Speaker, but I accept that we might have to make choices between new clause 4 and new clause 37. If there has to be a priority, I would support a Division on new clause 4, because it relates to children.

A number of us have tried as best we can to get as much information on the subject as possible. I pay tribute to the English Collective of Prostitutes, which has brought together the Safety First coalition. I have met a number of representatives of the constituency of the right hon. Member for Suffolk, Coastal (Mr. Gummer), and particularly from Ipswich. I have met the GMB sex workers branch; the Zacchaeus 2000 Trust, the religious group; Imperial College, which has carried out research; the Royal College of Nursing; the Women's Institute, which got involved in these discussions; the National Association of Probation Officers; and Women Against Rape. They have tried to raise at least some awareness and consciousness of what prostitution is like in this country. My amendments are based on that information and on the level of understanding that many of us have gained.

I have met sex workers in this country—men and women—who are sex workers by choice. They feel that there is no reason why they should be penalised for offering what they believe is a service to other human beings. They do not believe that that relationship is exploitative. Like others, I find that difficult to accept, but we have met those people and discussed their role with them.

Lynne Jones: Criminalising such activities makes it difficult for people to make the choice to exit from that sort of work.

John McDonnell: What came across from all the information we have gleaned, and from the Government's strategy discussions in the early stages, is that there are women and men who undertake such work from choice, but most others—the vast majority—do not. They are there because of push factors such as poverty and drug dependency, and they often have mental health problems or other background problems. They need assistance to get "off the game", as they say. The one message that comes across loud and clear is that anything that criminalises their actions in any way undermines their ability to leave those occupations voluntarily.

Fiona Mactaggart: Is my hon. Friend aware that one of the most effective exit projects in London, based at Toynbee hall, supports the new orders for prostitutes? Those workers with drug-dependent prostitutes say that often there are co-dependency issues that can be dealt with only if the prostitutes are brought to diversion projects by the court.

John McDonnell: We all bring anecdotal evidence. I have been convening Safety First Coalition meetings for more than three years and I have met a group of people who work with prostitutes in such centres and I have to tell my hon. Friend that a vast proportion of them oppose any measures that would introduce criminality in the system, because engagement with the legal system is such a deterrent.

Lynne Jones: To counter the point made by my hon. Friend the Member for Slough (Fiona Mactaggart), on Friday I was at a meeting of people involved in a project in Balsall Heath on the boundary of my constituency. The people in that group are very much of the view that it is so important to build up trust with the people they are trying to help that they do not think a coercive and punitive approach would achieve that.

John McDonnell: In fact, in the consultations the Government undertook, the view expressed time and again in various representations was that punitive measures actually make matters worse. It did not help that the Government did not publish the 67 responses to their consultation—a vast proportion of which opposed their proposals on criminalisation. As we learned from Ipswich, the overall priority is the need for safety. Anything that undermines the safety of sex workers should be avoided.

[John McDonnell]

On new clause 4, I endorse the assertion made by the hon. Member for Oxford, West and Abingdon (Dr. Harris) that we are talking about children who are victims. Almost every children's agency with which we have had discussions has said that we need to ensure that there is decriminalisation. Anything that increases the stigma for children and prevents them from coming forward will undermine their ability to seek protection and security.

Turning to new clauses 37 and 38, we have to recognise that women work together in brothels for safety reasons. My new clause would simply bring into legislation what Ministers were arguing for only a few years ago: a recognition that where two women come together, with a maid or madam—however we describe her—they should not be prosecuted under legislation relating to brothels. When we undertook our consultation, the English Collective of Prostitutes provided their analysis showing that it is 10 times safer for women to work in a brothel than to work on the street. As was mentioned earlier, small brothels often involve people working co-operatively to ensure their safety.

In 2005, when my hon. Friend the Member for Slough (Fiona Mactaggart) was a Home Office Minister, she announced that two women should be able to work together from premises, yet that idea has been dropped and we are now introducing relatively punitive measures. In 2006, the Home Office acknowledged that—I quote from an article in *The Times*—

"the present definition of brothel ran counter to advice that, in the interests of safety, women should not sell sex alone."

In recent months, the RCN has also debated the fact that nurses and health workers who work with sex workers are fearful for the safety of women who work on the street and are urging the Government to reconsider. At that time, the Government and others were considering four women working together. I am willing to accept a compromise of two women if that would increase their safety. The reality of the sex trade in this country is that women are working together to provide one another with safety and security.

Mention has been made of New Zealand, where a law makes a distinction between small, collectively run brothels of up to four people working together and larger brothels, which must be licensed. All the reports from New Zealand have said that the new legislation has increased the safety and security of women by enabling them to work together in that way.

Some of the information that we have managed to glean suggests that prosecutions for keeping a brothel used for prostitution have been increasing. In 2004, there were only three such prosecutions; in 2007—the latest figures that we could extract—there were 41. So the increasing pressure that is being put on women working together in brothels is forcing women on to the streets and into insecure and unsafe conditions.

One of the reasons why police harassment of brothels and sex workers has increased is, unfortunately, the incentive provided by the proceeds of crime legislation, whereby 25 per cent. of any assets confiscated during a raid on a brothel goes towards the police, 25 per cent. goes towards the Crown Prosecution Service and the Inland Revenue takes the rest. That is almost like the Government and the police living off immoral earnings. No wonder that there is an incentive to increase the number of raids on brothels.

What we are asking for in the new clause is simply a recognition of the reality that women will continue to work in the sex trade. If they do, they should be kept as safe as possible, and one way of doing so is to enable them to work in small numbers in brothels, where they can work co-operatively and therefore avoid the threat of being out on the street.

There are further amendments in my name. The Government are trying to introduce legislation whereby someone who is found in the same place twice in three months can be prosecuted for loitering or soliciting. I do not believe that something that happens twice in three months can be construed as persistent behaviour. We should reduce the period, and in amendment 6, I suggest using the phrase "twice in one week"—otherwise, we will draw more people into the criminal prosecution process, and they will therefore be more unsafe if they work in that way.

In amendment 7, I refer back to the debate that we had on previous legislation when a system of penalties was introduced whereby a person goes before a court, is given an order and placed before a supervisor. In all the discussions that we have had with NAPO—the trade union that represents the supervisors, given that the Government inform us that they will be appointed by the probation service—it has told us that the resources and trained staff are not available. In fact, the probation service is being cut back at the moment, as we learned from a seminar today. Therefore, the staffing is not available.

If such people, who lead extremely chaotic lives, do not attend a series of three interviews, they will be placed back before the courts. We are told today that that will be done as soon as practicable. We have been given such assurances on other new laws and crimes, and the phrase "as soon as practicable" can mean that someone is detained at least overnight. Our fear is that someone could be detained for up to 72 hours. That would have a devastating effect not only on individuals, but on their families. Many of them have children who need to be cared for. Therefore, my view is that that provision will render itself unworkable, while having a deleterious impact on the women themselves and on their families. It will be a way to intimidate women even further and undermine their ability to get off the game.

Sir Paul Beresford (Mole Valley) (Con): In the 30 seconds left, may I sound a positive note? I welcome new clause 22, which supersedes what I have been trying to do for many years, namely increase the penalty for encryption of child abuse pornography that is tucked away in data, and failure to give the key. I used the example of an individual who had 150 gigabytes of encrypted material. There were four years of attempts to break the encryption, but the attempts failed. The gentleman concerned has just been sentenced, and the best that could be managed for him was a community order for three years. That happened about four days ago. In that example, the judge tried to turn the matter to get the best result.

9 pm

Debate interrupted (Programme Order, this day).

The Deputy Speaker put forthwith the Question already proposed from the Chair (Standing Order No. 83E).
That the clause be read a Second time.

Question agreed to.

New clause 22 accordingly read a Second time, and added to the Bill.

The Deputy Speaker then put forthwith the Questions necessary for the disposal of the business to be concluded at that time (Standing Order No. 83E).

New Clause 4

LOITERING: DECRIMINALISATION OF UNDER 18 YEAR OLDS

'(1) The Street Offences Act 1959 (c. 57) is amended as follows.

(2) In subsection (1) of section 1, after "prostitute", insert "aged 18 or over"'.—*(Dr. Evan Harris.)*

Brought up.

Question put, That the clause be added to the Bill.

The House divided: Ayes 64, Noes 286.

Division No. 136] **[9 pm**

AYES

Alexander, Danny
Beith, rh Sir Alan
Brake, Tom
Brooke, Annette
Browne, Mr. Jeremy
Burstow, Mr. Paul
Burt, Lorely
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Clegg, rh Mr. Nick
Corbyn, Jeremy
Davey, Mr. Edward
Davies, Mr. Dai
Featherstone, Lynne
Foster, Mr. Don
George, Andrew
Gerrard, Mr. Neil
Gibson, Dr. Ian
Goldsworthy, Julia
Hancock, Mr. Mike
Harris, Dr. Evan
Harvey, Nick
Heath, Mr. David
Hemming, John
Hoey, Kate
Holmes, Paul
Horwood, Martin
Howarth, David
Hughes, Simon
Huhne, Chris
Hunter, Mark
Iddon, Dr. Brian
Jackson, Glenda
Jones, Lynne
Keetch, Mr. Paul
Leech, Mr. John
McDonnell, John
Mitchell, Mr. Austin
Moore, Mr. Michael
Mulholland, Greg
Öpik, Lembit
Price, Adam
Pugh, Dr. John
Rennie, Willie
Rogerson, Dan
Rowen, Paul
Russell, Bob
Sanders, Mr. Adrian
Shepherd, Mr. Richard
Short, rh Clare
Simpson, Alan
Skinner, Mr. Dennis
Smith, Sir Robert
Spink, Bob
Steen, Mr. Anthony
Stunell, Andrew
Swinson, Jo
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Webb, Steve
Williams, Mark
Williams, Stephen
Willis, Mr. Phil

Tellers for the Ayes:
Mr. Alan Reid and
Mr. Roger Williams

NOES

Abbott, Ms Diane
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Betts, Mr. Clive
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Gregory
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Durkan, Mark
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gummer, rh Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Iltsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim

Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Leigh, Mr. Edward
Lepper, David
Levitt, Tom
Linton, Martin
Lloyd, Tony
Lucas, Ian
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCrea, Dr. William
McDonagh, Siobhain
McGovern, Mr. Jim
McGrady, Mr. Eddie
McGuire, rh Mrs. Anne
McIsaac, Shona
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Moffatt, Laura
Moon, Mrs. Madeleine
Morgan, Julie
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Robinson, rh Mr. Peter
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woolas, Mr. Phil
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Chris Mole and Helen Goodman

Question accordingly negatived.

New Clause 25

PAYING FOR SEXUAL SERVICES OF A PROSTITUTE KNOWN TO BE TRAFFICKED OR COERCED: ENGLAND AND WALES

'After section 53 of the Sexual Offences Act 2003 (c. 42) insert—

"53A Paying for sexual services of a prostitute known to be trafficked or coerced: England and Wales

(1) A person (A) commits an offence if—

(a) A makes or promises payment for, or uses, the sexual services of prostitute (B), and

(b) A knows, or ought to know,

(i) that B is the victim of trafficking,

(ii) that the sexual services have been provided through coercion of B,

(iii) that B has provided sexual services in order to gain access to controlled drugs, or

(iv) that a third party has influenced the activity of B by direction or instruction in circumstances where B does not freely consent to such direction or instruction.

(2) It is irrelevant where the sexual services have been or will be provided.

(3) In this section, 'trafficking' means the recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation.

(4) In this section, 'coercion of B' includes—

(a) violence against B or another person,

(b) threats against B or another person, or

(c) intimidation of B.

(5) A person guilty of an offence under this section is liable—

(a) on summary conviction, to imprisonment for a term not exceeding 6 months, or a fine not exceeding the statutory maximum, or both;

(b) on conviction on indictment, to imprisonment for a term not exceeding 14 years."'.—*(Dr. Evan Harris.)*

Brought up.

Question put, That the clause be added to the Bill.

The House divided: Ayes 201, Noes 285.

Division No. 137] **[9.16 pm**

AYES

Abbott, Ms Diane
Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Arbuthnot, rh Mr. James
Atkinson, Mr. Peter
Bacon, Mr. Richard
Barker, Gregory
Beith, rh Sir Alan
Bellingham, Mr. Henry
Binley, Mr. Brian
Blunt, Mr. Crispin
Boswell, Mr. Tim
Brake, Tom
Brazier, Mr. Julian
Brokenshire, James
Brooke, Annette
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Cable, Dr. Vincent
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Clark, Greg
Clegg, rh Mr. Nick
Clifton-Brown, Mr. Geoffrey
Corbyn, Jeremy
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davey, Mr. Edward
Davies, Mr. Dai
Davies, David T.C. *(Monmouth)*
Davies, Philip

Davis, rh David
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Nadine
Drew, Mr. David
Duddridge, James
Duncan, Alan
Durkan, Mark
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Featherstone, Lynne
Field, rh Mr. Frank
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gerrard, Mr. Neil
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Gray, Mr. James
Grayling, Chris
Green, Damian
Greening, Justine
Grieve, Mr. Dominic
Hague, rh Mr. William
Hammond, Mr. Philip
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Herbert, Nick
Hoey, Kate
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Howarth, David
Howell, John
Hughes, Simon
Huhne, Chris
Hunter, Mark
Hurd, Mr. Nick
Iddon, Dr. Brian
Jack, rh Mr. Michael
Jackson, Glenda
Jenkin, Mr. Bernard
Jones, Mr. David
Jones, Lynne
Kawczynski, Daniel
Keetch, Mr. Paul
Key, Robert
Kirkbride, Miss Julie
Knight, rh Mr. Greg
Kramer, Susan
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Lansley, Mr. Andrew
Leech, Mr. John
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Luff, Peter
Mackay, rh Mr. Andrew
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
McDonnell, John
McGrady, Mr. Eddie
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Mercer, Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Mulholland, Greg
Murrison, Dr. Andrew
O'Brien, Mr. Stephen
Öpik, Lembit
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Penrose, John
Pickles, Mr. Eric
Price, Adam
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Rennie, Willie
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Rowen, Paul
Ruffley, Mr. David
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shepherd, Mr. Richard
Short, rh Clare
Simmonds, Mark
Simpson, Alan
Simpson, Mr. Keith
Smith, Sir Robert
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swinson, Jo
Swire, Mr. Hugo
Syms, Mr. Robert
Taylor, Mr. Ian
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Vara, Mr. Shailesh
Walker, Mr. Charles
Webb, Steve
Wiggin, Bill
Williams, Mark
Williams, Stephen
Willis, Mr. Phil
Wilson, Mr. Rob
Winterton, Ann
Wood, Mike
Wright, Jeremy
Young, rh Sir George

Tellers for the Ayes:
Mr. Alan Reid and Mr. Roger Williams

NOES

Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Anderson, Janet
Armstrong, rh Hilary
Atkins, Charlotte
Austin, Mr. Ian
Austin, John
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Bercow, John
Betts, Mr. Clive
Blackman-Woods, Dr. Roberta
Blears, rh Hazel
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Gregory
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Ennis, Jeff
Etherington, Bill
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Mr. Roger
Goggins, Paul
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gummer, rh Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hamilton, Mr. Fabian
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Havard, Mr. Dai
Healey, rh John
Hendrick, Mr. Mark

Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hoyle, Mr. Lindsay
Hughes, rh Beverley
Humble, Mrs. Joan
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
James, Mrs. Siân C.
Jenkins, Mr. Brian
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kemp, Mr. Fraser
Kennedy, rh Jane
Kidney, Mr. David
Killoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Leigh, Mr. Edward
Lepper, David
Levitt, Tom
Linton, Martin
Lloyd, Tony
Lucas, Ian
Mackinlay, Andrew
MacShane, rh Mr. Denis
Macteggart, Fiona
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCrea, Dr. William
McDonagh, Siobhain
McGovern, Mr. Jim
McGuire, rh Mrs. Anne
McIsaac, Shona
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Michael, rh Alun
Milburn, rh Mr. Alan
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffatt, Laura
Moon, Mrs. Madeleine
Morgan, Julie
Mullin, Mr. Chris
Munn, Meg
Murphy, Mr. Denis
Murphy, rh Mr. Jim
Murphy, rh Mr. Paul
Naysmith, Dr. Doug
Norris, Dan
O'Hara, Mr. Edward
Oliver, Mr. Bill
Osborne, Sandra
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Riordan, Mrs. Linda
Robertson, John
Robinson, Mr. Geoffrey
Robinson, rh Mr. Peter
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Ryan, rh Joan
Salter, Martin
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Stewart, Ian
Sheale, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wright, Mr. Anthony
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Chris Mole and
Helen Goodman

Question accordingly negatived.

Clause 13

PAYING FOR SEXUAL SERVICES OF A CONTROLLED PROSTITUTE: ENGLAND AND WALES

Amendments made: 46, page 15, line 27, leave out 'controlled for gain' and insert 'subjected to force etc.'.

Amendment 47, page 15, line 30, leave out from '(B),' to end of line 32 and insert—

'(b) a third person (C) has used force, deception or threats of a kind likely to induce or encourage B to provide the sexual services for which A has made or promised payment, and

(c) C acted for or in the expectation of gain for C or another person (apart from A or B).'.

Amendment 48, page 15, line 36, leave out 'any of B's activities are controlled for gain' and insert

'C has used force, deception or threats'.

Amendment 49, page 16, line 1, leave out subsection (3).

Amendment 215, page 16, line 4, at end add—

'(5) For the purposes of this section "force" includes coercion by threats or other psychological means including exploitation of vulnerability.'.—*(Mr. Alan Campbell.)*

Clause 14

PAYING FOR SEXUAL SERVICES OF A CONTROLLED PROSTITUTE: NORTHERN IRELAND

Amendments made: 50, page 16, line 8, leave out 'controlled for gain' and insert 'subjected to force etc.'.

Amendment 51, page 16, line 11, leave out from '(B),' to end of line 13 and insert—

'(b) a third person (C) has used force, deception or threats of a kind likely to induce or encourage B to provide the sexual services for which A has made or promised payment, and

(c) C acted for or in the expectation of gain for C or another person (apart from A or B).'.

Amendment 52, page 16, line 17, leave out 'any of B's activities are controlled for gain' and insert

'C has used force, deception or threats'.

Amendment 53, page 16, line 19, leave out subsection (3).

Amendment 216, page 16, line 23, at end add—

'(5) For the purposes of this section "force" includes coercion by threats or other psychological means including exploitation of vulnerability.'.—*(Mr. Alan Campbell.)*

Clause 25

REGULATION OF LAP DANCING AND OTHER SEX ENCOUNTER VENUES ETC

Amendments made: 54, page 22, line 1, leave out from 'which' to end of line 3 and insert

'the provision of relevant entertainment as mentioned in sub-paragraph (1) is such that, at the time in question and including any relevant entertainment which is being so provided at that time—

(i) there have not been more than eleven occasions on which relevant entertainment has been so provided which fall (wholly or partly) within the period of 12 months ending with that time;

(ii) no such occasion has lasted for more than 24 hours; and

(iii) no such occasion has begun within the period of one month beginning with the end of any previous occasion on which relevant entertainment has been so provided (whether or not that previous occasion falls within the 12 month period mentioned in sub-paragraph (i)).'.

Amendment 55, page 22, line 5, at end insert—

'(3A) The relevant national authority may by order amend or repeal sub-paragraph (3)(b).

(3B) But no order under sub-paragraph (3A) may—

(a) increase the number or length of occasions in any period on which sub-paragraph (3)(b) as originally enacted would permit relevant entertainment to be provided; or

(b) provide for shorter intervals between such occasions.'.

Amendment 56, page 22, line 17, at end insert—

'(5A) A statutory instrument containing an order under sub-paragraph (3A) may not be made by the Secretary of State unless a draft of the instrument has been laid before, and approved by a resolution of, each House of Parliament.'.

Amendment 57, page 22, line 18, leave out 'this paragraph' and insert 'sub-paragraph (3)(c) or (4)'.

Amendment 58, page 22, line 20, at end insert—

'(6A) A statutory instrument containing an order under sub-paragraph (3A) may not be made by the Welsh Ministers unless a draft of the instrument has been laid before, and approved by a resolution of, the National Assembly for Wales.'.

Amendment 59, page 22, line 21, leave out 'this paragraph' and insert 'sub-paragraph (3)(c) or (4)'.—*(Mr. Alan Campbell.)*

Schedule 7

MINOR AND CONSEQUENTIAL AMENDMENTS

Amendment made: 119, page 169, line 12, at end insert—

'24A (1) Schedule 5 to that Act (other offences in respect of which power to make sexual offences prevention order applies) is amended as follows.

(2) After paragraph 60 insert—

"60ZA An offence under section 53 or 54 of the Regulation of Investigatory Powers Act 2000 (contravention of notice relating to encrypted information or tipping off in connection with such a notice)."

(3) After paragraph 106 insert—

"106A An offence under section 53 or 54 of the Regulation of Investigatory Powers Act 2000 (contravention of notice relating to encrypted information or tipping off in connection with such a notice)."

(4) After paragraph 168 insert—

"168ZA An offence under section 53 or 54 of the Regulation of Investigatory Powers Act 2000 (contravention of notice relating to encrypted information or tipping off in connection with such a notice)."'.—*(Mr. Alan Campbell.)*

Clause 5

POLICE COLLABORATION

Amendments made: 44, page 6, line 4, leave out subsection (4) and insert—

'(4) A police authority may make an agreement which includes provision about the discharge of functions by employees who are under the direction and control of a chief officer only with the approval of that chief officer.'.

Amendment 45, page 8, line 15, at end insert—

'(1A) A notice under this section may provide for the termination of the agreement with immediate effect or at the end of a specified period.'.—*(Mr. Alan Campbell.)*

Schedule 7

MINOR AND CONSEQUENTIAL AMENDMENTS

Amendments made: 114, page 166, line 38, leave out 'or (3B)' and insert ', (3B) or (3F)'.

Amendment 115, page 166, line 40, leave out 'or (3B)' and insert ', (3B) or (3F)'.

Amendment 116, page 167, line 2, leave out 'or (3B)' and insert ', (3B) or (3F)'.

Amendment 117, page 167, line 4, leave out 'or (3B)' and insert ', (3B) or (3F)'.

Amendment 118, page 167, line 6, leave out 'or (3B)' and insert ', (3B) or (3F)'.—*(Mr. Alan Campbell.)*

Clause 49

POWER TO RETAIN SEIZED PROPERTY: ENGLAND AND WALES

Amendment made: 64, page 33, line 36, leave out paragraph (a).—*(Mr. Alan Campbell.)*

Clause 50

POWER TO RETAIN SEIZED PROPERTY: SCOTLAND

Amendment made: 65, page 34, line 38, leave out '126,'.—*(Mr. Alan Campbell.)*

Clause 51

POWER TO RETAIN SEIZED PROPERTY: NORTHERN IRELAND

Amendment made: 66, page 35, line 42, leave out paragraph (a).—*(Mr. Alan Campbell.)*

Clause 52

SEARCH AND SEIZURE OF PROPERTY: ENGLAND AND WALES

Amendments made: 67, page 38, line 36, at end insert—

'Section 47B(11) is subject to this subsection.'.

Amendment 68, page 41, line 33, leave out 'this section' and insert

'section 52 of the Policing and Crime Act 2009'.

Amendment 69, page 42, line 16, leave out subsection (3).

Amendment 70, page 43, leave out lines 39 and 40.

Amendment 71, page 44, leave out lines 31 to 33.

Amendment 72, page 45, line 15, at end insert—

'47QA Release of property

(1) This section applies in relation to property which—

(a) has been seized by an appropriate officer under section 47C, and

(b) is detained under or by virtue of any of sections 47J to 47M and 47P.

(2) The property must be released if at any time an appropriate officer decides that the the detention condition is no longer met.

(3) The detention condition is met for so long as—

(a) any of the conditions in section 47B is met, and

(b) there are reasonable grounds for the suspicion mentioned in section 47C(1).

(4) Nothing in this section requires property to be released if there is a power to detain it otherwise than under or by virtue of sections 47J to 47M and 47P.

(5) Nothing in this section affects the operation of any power or duty to release property that arises apart from this section.'.

Amendment 73, page 45, line 15, at end insert—

'Code of practice about search and seizure and detention of property'.

Amendment 74, page 45, line 23, after '41A', insert ', 44A'.

Amendment 75, page 45, line 24, leave out '47M' and insert '47P'.—*(Mr. Alan Campbell.)*

Clause 53

SEARCH AND SEIZURE OF PROPERTY: SCOTLAND

Amendments made: 76, page 48, line 14, at end insert—

'Section 127B(11) is subject to this subsection.'.

Amendment 77, page 51, line 11, leave out 'this section' and insert

'section 53 of the Policing and Crime Act 2009'.

Amendment 78, page 51, line 39, leave out subsection (3).

Amendment 79, page 54, line 23, at end insert—

'127PA Release of property

(1) This section applies in relation to property which—

(a) has been seized by an appropriate officer under section 127C, and

(b) is detained under or by virtue of any of sections 127J to 127M and 127P.

(2) The property must be released if at any time an appropriate officer decides that the the detention condition is no longer met.

(3) The detention condition is met for so long as—

(a) any of the conditions in section 127B is met, and

(b) there are reasonable grounds for the suspicion mentioned in section 127C(1).

(4) Nothing in this section requires property to be released if there is a power to detain it otherwise than under or by virtue of sections 127J to 127M and 127P.

(5) Nothing in this section affects the operation of any power or duty to release property that arises apart from this section.'.

Amendment 80, page 54, line 23, at end insert—

'Guidance about search and seizure and detention of property'.

Amendment 81, page 54, line 30, after '120A', insert ', 122A'.

Amendment 82, page 54, line 31, leave out '127M' and insert '127P'.—*(Mr. Alan Campbell.)*

Clause 54

SEARCH AND SEIZURE OF PROPERTY: NORTHERN IRELAND

Amendments made: 83, page 57, line 11, at end insert—

'Section 195B(11) is subject to this subsection.'.

Amendment 84, page 60, line 5, leave out 'this section' and insert

'section 54 of the Policing and Crime Act 2009'.

Amendment 85, page 60, line 34, leave out subsection (3).

Amendment 86, page 62, leave out lines 9 and 10.

Amendment 87, page 63, leave out lines 1 to 3.

Amendment 88, page 63, line 31, at end insert—

'195QA Release of property

(1) This section applies in relation to property which—

(a) has been seized by an appropriate officer under section 195C, and

(b) is detained under or by virtue any of any of sections 195J to 195M and 195P.

(2) The property must be released if at any time an appropriate officer decides that the the detention condition is no longer met.

(3) The detention condition is met for so long as—

(a) any of the conditions in section 195B is met, and

(b) there are reasonable grounds for the suspicion mentioned in section 195C(1).

(4) Nothing in this section requires property to be released if there is a power to detain it otherwise than under or by virtue of sections 195J to 195M and 195P.

(5) Nothing in this section affects the operation of any power or duty to release property that arises apart from this section.'.

Amendment 89, page 63, line 31, at end insert—

'Code of practice about search and seizure and detention of property'.

Amendment 90, page 63, line 39, after '190A', insert ', 193A'.

Amendment 91, page 63, line 40, leave out '195M', and insert '195P'.—*(Mr. Alan Campbell.)*

Clause 55

POWER TO SELL SEIZED PERSONAL PROPERTY: ENGLAND AND WALES

Amendments made: 92, page 65, line 34, at end insert—

'(za) first, they must be applied in payment of such expenses incurred by a person acting as an insolvency practitioner as are payable under this subsection by virtue of section 432,'.

Amendment 93, page 66, line 5, leave out 'either of'.

Amendment 94, page 66, line 16, at end insert—

'(3A) In section 55(3)(b) (payment of sums received by designated officer under section 54 or otherwise: insolvency practitioners' expenses) after "section 54(2)(a)" insert "or 67DC(2)(a)".'.—*(Mr. Alan Campbell.)*

Clause 56

POWER TO SELL SEIZED PERSONAL PROPERTY: SCOTLAND

Amendments made: 95, page 68, line 1, at end insert—

'(za) first, they must be applied in payment of such expenses incurred by a person acting as an insolvency practitioner as are payable under this subsection by virtue of section 432,'.

Amendment 96, page 68, line 20, at end insert—

'( ) in subsection (3)(b) after "section 130(3)(a)" insert "or 131D(2)(a)".'.—*(Mr. Alan Campbell.)*

Clause 57

POWER TO SELL SEIZED PERSONAL PROPERTY: NORTHERN IRELAND

Amendments made: 97, page 69, line 38, at end insert—

'(za) first, they must be applied in payment of such expenses incurred by a person acting as an insolvency practitioner as are payable under this subsection by virtue of section 432;'.

Amendment 98, page 69, line 40, after 'court', insert 'or Crown Court'.

Amendment 99, page 70, line 5, after 'court', insert 'or Crown Court'.

Amendment 100, page 70, line 10, at end insert—

'(4A) If the magistrates' court has made a direction under subsection (2)(a) or (3) in respect of the proceeds of realisation of any property, the Crown Court may not make a direction under either of those provisions in respect of the proceeds of realisation of that property, and vice versa.'.

Amendment 101, page 70, line 17, at end insert—

'(3A) In section 203(3)(b) (payment of sums received by chief clerk under section 202 or otherwise: insolvency practitioners' expenses) after "section 202(2)(a)" insert "or 215D(2)(a)".'.—*(Mr. Alan Campbell.)*

Clause 69

RETURN FROM CATEGORY 1 TERRITORY

Amendments made: 102, page 81, line 37, leave out from 'time,' to end of line 39 and insert

'subsections (6A) to (6D) apply in relation to the person ("the offender").'.

Amendment 103, page 81, line 39, at end insert—

'(6A) The offender is liable to be detained, on return, in any place in which the offender could have been detained pursuant to the sentence before the time of extradition.

(6B) A constable or immigration officer may—

(a) take the offender into custody, and

(b) convey the offender to the place mentioned in subsection (6A).

(6C) The offender must be released on licence within the period of 5 days beginning when the offender is taken (or retaken) into custody under this section.

(6D) In calculating a period of 5 days for the purposes of subsection (6C) no account is to be taken of—

(a) any Saturday or Sunday,

(b) Christmas Day,

(c) Good Friday, or

(d) in any part of the United Kingdom, any day that is a bank holiday under the Banking and Financial Dealings Act 1971 in that part of the United Kingdom.'.

Amendment 104, page 82, line 8, at end insert—

'(7A) The powers conferred on a constable by subsection (6B) are exercisable in any part of the United Kingdom.'.—*(Mr. Alan Campbell.)*

Clause 70

RETURN FROM CATEGORY 2 TERRITORY

Amendments made: 105, page 83, line 1, leave out from 'time,' to end of line 3 and insert

'subsections (6A) to (6D) apply in relation to the person ("the offender").'.

Amendment 106, page 83, line 3, at end insert—

'(6A) The offender is liable to be detained, on return, in any place in which the offender could have been detained pursuant to the sentence before the time of extradition.

(6B) A constable or immigration officer may—

(a) take the offender into custody, and

(b) convey the offender to the place mentioned in subsection (6A).

(6C) The offender must be released on licence within the period of 5 days beginning when the offender is taken (or retaken) into custody under this section.

(6D) In calculating a period of 5 days for the purposes of subsection (6C) no account is to be taken of any day mentioned in any of paragraphs (a) to (d) of section 59(6D).'

Amendment 107, page 83, line 18, at end insert—

'(7A) The powers conferred on a constable by subsection (6B) are exercisable in any part of the United Kingdom.'.—*(Mr. Alan Campbell.)*

Clause 71

RETURN TO EXTRADITING TERRITORY ETC

Amendments made: 108, page 85, line 4, leave out from 'time,' to end of line 6 and insert

'subsections (4A) to (4D) apply in relation to the person ("the offender").'.

Amendment 109, page 85, line 6, at end insert—

'(4A) The offender is liable to be detained, on return to the United Kingdom, in any place in which the offender could have been detained pursuant to the sentence before the time of return to the territory.

(4B) A constable or immigration officer may—

(a) take the offender into custody, and

(b) convey the offender to the place mentioned in subsection (4A).

(4C) The offender must be released on licence within the period of 5 days beginning when the offender is taken (or retaken) into custody under this section.

(4D) In calculating a period of 5 days for the purposes of subsection (4C) no account is to be taken of any day mentioned in any of paragraphs (a) to (d) of section 59(6D).

(4E) The powers conferred on a constable by subsection (4B) are exercisable in any part of the United Kingdom.'.

Amendment 110, page 86, line 21, at end insert

'or with the United Kingdom's obligations under the Refugee Convention.'.

Amendment 111, page 86, line 27, after 'sheriff.', insert—

'(3) The reference in subsection (1) to the Refugee Convention is to the Convention relating to the Status of Refugees done at Geneva on 28 July 1951 and the Protocol to the Convention.'.—*(Mr. Alan Campbell.)*

Schedule 7

MINOR AND CONSEQUENTIAL AMENDMENTS

Amendments made: 120, page 170, line 2, leave out 'in particular localities' and insert 'to existing licences'.

Amendment 121, page 170, line 8, leave out 'in particular localities' and insert 'to existing licences'.

Amendment 122, page 170, line 13, leave out 'in particular localities' and insert 'to existing licences'.

Amendment 123, page 170, line 15, leave out paragraph 33 and insert—

'33 (1) Section 57 (duty to keep and produce licence) is amended as follows.

(2) In the heading after "licence" insert "etc.".

(3) In subsection (2) for "is" substitute "and a list of any relevant general conditions applicable to the licence are".

(4) In subsection (5)—

(a) after "it)" insert "or a list of relevant general conditions", and

(b) after "copy)" insert "or the list".

(5) In subsection (7) after "of a premises licence" insert "or a list of relevant general conditions".

(6) After subsection (10) insert—

"(11) In this section "relevant general conditions", in relation to a premises licence, means conditions applicable to the licence by virtue of section 19(4), 19A or 21A.".

Amendment 124, page 170, line 29, leave out 'in particular localities' and insert 'to existing certificates'.

Amendment 125, page 170, line 36, leave out 'in particular localities' and insert 'to existing certificates'.

Amendment 126, page 170, line 38, leave out paragraph 38 and insert—

'38 (1) Section 94 (duty to keep and produce certificate) is amended as follows.

(2) In the heading after "certificate" insert "etc.".

(3) In subsection (2) for "is" substitute "and a list of any relevant general conditions applicable to the certificate are".

(4) In subsection (7) after "copy)" insert "or any list of relevant general conditions".

(5) In subsection (9) after "of a club premises certificate" insert "or a list of relevant general conditions".

(6) After subsection (12) insert—

"(13) In this section "relevant general conditions", in relation to a club premises certificate, means conditions applicable to the certificate by virtue of section 73A, 73B or 74A.".

Amendment 127, page 170, line 46, leave out 'in particular localities' and insert 'to existing licences'.

Amendment 128, page 171, line 14, at end insert—

'Legal Aid, Advice and Assistance (Northern Ireland) Order 1981 (S.I. 1981/228 (N.I. 8))

(7) Part 1 of Schedule 1 to the Legal Aid, Advice and Assistance (Northern Ireland) Order 1981 (proceedings for which legal aid may be given under Article 9) is amended as follows.

(8) In paragraph 2A(1) (certain proceedings in Crown Court) after paragraph (c) insert—

"(ca) proceedings which relate to a direction under section 215D;".

(9) In paragraph 3 (proceedings in a court of summary jurisdiction)—

(a) in sub-paragraph (j) after "sections" insert "195M,", and

(b) after that sub-paragraph insert—

"(ja) proceedings for the discharge or variation of an order under section 195M of the Proceeds of Crime Act 2002;

(jb) proceedings which relate to a direction under section 215D of the Proceeds of Crime Act 2002;".'.

Amendment 129, page 171, line 14, at end insert—

'Bankruptcy (Scotland) Act 1985 (c. 66)

The Bankruptcy (Scotland) Act 1985 is amended as follows.

Section 7(1) (meaning of apparent insolvency)—

(a) in paragraph (b) after "restraint order" insert ", detained under or by virtue of a relevant detention power", and

(b) after the definition of "charging order" insert—

""relevant detention power" means section 44A, 47J, 47K, 47M, 47P, 122A, 127J, 127K, 127M, 127P, 193A, 195J, 195K, 195M or 195P of the Proceeds of Crime Act 2002;".

(1) Section 31A (property subject to restraint order) is amended as follows.

(2) In subsection (1)—

(a) in paragraph (b) for "section 50, 128 or 198" substitute "section 50, 67A, 128, 131A, 198 or 215A", and

(b) after paragraph (c) insert ", and

(d) immediately after the discharge of the restraint order the property is not detained under or by virtue of section 44A, 47J, 122A, 127J, 193A or 195J of that Act."

(3) For subsection (2) substitute—

"(2) The property vests in the trustee as part of the debtor's estate."

After section 31A insert—

"31AA Property released from detention

(1) This section applies where—

(a) property is excluded from the debtor's estate by virtue of section 420(2)(b) of the Proceeds of Crime Act 2002 (property detained under certain provisions),

(b) no order is in force in respect of the property under section 41, 50, 120, 128, 190 or 198 of that Act, and

(c) the property is released.

(2) The property vests in the trustee as part of the debtor's estate."

In section 31B(1)(a) (property in respect of which receivership or administration order is made) for "section 420(2)(b), (c) or (d)" substitute "section 420(2)(c)".

After section 31B insert—

"31BA Property in respect of which realisation order made

(1) This section applies where—

(a) property is excluded from the debtor's estate by virtue of section 420(2)(d) of the Proceeds of Crime Act 2002 (property in respect of which an order has been made authorising realisation of the property by an appropriate officer),

(b) a confiscation order is made under section 6, 92 or 156 of that Act,

(c) the amount payable under the confiscation order is fully paid, and

(d) any of the property remains in the hands of the appropriate officer.

(2) The property vests in the trustee as part of the debtor's estate."

(1) Section 31C (property subject to certain orders where confiscation order discharged or quashed) is amended as follows.

(2) In subsection (1)(a) for the words from "in respect" to "force" substitute "excluded from debtor's estate".

(3) For subsection (2) substitute—

"(2) Any such property vests in the trustee as part of the debtor's estate if it is in the hands of—

(a) a receiver appointed under Part 2 or 4 of that Act,

(b) an administrator appointed under Part 3 of that Act,

(c) an appropriate officer (within the meaning of section 41A, 120A or 190A of that Act)."

Insolvency Act 1986 (c. 45)

The Insolvency Act 1986 is amended as follows.

(1) Section 306A (property subject to restraint order) is amended as follows.

(2) In subsection (1)—

(a) in paragraph (b) for "section 50, 128 or 198" substitute "section 50, 67A, 128, 131A, 198 or 215A", and

(b) after paragraph (c) insert ", and

(d) immediately after the discharge of the restraint order the property is not detained under or by virtue of section 44A, 47J, 122A, 127J, 193A or 195J of that Act."

(3) For subsection (2) substitute—

"(2) The property vests in the trustee as part of the bankrupt's estate."

After section 306A insert—

"306AA Property released from detention

(1) This section applies where—

(a) property is excluded from the bankrupt's estate by virtue of section 417(2)(b) of the Proceeds of Crime Act 2002 (property detained under certain provisions),

(b) no order is in force in respect of the property under section 41, 50, 120, 128, 190 or 198 of that Act, and

(c) the property is released.

(2) The property vests in the trustee as part of the bankrupt's estate."

In section 306B(1)(a) (property in respect of which receivership or administration order is made) for "section 417(2)(b), (c) or (d)" substitute "section 417(2)(c)".

After section 306B insert—

"306BA Property in respect of which realisation order made

(1) This section applies where—

(a) property is excluded from the bankrupt's estate by virtue of section 417(2)(d) of the Proceeds of Crime Act 2002 (property in respect of which an order has been made authorising realisation of the property by an appropriate officer),

(b) a confiscation order is made under section 6, 92 or 156 of that Act,

(c) the amount payable under the confiscation order is fully paid, and

(d) any of the property remains in the hands of the appropriate officer.

(2) The property vests in the trustee as part of the bankrupt's estate."

(1) Section 306C (property subject to certain orders where confiscation order discharged or quashed) is amended as follows.

(2) In subsection (1)(a) for the words from "in respect" to "force" substitute "excluded from bankrupt's estate".

(3) For subsection (2) substitute—

"(2) Any such property vests in the trustee as part of the bankrupt's estate if it is in the hands of—

(a) a receiver appointed under Part 2 or 4 of that Act,

(b) an administrator appointed under Part 3 of that Act,

(c) an appropriate officer (within the meaning of section 41A, 120A or 190A of that Act)."

Insolvency (Northern Ireland) Order 1989 (S.I. 1989/2405 (N.I. 19))

The Insolvency (Northern Ireland) Order 1989 is amended as follows.

(1) Article 279A (property subject to restraint order) is amended as follows.

(2) In paragraph (1)—

(a) in sub-paragraph (b) for "section 50, 128 or 198" substitute "section 50, 67A, 128, 131A, 198 or 215A", and

(b) after sub-paragraph (c) insert ", and

(d) immediately after the discharge of the restraint order the property is not detained under or by virtue of section 44A, 47J, 122A, 127J, 193A or 195J of that Act."

(3) For paragraph (2) substitute—

"(2) The property vests in the trustee as part of the bankrupt's estate."

After Article 279A insert—

"279AA Property released from detention

(1) This Article applies where—

(a) property is excluded from the bankrupt's estate by virtue of section 423(2)(b) of the Proceeds of Crime Act 2002 (property detained under certain provisions),

(b) no order is in force in respect of the property under section 41, 50, 120, 128, 190 or 198 of that Act, and

(c) the property is released.

(2) The property vests in the trustee as part of the bankrupt's estate."

In Article 279B(1)(a) (property in respect of which receivership or administration order is made) for "section 423(2)(b), (c) or (d)" substitute "section 423(2)(c)".

After Article 279B insert—

"279BA Property in respect of which realisation order made

(1) This Article applies where—

(a) property is excluded from the bankrupt's estate by virtue of section 423(2)(d) of the Proceeds of Crime Act 2002 (property in respect of which an order has been made authorising realisation of the property by an appropriate officer),

(b) a confiscation order is made under section 6, 92 or 156 of that Act,

(c) the amount payable under the confiscation order is fully paid, and

(d) any of the property remains in the hands of the appropriate officer.

(2) The property vests in the trustee as part of the bankrupt's estate."

(1) Article 279C (property subject to certain orders where confiscation order discharged or quashed) is amended as follows.

(2) In paragraph (1)(a) for the words from "in respect" to "force" substitute "excluded from the bankrupt's estate".

(3) For paragraph (2) substitute—

"(2) Any such property vests in the trustee as part of the bankrupt's estate if it is in the hands of—

(a) a receiver appointed under Part 2 or 4 of that Act,

(b) an administrator appointed under Part 3 of that Act,

(c) an appropriate officer (within the meaning of section 41A, 120A or 190A of that Act).".

Amendment 130, page 171, line 41, at end insert—

'In section 85 (proceedings: England and Wales) for subsection (7) substitute—

"(7) Any power to extend the time for giving notice of application for leave to appeal, or for applying for leave to appeal, must be ignored for the purposes of subsection (6)."

In section 87(2) (definition of confiscation order subject to appeal: England and Wales) omit the words from "; and for" to the end.

After section 87 insert—

"87A No further possibility of appeal

(1) The following rule applies for the purposes of construing any provision of this Part which refers to there being no further possibility of—

(a) an appeal against a decision of a court, or

(b) an appeal on which an order of a court could be varied or quashed.

(2) Any power to extend the time for giving notice of application for leave to appeal, or for applying for leave to appeal, must be ignored.""

Amendment 131, page 172, line 2, at end insert—

"In section 153(2) (definition of confiscation order subject to appeal: Scotland) omit the words from "; and for" to the end.

After section 153 insert—

"153A No further possibility of appeal

(1) The following rule applies for the purposes of construing any provision of this Part which refers to there being no further possibility of—

(a) an appeal against (or review of) a decision of a court, or

(b) an appeal on which an order of a court could be varied or quashed.

(2) Any power—

(a) to allow an appeal (or review) out of time, or

(b) to extend the time for applying for leave to appeal,

must be ignored.""

Amendment 132, page 172, line 4, at end insert—

"In section 233 (proceedings: Northern Ireland) for subsection (7) substitute—

"(7) Any power to extend the time for giving notice of application for leave to appeal, or for applying for leave to appeal, must be ignored for the purposes of subsection (6)."

In section 235(2) (definition of confiscation order subject to appeal: Northern Ireland) omit the words from "; and for" to the end.

After section 235 insert—

"235A No further possibility of appeal

(1) The following rule applies for the purposes of construing any provision of this Part which refers to there being no further possibility of—

(a) an appeal against a decision of a court, or

(b) an appeal on which an order of a court could be varied or quashed.

(2) Any power to extend the time for giving notice of application for leave to appeal, or for applying for leave to appeal, must be ignored.""

Amendment 133, page 172, line 5, leave out paragraph 46 and insert—

"In section 308 (recoverable property: exceptions) after subsection (8) insert—

"(8A) Property is not recoverable while it is detained under or by virtue of section 44A, 47J, 47K, 47M, 47P, 122A, 127J, 127K, 127M, 127P, 193A, 195J, 195K, 195M or 195P."

In section 417 (property excluded from estate of person adjudged bankrupt in England and Wales) for subsection (2) substitute—

"(2) The following property is excluded from the person's estate for the purposes of Part 9 of the 1986 Act—

(a) property for the time being subject to a restraint order which was made under section 41, 120 or 190 before the order adjudging the person bankrupt;

(b) property for the time being detained under or by virtue of section 44A, 47J, 47K, 47M, 47P, 122A, 127J, 127K, 127M, 127P, 193A, 195J, 195K, 195M or 195P;

(c) property in respect of which an order under section 50, 128(3) or 198 is in force;

(d) property in respect of which an order under section 67A, 131A or 215A is in force."

(1) Section 418 (restriction of powers where person adjudged bankrupt in England and Wales) is amended as follows.

(2) In subsection (2)—

(a) in paragraph (a) for "67" substitute "67B, the powers conferred on an appropriate officer by section 47C",

(b) in paragraph (b) after "Schedule 3" insert ", the powers conferred on an appropriate officer by section 127C", and

(c) in paragraph (c) for "215" substitute "215B, the powers conferred on an appropriate officer by section 195C".

(3) In subsection (3) after paragraph (e) insert—

"(f) in a case where a confiscation order has been made under section 6, 92 or 156 of this Act, any sums remaining in the hands of an appropriate officer after the amount required to be paid under the confiscation order has been fully paid under section 67D(2)(b), 131D(2)(b) or 215D(2)(b)."

(1) Section 419 (tainted gifts by person adjudged bankrupt in England and Wales) is amended as follows.

(2) In subsection (2)—

(a) after paragraph (a) insert—

"(aa) such property is detained under or by virtue of section 44A, 47J, 47K, 47M, 47P, 122A, 127J, 127K, 127M, 127P, 193A, 195J, 195K, 195M or 195P;", and

(b) after paragraph (b) insert ", or

(c) there is in force in respect of such property an order under section 67A, 131A or 215A."

(3) In subsection (3) for "subsection (2)(a) or (b)" substitute "subsection (2)(a), (b) or (c)".

In section 420 (property excluded from the debtor's estate where sequestration in Scotland) for subsection (2) substitute—

"(2) The following property is excluded from the debtor's estate for the purposes of the 1985 Act—

(a) property for the time being subject to a restraint order which was made under section 41, 120 or 190 before the award of sequestration;

(b) property for the time being detained under or by virtue of section 44A, 47J, 47K, 47M, 47P, 122A, 127J, 127K, 127M, 127P, 193A, 195J, 195K, 195M or 195P;

(c) property in respect of which an order under section 50, 128(3) or 198 is in force;

(d) property in respect of which an order under section 67A, 131A or 215A is in force."

(1) Section 421 (restriction of powers where award of sequestration) is amended as follows.

(2) In subsection (2)—

(a) in paragraph (a) for "67" substitute "67B, the powers conferred on an appropriate officer by section 47C",

(b) in paragraph (b) after "Schedule 3" insert ", the powers conferred on an appropriate officer by section 127C", and

(c) in paragraph (c) for "215" substitute "215B, the powers conferred on an appropriate officer by section 195C".

(3) In subsection (3) after paragraph (e) insert—

"(f) in a case where a confiscation order has been made under section 6, 92 or 156 of this Act, any sums remaining in the hands of an appropriate officer after the amount required to be paid under the confiscation order has been fully paid under section 67D(2)(b), 131D(2)(b) or 215D(2)(b)."

(1) Section 422 (tainted gifts by person whose estate is sequestrated in Scotland) is amended as follows.

(2) In subsection (2)—

(a) after paragraph (a) insert—

"(aa) such property is detained under or by virtue of section 44A, 47J, 47K, 47M, 47P, 122A, 127J, 127K, 127M, 127P, 193A, 195J, 195K, 195M or 195P,", and

(b) after paragraph (b) insert ", or

(c) there is in force in respect of such property an order under section 67A, 131A or 215A."

(3) In subsection (3) for "subsection (2)(a) or (b)" substitute "subsection (2)(a), (b) or (c)".

In section 423 (property excluded from estate of person adjudged bankrupt in Northern Ireland) for subsection (2) substitute—

"(2) The following property is excluded from the person's estate for the purposes of Part 9 of the 1989 Order—

(a) property for the time being subject to a restraint order which was made under section 41, 120 or 190 before the order adjudging the person bankrupt;

(b) property for the time being detained under or by virtue of section 44A, 47J, 47K, 47M, 47P, 122A, 127J, 127K, 127M, 127P, 193A, 195J, 195K, 195M or 195P;

(c) property in respect of which an order under section 50, 128(3) or 198 is in force;

(d) property in respect of which an order under section 67A, 131A or 215A is in force."

(1) Section 424 (restriction of powers where person adjudged bankrupt in Northern Ireland) is amended as follows.

(2) In subsection (2)—

(a) in paragraph (a) for "67" substitute "67B, the powers conferred on an appropriate officer by section 47C",

(b) in paragraph (b) after "Schedule 3" insert ", the powers conferred on an appropriate officer by section 127C", and

(c) in paragraph (c) for "215" substitute "215B, the powers conferred on an appropriate officer by section 195C".

(3) In subsection (3) after paragraph (e) insert—

"(f) in a case where a confiscation order has been made under section 6, 92 or 156 of this Act, any sums remaining in the hands of an appropriate officer after the amount required to be paid under the confiscation order has been fully paid under section 67D(2)(b), 131D(2)(b) or 215D(2)(b)."

(1) Section 425 (tainted gifts by person who is adjudged bankrupt in Northern Ireland) is amended as follows.

(2) In subsection (2)—

(a) after paragraph (a) insert—

"(aa) such property is detained under or by virtue of section 44A, 47J, 47K, 47M, 47P, 122A, 127J, 127K, 127M, 127P, 193A, 195J, 195K, 195M or 195P,", and

(b) after paragraph (b) insert ", or

(c) there is in force in respect of such property an order under section 67A, 131A or 215A."

(3) In subsection (3) for "subsection (2)(a) or (b)" substitute "subsection (2)(a), (b) or (c)".

(1) Section 426 (winding up under the Insolvency Act 1986) is amended as follows.

(2) For subsection (2) substitute—

"(2) If an order for the winding up of a company is made or it passes a resolution for its voluntary winding up, the functions of the liquidator (or any provisional liquidator) are not exercisable in relation to the following property—

(a) property for the time being subject to a restraint order which was made under section 41, 120 or 190 before the relevant time;

(b) property for the time being detained under or by virtue of section 44A, 47J, 47K, 47M, 47P, 122A, 127J, 127K, 127M, 127P, 193A, 195J, 195K, 195M or 195P;

(c) property in respect of which an order under section 50, 128(3) or 198 is in force;

(d) property in respect of which an order under section 67A, 131A or 215A is in force."

(3) In subsection (5)—

(a) in paragraph (a) for "67" substitute "67B, the powers conferred on an appropriate officer by section 47C",

(b) in paragraph (b) after "Schedule 3" insert ", the powers conferred on an appropriate officer by section 127C", and

(c) in paragraph (c) for "215" substitute "215B, the powers conferred on an appropriate officer by section 195C".

(1) Section 427 (tainted gifts by company: winding up in England and Wales or Scotland) is amended as follows.

(2) In subsection (3)—

(a) after paragraph (a) insert—

"(aa) such property is detained under or by virtue of section 44A, 47J, 47K, 47M, 47P, 122A, 127J, 127K, 127M, 127P, 193A, 195J, 195K, 195M or 195P,", and

(b) after paragraph (b) insert ", or

(c) there is in force in respect of such property an order under section 67A, 131A or 215A."

(3) In subsection (4) for "subsection (3)(a) or (b)" substitute "subsection (3)(a), (b) or (c)".

(1) Section 428 (winding up under the Insolvency (Northern Ireland) Order 1989) is amended as follows.

(2) For subsection (2) substitute—

"(2) If an order for the winding up of a company is made or it passes a resolution for its voluntary winding up, the functions of the liquidator (or any provisional liquidator) are not exercisable in relation to the following property—

(a) property for the time being subject to a restraint order which was made under section 41, 120 or 190 before the relevant time;

(b) property for the time being detained under or by virtue of section 44A, 47J, 47K, 47M, 47P, 122A, 127J, 127K, 127M, 127P, 193A, 195J, 195K, 195M or 195P;

(c) property in respect of which an order under section 50, 128(3) or 198 is in force;

(d) property in respect of which an order under section 67A, 131A or 215A is in force."

(3) In subsection (5)—

(a) in paragraph (a) for "67" substitute "67B, the powers conferred on an appropriate officer by section 47C",

(b) in paragraph (b) after "Schedule 3" insert ", the powers conferred on an appropriate officer by section 127C", and

(c) in paragraph (c) for "215" substitute "215B, the powers conferred on an appropriate officer by section 195C".

(1) Section 429 (tainted gifts by company: winding up in Northern Ireland) is amended as follows.

(2) In subsection (3)—

(a) after paragraph (a) insert—

"(aa) such property is detained under or by virtue of section 44A, 47J, 47K, 47M, 47P, 122A, 127J, 127K, 127M, 127P, 193A, 195J, 195K, 195M or 195P,", and

(b) after paragraph (b) insert ", or

(c) there is in force in respect of such property an order under section 67A, 131A or 215A."

(3) In subsection (4) for "subsection (3)(a) or (b)" substitute "subsection (3)(a), (b) or (c)".

(1) Section 430 (restriction of powers where company holds property subject to floating charge) is amended as follows.

(2) For subsection (2) substitute—

"(2) If a company holds property which is subject to a floating charge, and a receiver has been appointed by or on the

application of the holder of the charge, the functions of the receiver are not exercisable in relation to the following property—

(a) property for the time being subject to a restraint order which was made under section 41, 120 or 190 before the relevant time;

(b) property for the time being detained under or by virtue of section 44A, 47J, 47K, 47M, 47P, 122A, 127J, 127K, 127M, 127P, 193A, 195J, 195K, 195M or 195P;

(c) property in respect of which an order under section 50, 128(3) or 198 is in force;

(d) property in respect of which an order under section 67A, 131A or 215A is in force."

(3) In subsection (5)—

(a) in paragraph (a) for "67" substitute "67B, the powers conferred on an appropriate officer by section 47C",

(b) in paragraph (b) after "Schedule 3" insert ", the powers conferred on an appropriate officer by section 127C", and

(c) in paragraph (c) for "215" substitute "215B, the powers conferred on an appropriate officer by section 195C".

(1) Section 432 (insolvency practitioners) is amended as follows.

(2) After subsection (6) insert—

"(6A) Subsection (7) also applies if—

(a) property is detained under or by virtue of section 44A, 47J, 47K, 47M, 47P, 122A, 127J, 127K, 127M, 127P, 193A, 195J, 195K, 195M or 195P,

(b) a person acting as an insolvency practitioner incurs expenses which are not ones in respect of the detained property, and

(c) the expenses are ones which (but for the effect of the detention of the property) might have been met by taking possession of and realising the property."

(3) For subsection (7) substitute—

"(7) Whether or not the insolvency practitioner has seized or disposed of any property, the insolvency practitioner is entitled to payment of the expenses under—

(a) section 54(2), 55(3) or 67D(2) if the restraint order was made under section 41 or (as the case may be) the property was detained under or by virtue of section 44A, 47J, 47K, 47M or 47P,

(b) section 130(3), 131(3) or 131D(2) if the restraint order was made under section 120 or (as the case may be) the property was detained under or by virtue of section 122A, 127J, 127K, 127M or 127P, and

(c) section 202(2), 203(3) or 215D(2) if the restraint order was made under section 190 or (as the case may be) the property was detained under or by virtue of section 193A, 195J, 195K, 195M or 195P."".

Amendment 134, page 172, line 21, at end insert—

'Access to Justice (Northern Ireland) Order 2003 (S.I. 2003/435 (N.I. 10))

(1) Schedule 2 to the Access to Justice (Northern Ireland) Order 2003 (civil legal services: excluded services) is amended as follows.

(2) In paragraph 2(d) (proceedings in a court of summary jurisdiction in which representation may be funded)—

(a) in paragraph (xii) after "section" insert "195M,", and

(b) after paragraph (xiii) insert—

"(xiv) for the discharge or variation of an order under section 195M of the Proceeds of Crime Act 2002, or

(xiv) which relate to a direction under section 215D of the Proceeds of Crime Act 2002,".

(3) In paragraph 3 (certain Crown Court proceedings in which representation may be funded) after paragraph (c) insert—

"(ca) proceedings which relate to a direction under section 215D;".'.

Amendment 135, page 172, line 23, at end insert—

'Legal Aid, Advice and Assistance (Northern Ireland) Order 1981 (S.I. 1981/228 (N.I. 8))

In paragraph 3(j) of Part 1 of Schedule 1 to the Legal Aid, Advice and Assistance (Northern Ireland) Order 1981 (proceedings in a court of summary jurisdiction in respect of which legal aid may be given under Article 9) after "295, 297," insert "297E, 297F,".'.

Amendment 136, page 175, line 10, at end insert—

'Access to Justice (Northern Ireland) Order 2003 (S.I. 2003/435 (N.I. 10))

In paragraph 2(d)(xii) of Schedule 2 to the Access to Justice (Northern Ireland) Order 2003 (civil legal services: proceedings in a court of summary jurisdiction in which representation may be funded) after "295, 297," insert "297E, 297F,".'.—*(Mr. Alan Campbell.)*

Schedule 8

REPEALS AND REVOCATIONS

Amendments made: 137, page 181, line 3, at end insert—

'Bankruptcy (Scotland) Act 1985 (c. 66)	In section 31A(1), the word "and" at the end of paragraph (b).
Insolvency Act 1986 (c. 45)	In section 306A(1), the word "and" at the end of paragraph (b).
Insolvency (Northern Ireland) Order 1989 (S.I. 1989/3405 (N.I. 19))	In Article 279A(1), the word "and" at the end of sub-paragraph (b).'.

Amendment 138, page 181, line 12, at end insert—

'In section 419(2), the word "or" at the end of paragraph (a).

In section 422(2), the word "or" at the end of paragraph (a).

In section 427(3), the word "or" at the end of paragraph (a).

In section 429(3), the word "or" at the end of paragraph (a).'.

Amendment 139, page 181, line 12, at end insert—

'Access to Justice (Northern Ireland) Order 2003 (S.I. 2003/435 (N.I. 10))	In Schedule 2, the word "or" at the end of paragraph 2(d)(xii).'.

Amendment 140, page 181, line 13, at end insert—

'In Schedule 8, paragraphs 150, 151 and 154.'.

Amendment 141, page 182, line 7, at end insert—

'Section 30.'.

—*(Mr. Alan Campbell.)*

Third Reading.

9.31 pm

The Secretary of State for the Home Department (Jacqui Smith): I beg to move, That the Bill be now read the Third time.

Protecting the public, tackling crime and antisocial behaviour, and ensuring an effective but responsive police force are key issues for the people whom we serve. I therefore welcome the positive and constructive manner

in which the Bill has been addressed during its passage. There have been lively debates, not just today, but in Committee, and I would like to put on record my thanks to my ministerial colleagues— my hon. Friend the Minister for Security, Counter-Terrorism, Crime and Policing, the Under-Secretary of State for the Home Department, my hon. Friend the Member for Tynemouth (Mr. Campbell), and the Under-Secretary of State for Transport, my hon. Friend the Member for Poplar and Canning Town (Jim Fitzpatrick). I also thank the Whips and the Parliamentary Private Secretaries, who worked so hard in Committee, and the civil service team, who also approached the issues with energy and commitment.

Opposition Members, too, have been willing to support much. That constructive approach has helped us find consensus on several issues, and I believe that the Bill is the better for it.

Crime has fallen, and continues to fall, in this country. That is due in no small part to the hard work and expertise of our police force. Locally, nationally and internationally, the Government's increased investment in policing is being used to good effect and felt in every community. However, in every community people also need to be able to have their say about what the police should focus on locally, and hear how their concerns have been addressed.

The Bill, alongside monthly crime information meetings, will ensure that that happens around the country. The measure has also ensured that local people can have a say when lap-dancing clubs are proposed.

Dr. Roberta Blackman-Woods (City of Durham) (Lab): Will my right hon. Friend say a little more about how the public might have a say on whether a temporary event notice is granted for a lap-dancing event? Will she consider enabling local people to have a say, not only through their councillors but perhaps, for example, a by means of a community call to action, to push the council in a particular direction?

Jacqui Smith: My hon. Friend and my hon. Friend the Member for Stourbridge (Lynda Waltho) have assiduously pushed that point. As we have already said today, there may well be an opportunity in proposals that are now being considered—not least those of the Culture, Media and Sport Committee—for a greater role for councillors in lobbying, particularly against temporary event notices. I can certainly give her a commitment that we will continue to consider, as the Bill progresses in another place, how we can ensure that the public have a meaningful say, even when temporary event notices have led to an exemption.

We expect much of our police, so we must ensure that they have the tools to keep us safe, to catch the guilty and to clear the innocent. That includes our world-leading use of DNA. Some have argued today that we should delay making the proposed changes. I do not believe that we should. Following the consultation, we will be in a position to move quickly, not only to meet our commitment to the European Court, but to ensure a fair, balanced and proportionate response to the difficulties of balancing the rights of the individual with the rights of society to protect itself from murderers, rapists and other criminals.

As the Bill has progressed through this House, I have been pleased that we have acted quickly in providing for new powers to control gang members. I have seen the good work of the police and their partners in places such as Birmingham in using every method that they can to protect their communities from gang violence. We owe it to them to find a way through difficult legal territory, as we are doing in this Bill. With stronger powers to tackle problem drinking and new powers to deal with sex offenders, we are learning from what has worked in tackling antisocial behaviour and protecting the vulnerable, and building on that where needed.

However, in some areas of the Bill we are taking a radical new approach, setting a new path to tackle social issues that have been the subject of debate for years, if not centuries. As we have heard today, prostitution can not only blight communities, but be a terrible trap for the most vulnerable in our society. That is why the Bill contains provisions to tackle the most exploitative elements of prostitution. Placing a new responsibility on those who pay for sex is a radical shift in policy in this country. It is vital that we get it right, and that is why we have undertaken today to continue our discussions, including those in another place, on how we get the definition right.

Bob Spink (Castle Point) (Ind): I congratulate the Home Secretary on pressing on with the strict liability offence. The whole country will agree with the Government that women and children who are vulnerable need and deserve protection much more than do the men who would use and abuse them.

Jacqui Smith: The hon. Gentleman makes an important point. The most important point to bear in mind is that some of those women do not have a choice. The people who use the services of prostitutes do have a choice, so my argument is simple. Those with the choice need to think carefully about the consequences of their actions, and where their actions lead to exploitation, they must face the consequences of that.

I have been encouraged by our debate, not just today but throughout the Committee stage. It has been wide-ranging and there have been important amendments along the way. Delivering practical legislation with practical applications will help protect the people whom we serve. This Bill will help us to build stronger, safer and more confident communities, and I commend it to the House.

9.38 pm

Chris Grayling (Epsom and Ewell) (Con): Let me start my remarks by echoing the Home Secretary's words of thanks to those who served on the Committee and those who have been involved in steering the Bill through the House. In particular, I thank my hon. Friends the Members for Hornchurch (James Brokenshire) and for Bury St. Edmunds (Mr. Ruffley), as well as our Whip, my hon. Friend the Member for West Chelmsford (Mr. Burns), for the work that they have done in scrutinising the Government's proposals.

For all the Home Secretary's enthusiasm for the Bill, it reeks of a decaying Government. Instead of a systematic approach to tackling crime and antisocial behaviour, we are left with a sort of closing-down sale of everything that the right hon. Lady found at the back of the Home Office policy cupboard. The Bill contains a whole series of missed opportunities. Where we could have had a fresh approach to gang crime, we have a hotch-potch of measures, some of which do not even apply to people under the age of 18. Where we could have had measures

[Chris Grayling]

to make crime statistics believable by making them independent, we have a blank space. Where we could have had a review of the problems with our 24-hour drinking laws, we have a code. Where we could have secured an absolute preservation of the principle of innocent until proven guilty, we will still have people's DNA held for many years, even though they have committed no crime, and perhaps not even been charged with any crime.

Moreover, there are a number of measures on which, had the Home Secretary been sufficiently bold, we would have supported her. We would have welcomed detailed measures to cut police red tape and get officers back on the beat. We would also have welcomed proposals for directly elected police commissioners. The reason why we would have welcomed those measures is that the Government have continued to fail on crime. Where they promised to be tough on crime and tough on the causes of crime, they have actually been soft on crime. Their legislative hyperactivity has been an alibi for their failure to get at the roots of crime in Britain today.

I shall turn to the specifics of the Bill. It could and should have been an opportunity for the Government to do the right thing and preserve absolutely the principle that a person is innocent until proven guilty, but they have not done that. Ministers are still trying to get away with doing as little as they possibly can, instead of taking real action to remove innocent people from the DNA database. The indefinite retention on the national database of the DNA of people who have never been charged with any crime, or have been acquitted by a court, is unacceptable in a society founded on the basis that someone is innocent until proven guilty.

Under the national DNA database as currently constituted, however, that presumption is reversed. A person is always regarded as potentially guilty unless shown to be innocent. Everyone is a potential suspect. Instead of thinking through the DNA issue before the Bill came to the House, the Government sought a legislative blank cheque, so that once they had finally made up their minds following their consultation they could do what they liked, with little parliamentary scrutiny. We retain significant misgivings about the approach that they are taking and the length of time involved. We do not share their views on this matter. In government, we would follow a system based on the Scottish model, and we believe that the present Government should do the same.

Another missed opportunity in the Bill concerns people's use of alcohol. When 24-hour drinking was introduced, we were promised a continental café culture. We have certainly ended up with drinking in the street, but not quite in the way we imagined. There are still too many things wrong with our licensing system. In particular, we need stronger powers to ensure that retailers who systematically break licensing laws are closed, permanently. Those powers need to be simple and they need to be quick. We cannot allow the culture of public binge drinking and the resulting public nuisance to continue unchallenged.

Back in the days when the content of the Bill was merely a Green Paper, the Government trumpeted their plans for more democracy in the governance of policing. To quote them directly:

"The Government believe that Crime and Policing Representatives will provide clear and transparent governance structures that will simplify the system so the public can readily understand how to influence their policing and will be able to do so."

They also noted that the Association of Police Authorities' own polling showed that 55 per cent. actively supported that policy and only 19 per cent. disagreed with it. Sadly, however, that proposal has gone. It has disappeared, and it will be left to a future Conservative Government to bring to local communities the accountability on policing that the Government promised but failed to deliver.

Perhaps the Government's biggest mistake has been to tie the hands of police officers with targets and bureaucracy. The Bill could have been a real opportunity to get to grips with the byzantine bureaucracy that keeps the police off the streets. My hon. Friend the Member for Bury St. Edmunds has advanced a comprehensive programme for freeing up the police and getting them back on the beat. The Government could have used the Bill to look at ways of changing the hugely time-consuming disclosure process that takes up so much time in our police stations. The Bill could also have abolished statutory charging for more offences, which would have given back to custody sergeants the power to charge offenders so that they no longer had to fill in forms seeking approval from the Crown Prosecution Service. The Bill could have cut the unnecessary requirements imposed on police to fill in regulation of investigatory powers forms before conducting routine police surveillance and investigations. Instead, as a consequence of this Bill, the police will spend little more time on the beat than they do at the moment.

The Government could also have used the Bill to get to grips with antisocial behaviour. The number of young people entering the criminal justice system has gone up by a fifth in five years. In 2007-08 more than 93,000 youngsters aged 10 to 17 received their first caution or conviction, up from 78,000 five years ago. At the moment the tools given to the police by this Government have proved largely ineffective. Just about the only power in the Bill that is designed to deal with antisocial behaviour will mean that the police can move on 10-year-olds if they are causing trouble in the evenings. I do not think we should be shifting 10-year-olds out of their home areas; I think we should be sending them home to bed.

The Bill is the product of a tired Government who are scratching around for ideas. They have already run out of ideas, and very soon they will run out of road. It is time for a change.

9.43 pm

Chris Huhne: This is a mixed bag of a Bill. We have seen it passing like the proverbial bus, loaded with the various parcels that the Government have seen fit to put on it. We certainly welcome some of its provisions, including those on the extension of foreign travel orders for sex offenders, which seem proportionate and sensible. We support the Government on that issue. New clause 22, which amends the Regulation of Investigatory Powers Act 2000 in relation to penalties for encrypted data involving indecent images of children, is also to be welcomed as useful for tackling the terrible crime of child pornography. The new sex encounter establishment licensing regime is also a useful development that we welcome. It will allow lap-dancing premises to be considered

as such for licensing purposes, which will allow local authorities to make decisions based on their own situations, which we very much welcome.

Against the positive aspects of this portmanteau Bill, however, we must set a number of real problems. The Government are proposing to address the S and Marper judgment on the DNA database in the wrong way and by using the wrong principles. They are the wrong principles because the proposal they have brought forward seriously questions the long-standing commitment of our judicial system to the principle that everyone should be presumed innocent until they are proven to be guilty; and it is the wrong way because the Government propose to use secondary legislation—statutory instruments—for a change that is of such significance and controversy that it should be properly debated on the Floor of the House and implemented through primary legislation. The precedent is provided in the Criminal Evidence (Witness Anonymity) Act 2008, which was a response to another court judgment. There is absolutely no reason for the Government to go ahead in the manner they are suggesting.

There are also missed opportunities in the Bill, particularly on police reform. My party has long been committed to putting more police on the beat and to an increase in police officers. We are still an under-policed society, in comparison with other western democracies, but even more importantly, we are a society for which policing could be much more effective than it is. The discrepancies between the best performing and the worst performing police forces are enormous, yet there is no suggestion in the Bill to allow police authorities to pressure forces that are underperforming to reach best practice.

We need real police reform and a move towards real local accountability—not elected sheriffs, on the model proposed by the Conservative Front-Bench team, because that would not adequately represent minorities in important parts of the country. If we are going to get better policing, what we need are directly elected and accountable police authorities. Yes, there is a cross-party consensus on dealing with the issue of police bureaucracy, but let us not disguise the fact that there is a massive difference, for example, between the effectiveness of the best performing police force in North Yorkshire, with a 67 per cent. clear-up rate of violent crime, and the 36 per cent. for the Metropolitan police. We have to find ways of improving police performance towards best practice. That, I am afraid, is a opportunity missed in the Bill.

I believe that the measures personally championed by the Home Secretary on sex offences and prostitution are misguided. They are misguided because they introduce something that the House should always set its face against: a strict liability offence. There are many basic principles of legislation that we abandon at our peril. One is obviously retrospection, but another is the strict liability offence. The reason is simply that people do not know when they are committing a strict liability offence; and if they do not know, anybody deciding whether that offence has been committed—whether it be a magistrate or a more serious court—will regard the offence as unfair.

What we always see with strict liability offences of the sort in the Bill is that the penalties are absolutely puny. Why? It is precisely because of the unfairness of the original offence. That is why I very much hope that when the other place considers our deliberation on the Bill and reflects on how it has been hammered through this Chamber with many parts completely unconsidered, it will amend it and do its absolute worst.

What we have seen is a Bill that has some good elements, but others that are frankly against many of the fundamental principles that this House ought to hold dear. We have heard all the usual tough talk, rather than tough action, from the Government about tackling crime, and we have seen a failure to get to grips with some of the real problems of fighting crime in this country—notably, police reform and police accountability. I very much hope that our colleagues in the other place will look at the record of our deliberations—outrageously truncated as they have been by the timetable motion pushed through earlier today—and then very substantially amend the provisions. On that basis, we will not press for a Division, but we will hope for a very substantial degree of amendment in the other place.

Question put and agreed to.

Bill accordingly read the Third time and passed.

Business without Debate

Mr. Deputy Speaker (Sir Alan Haselhurst): With the leave of the House, I shall put motions 4, 5 and 6 together.

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Delegated Legislation Committees),

CLIMATE CHANGE

That the draft Climate Change Act 2008 (2020 Target, Credit Limit and Definitions) Order 2009, which was laid before this House on 22 April, be approved.

That the draft Carbon Budgets Order 2009, which was laid before this House on 22 April, be approved.

That the draft Carbon Accounting Regulations 2009, which were laid before this House on 22 April, be approved.—*(Steve McCabe.)*

Question agreed to.

PETITION

Traffic Noise (M6)

9.50 pm

Mr. David Kidney (Stafford) (Lab): Young James Morgan and his mum came to see me to ask for relief from the constant noise that they and all their neighbours endure from traffic on the M6 motorway, which runs past their home. I have asked the Highways Agency to make a number of changes to help them, but have been given no firm commitment to action.

The Petition of residents of the Borough of Stafford, and others,

Declares that noise from traffic on the M6 motorway in the section between junctions 13 and 14 is unacceptably high especially for residents who live near the motorway and that the carriageway of this section of the motorway is therefore in need of replacement.

[Mr. David Kidney]

The Petitioners therefore request that the House of Commons urges the Secretary of State for Transport to make early arrangements for a programme of works to refurbish the section of the M6 motorway between junctions 13 and 14 to include replacing the existing carriageway surface with a modern noise-reducing surface.

And the Petitioners remain, etc.

[P000369]

Water Charging (South-West)

Motion made, and Question proposed, That this House do now adjourn.—*(Steve McCabe.)*

9.51 pm

Mr. Hugo Swire (East Devon) (Con): This is one of those extraordinary occasions on which, when we talk about the south-west, the evidence that the south-west has been abandoned by the present Government is clear because no Minister is present to listen to what I am about to say, let alone respond to it. That must mean that, in the extraordinary circumstances in which we find ourselves, Ministers are simply not interested in what is going on in the south-west.

Water and sewerage services are a fundamental household necessity which we too often take for granted. Unlike those in much of the developing world, we in this country are lucky enough to find it unimaginable to be without running drinking water and flushing lavatories. That privilege must, of course, be paid for, but in a manner that is both just and fair. The initial purpose of privatisation back in 1989 was to encourage investment, and, indeed, by 2010 the water industry as a whole will have invested £68 billion to improve services and meet higher drinking-water and environmental standards throughout the country. That is surely irrefutable evidence that privatisation has been beneficial, but the investment comes at a price.

Since privatisation, water and sewerage bills have risen faster than inflation. On average, charges are now 42 per cent. higher in real terms than they were in 1989. It is widely recognised, moreover, that customers of South West Water have been paying disproportionately larger costs than those in any other part of the country. At £497, the current average annual bill in the south-west is more than £150 higher than the average bill throughout England and Wales. That disparity must be addressed immediately.

Before privatisation South West Water had been suffering from a chronic lack of investment, and little had been done to protect the coastal bathing waters of the south-west. During that period, 40 per cent. of the south-west's waste water was being discharged directly into the sea without any treatment. At that time, it was not uncommon for beaches to be closed. Indeed, in July 1990 pollution signs were erected at Leas Foot beach at Thurlestone in Devon warning swimmers not to go into the sea because of raw sewage. The beach was rated the most polluted in Europe in 1985, when levels of sewage were 16 times the maximum allowed and 3,200 times the recommended level. With the advent of privatisation, a century of under-investment had to come to an end.

I take this opportunity to welcome the Minister to the debate.

In 1990, the Government adopted higher water quality standards, as imposed by the European Union. The most significant contributory factor to South West Water's high water charges is, therefore, a "statutory driver", or, rather, the requirement to meet European directives relating to bathing water. In 1991, South West Water thus launched the "clean sweep" programme to intercept 250 crude or inadequately treated sewage discharges to the marine environment and to improve one third of the bathing waters in England and Wales while meeting

directive compliance. South West Water has invested more than £1.5 billion in the programme over the past 16 years.

There are 144 designated bathing waters in the South West Water area, which is about one third of the total in England and Wales. Ten years ago, only 51 per cent. of designated bathing waters in the region complied with the EU guideline standard, but following a large amount of work and investment, there has been a dramatic change; so much so that the 2007 "Good Beach Guide" stated that

"the South West is the top performing region in this year's guide".

Malcolm Bell, the excellent director of South West Tourism, has also stated:

"Without Clean Sweep, the tourist industry would have been destroyed."

According to a South West Tourism survey in 2005, 15 million people visit the south-west each year; this is the highest rate of domestic tourism in the UK. The industry is predicted to grow by 39 per cent. over the next decade, a factor which will inevitably put increasing pressure on the south-west to maintain its beaches and coastline in a pristine state. Twenty years ago, the south-west had a serious problem that it needed to confront: the sea was badly polluted, the region's beaches had a reputation for being dirty, and the area was struggling to attract visitors. Now, as well as the large number of tourists who flock to the south-west each year, the area is host to a number of major surfing events, with surfers from all around the world visiting the region. In addition, Fistral beach at Newquay is set to host the 2010 lifesaving world championships, involving more than 6,000 competitors from 50 countries. To secure an event such as this, it was of very great importance that the water was of the highest quality.

There is certainly a pride within the region that compliance with mandatory bathing water standards in England has increased steadily from 89.9 per cent. in 1998 to a record level of 99.5 per cent. achieved in 2006, but this pride is often tinged with bitterness and resentment. While visitors from all over the country, if not the world, come to enjoy the now clean seas and beaches of the region, the bill payers of the south-west are forced to pay for it. Does the Minister think that that is acceptable?

Mr. Oliver Letwin (West Dorset) (Con): [illegible]n. Friend knows, I, too, have constituents who face such charges. Surely the point is that it is not possible to justify this extra charge for what is really a national responsibility, the cost burden of which should be spread across the nation.

Mr. Swire: My right hon. Friend shows his commitment to this subject by being present on the evening of his birthday. Without his support, I do not think we would be shifting policy in the direction we want. My right hon. Friend has been a champion of equalisation and fairness for South West Water payers for a long time, and I think he will be pleased with what I have to say.

Residents and visitors alike are reaping the benefits of almost two decades of environmental investment. That investment, however, has meant customers paying a premium on their water and sewerage bills. The south-west is ringed by 30 per cent. of the nation's bathing beaches yet is inhabited by just 3 per cent. of the population. A small number of people are therefore paying for the cleanliness of what is a national resource. This imposes a significant burden on a small percentage of the population, a large proportion of whom are pensioners living on low fixed incomes. In addition, there are areas of significantly high deprivation. Low wages and high living costs are a characteristic of life in Devon, while Cornwall's economy is the least productive in the UK, and the county has some of the most deprived areas of the country.

By 2010, it is expected that 12 per cent. of customers nationally will face water and sewerage bills that exceed 3 per cent. of their disposable income before housing costs. In the south-west, however, 30 per cent. of customers will be in that position. Customers with such bills are understandably considered to face affordability problems. How can the Minister justify those shocking figures?

10 pm

Motion lapsed (Standing Order No. 9(3)).

Motion made, and Question proposed, That this House do now adjourn.—*(Mr. Frank Roy.)*

Mr. Swire: This year and next year will see South West Water investing yet another £10.5 million in its "clean sweep" project and although the price rises that it has submitted to Ofwat for the forthcoming price review are lower than those of any other company, customers in the south-west will still be paying the highest bills in the country.

Despite the fact that the flooding of 2008 affected water cleanliness, 97.8 per cent. compliance with the EC water directive's mandatory standards for bathing waters was still achieved. However, this still represents only 79.8 per cent. of the more stringent guideline standards, which indicate excellent bathing water. The Environment Agency expects water companies to progress projects to meet EU directives and has set out a national environmental programme—a programme of actions for environmental improvements that water companies should undertake to meet their environmental obligations. Indeed, in November 2007, the then Minister for the Environment, the hon. Member for Oldham, East and Saddleworth (Mr. Woolas), stated:

"We must go further, to prepare for the more stringent bathing water quality standards which come into effect by 2015."

Does the Under-Secretary suggest that South West Water prices would increase to achieve that?

The current bathing water directive will be repealed in 2013 by the EC water framework directive. The cost of delivering the water framework directive is not yet understood, although it is widely anticipated that there will be a need for further major capital investment by water companies both within this coming pricing period and subsequently.

In addition to compliance with directives, we also must take into consideration changing meteorological circumstances. Climate change is becoming an increasing concern and one that must be taken into account when formulating future policies. During the summer of 2008, large parts of our region had 150 per cent. more rainfall than normal. The rain was also more constant, as opposed to coming in short, intense storms. That meant that the ground was saturated for longer periods, causing more urban run-off and agricultural pollution in streams

[Mr. Swire]

and rivers. That presented a significant challenge to South West Water in protecting bathing water quality around the peninsula. Residents of the south-west alone cannot be expected to continue to pay for the upkeep of these beaches if maintaining our environment becomes more difficult and more expensive.

The Government have certainly given some clear indications that they wish to see progress towards a time when all households are metered. Figures from the Environment Agency show that homes in the region with water meters consume as much as 30 litres of water per person per day less than those without meters. Indeed, homes with water meters in the South West Water area pay an average of £397 a year, whereas those without a meter have average bills of £686. More than 60 per cent. of homes and businesses in the South West Water area have their water supply metered, and South West Water has said that 70 per cent. of homes in the region will be on water meters by 2010 and 82 per cent. will be by 2015. Although that may play a part in reducing costs, if those in the south-west continue to have to pay indirectly for ever-more stringent EU directives on bathing water for the enjoyment of others, there will continue to be an injustice. Surely the Minister would agree on that point.

Ministers gave some hope that this blatant and outrageous inequality would be addressed when they announced the Walker review into water charging earlier last year. The review is examining the current system of charging households for water and sewerage services, assessing the effectiveness and fairness of current and alternative methods of charging while looking at social, economic and environmental concerns. I understand that Anna Walker has said that she is committed to understanding people's concerns over rocketing charges, particularly in the current economic climate. I would hope that she pays particular attention to the south-west, where residents have been facing extortionate charges long before the recession began.

A ministerial statement that accompanied the Government's new water strategy for England, "Future Water", which announced the review, stated:

"Over the last two decades we have made great improvements to water quality in the environment."—[*Official Report*, 7 February 2008; Vol. 471, c. 80WS.]

Although that is indeed an achievement, it must not be forgotten that the majority of the burden of achieving that has been borne by the water customers of the south-west.

In the Walker review's call for evidence document, it is apparent that during consultations the view emerged by a very considerable margin that usage was the fairest way to charge for water. Is that an opinion that the Minister shares or does he believe that it is acceptable for residents of the south-west to pay extra? Many respondents in the south-west resent how much they are paying for their water services. Indeed, the document states:

"Questions of affordability appear to have been most acute in regions where water bills are relatively high and incomes relatively low, such as the South West and Wales."

The original review timetable stated that an interim report was due in spring, with a final report to be published later this year. Now, however, owing to the election purdah period, there is no way that even an interim report will appear until after 4 June.

In November 2009, Ofwat is to finalise the new limits on prices for the period 2010 to 2015. A tight, difficult time scale would be required were Ofwat to be able to take the Walker review into account. The Minister of State, the right hon. Member for Liverpool, Wavertree (Jane Kennedy), who has responsibility for farming and the environment, has stated that

"the Walker review will be significant in informing us how to take forward our policies on metering and charging, so we await Anna Walker's findings with interest."—[*Official Report*, 6 November 2008; Vol. 482, c. 344.]

Will the Under-Secretary confirm that Ofwat's pricing review will be able to take the Walker review's findings into account, or will the review simply prove to be a pointless exercise that will offer no substantial help to people in the south-west?

The consultation process associated with the Walker review has certainly proved useful in that a wide range of opinions on the matter have been heard. In particular, at a water charging review workshop in London on 17 December 2008, there was a feeling that the cost of environmental benefits and requirements should be separated from water charging. If those costs were stripped out, the differences between levels of water charges in different parts of the country would be much less. Does the Minister agree that that would be a more effective and fairer means of water charging?

I advocate that the west country's popular beaches should be treated as the national asset that they are, paid for by the nation. National assets such as national parks, areas of outstanding natural beauty, sites of special scientific interest and UNESCO world heritage sites, such as the Jurassic coast in my constituency and that of the my right hon. Friend the Member for West Dorset (Mr. Letwin), benefit UK tourism and the economy while visitors from all over the country benefit from our beautiful beaches and clean water. It is simply wrong that only 3 per cent. of the population should have to pay to maintain that.

Government intervention is required in order to equitably and effectively address the problem. The Leader of Her Majesty's Opposition, my right hon. Friend the Member for Witney (Mr. Cameron), has himself criticised that disparity and pledged to take action to address it. While holidaying in north Cornwall last July, he said,

"I understand the unfairness that people feel in the South West that they are paying a lot of money so that there are clean beaches for people like me from Oxfordshire to come and play on."

In fact, the shadow Secretary of State for Environment, Food and Rural Affairs, my hon. Friend the Member for Arundel and South Downs (Nick Herbert), has confirmed to me personally that such is the importance of the issue that he is urgently looking into redressing it. He has said:

"In some cases, where big investment decisions need to be made which might impact heavily on one small area but might provide wider benefits, we need to look at the way in which they are financed."

That, therefore, is exactly what I have been doing.

The residents of the south-west have paid too high a price for too long and I am proposing a radical new solution that is workable, effective and fair, and whereby environmental standards are maintained, if not improved.

but whereby a small number of customers are no longer penalised. Projects that are deemed to be of national importance must not be paid for by one small group of people; instead, that factor must be stripped out of charges. I am proposing an environmental equalisation mechanism that would equably spread the burden of the upkeep of our environment. If the "clean sweep" burden were to be shared equally among all English customers, the South West Water average bill could be reduced by approximately £75 to £379 while customers in other regions would see their bills increase by just a negligible sum.

At £379, South West Water's charges would be at their lowest level since 2002, in real terms. On the basis of the company's final business plan submission, its bills in 2015 would be the lowest since 1999 in real terms. With such a scheme we will have achieved what the people of the south-west have wanted and deserved for so long, finally solving a problem over which the Government have dithered and delayed.

The South West Water area spans 4,300 square miles and has the highest ratio of coastline to land of any region served by any water company in England and Wales. Change is required to address the clear disparity in water charges, and that change should require the whole country to share the burden of upkeep of a national treasure that is available for all to enjoy.

We have lived with that inequality for far too long. In the remaining time left to the Government, they could still redress it. If not, an incoming Conservative Government will do so.

10.10 pm

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Huw Irranca-Davies): I congratulate the hon. Member for East Devon (Mr. Swire) on securing this important debate. I apologise to him and to you, Mr. Deputy Speaker, for arriving a little late. I have great respect for the House and for the Chair, so there is no excuse. It was my fault and I shall try to do better.

I missed the first minute and a half, but I congratulate the hon. Member for East Devon on securing a timely debate. Earlier today I met a cross-party delegation of Members to discuss water affordability in the south-west. The hon. Gentleman was not part of the delegation, which was led by my hon. Friend the Member for Plymouth, Sutton (Linda Gilroy). Those Members have met me before and they have advocated ceaselessly and tirelessly on behalf of their constituents. They have been championing the issue with diligence for some time, so I am glad that the hon. Gentleman is rallying to the cause.

What is clear is that there is broad consensus in support of the Government's vision of fair, affordable and cost-reflective water charging that incentivises environmentally responsible behaviour while protecting vulnerable groups. The challenge is how we achieve that vision not just in the south-west, but across the country. I understand that the hon. Gentleman and his colleague on the Bench behind him are not content—it seems—to await the outcome of Anna Walker's report. When Anna Walker visited the south-west, my hon. Friends the Member for Plymouth, Sutton and for Plymouth, Devonport (Alison Seabeck), the hon. Member for St. Ives (Andrew George) and others met her to discuss matters and to listen to her. I understand that she will be going back to meet them again. I am sure that the hon. Member for East Devon will not fail on that occasion and that he will meet Anna Walker, listen to what she has to say and put his views to her so that her review can make considered, timely and measured recommendations for a way forward.

I honestly forget which Government brought in water privatisation, but the correct way forward must be to look at the situation in a proper and considered way.

Mr. Swire: Had the Minister been in the Chamber at the outset of the debate, he would have heard me defend privatisation, which heralded a mammoth wave of new investment in water companies up and down the UK.

Huw Irranca-Davies: Privatisation has indeed driven up standards in different ways in different areas across the country and has led to a wide variety of performance—but good performance—among many companies, but that situation was not fixed at the moment of inception of privatisation. We did not know then about the long-term legacy for the people of the south-west. However, there may be a way forward and, even though the hon. Gentleman tempts me, I shall not pre-empt—as he did—the findings of Anna Walker's review. It will look at the evidence and will recommend dispassionate and carefully considered ways forward.

We set out our vision in "Future Water: the Government's water strategy for England", which we published in February 2008. It sets out how we want the water sector to look by 2030, taking the long-term view, and the steps needed to take us there.

An initiative announced in "Future Water" was an independent review of charging for household water and sewerage services. Anna Walker was thus appointed last August to lead the review, which issued a call for evidence last November—I assume that the hon. Member for East Devon has made a submission—and five regional workshops were held in late 2008 and early 2009 to discuss the issues, to develop an evidence base, which he will agree is important, and to explore solutions to the problems identified.

One of those workshops was held in Plymouth, as I mentioned, and I am pleased that a number of hon. Members took the opportunity to participate. They will be delighted to know that Anna Walker has bravely pledged to return to the south-west after publication of the interim report shortly, to discuss her emerging recommendations.

The review is looking at a range of very challenging issues, including the fairness of current methods of charging for water, the appropriate pace of metering in areas of water stress, the effectiveness of different types of tariff, affordability concerns and the needs of vulnerable customers.

The interim report is expected in June, and the final report is expected later in the year. I hope that the hon. Gentleman will not be too disappointed if I do not pre-empt the report and what it might recommend in replying to him this evening. However, I am encouraged by the feedback that I have heard from people who have met Anna Walker and attended the roadshows, given the way that she has listened and taken on board the

[Huw Irranca-Davies]

concerns, including those in the south-west, and is serious about addressing some of the issues she has identified.

I shall turn to one aspect of the review—charging and metering. A key element of the Walker review is the fairness of different methods of charging for water. About one in three households in England and Wales is currently metered, although the figure is around 60 per cent in the south-west, as the hon. Gentleman will know. The rate of metering is increasing by a little over 2 per cent. per annum, mainly because customers are opting for meters to reduce their bills. However, many households are still paying for their water based on the 1970s rateable value of their home. That does not bear any relation to the amount of water used by the household and offers no incentive to use water wisely.

Metering is the usual method of charging for water in most countries. We said in "Future Water" that we believe that near-universal metering will be needed in areas of water stress by 2030, and the Walker review will advise on the appropriate pace of metering . Outside areas of high water stress, the case for meters is not so clear cut, and we will see what Anna Walker says. Furthermore, as more and more householders switch to meters because they can save money, the bills rise for those left behind who do not switch, especially for large families on low incomes.

Let me turn to affordability, which is a key element of the Walker review, as I know from my discussions with Anna Walker. Of course I recognise, as I hope we all do, that affordability is now a real issue for low-income households with a high essential use of water and for those living in areas with high water bills—notably, the south-west.

Ofwat—the independent economic regulator of the water industry—has a duty to protect customers, including those on low incomes. The Government look to Ofwat to ensure that bills are no higher than they need to be, but South West Water's customers pay more for their water and sewerage services than other customers. That reflects not only the historical issues, but the substantial investment that South West Water has indeed undertaken since privatisation, the cost of which has fallen to the company's customers.

Identifying the problems does not mean that there are easy solutions to the question of who pays. The Walker review is looking at that issue. However, none of the ideas previously mooted fully solves the problem in the interests of all customers. The Government have already taken action where there might be a risk to people's health because of difficulty in paying water bills. In fact, it was this Government who legislated to ban the disconnection of water supplies because customers cannot afford to pay their water bills.

We have also put in place protection for vulnerable customers on meters through the WaterSure tariff, which caps the bills of households on means-tested benefits with three or more children under the age of 19 or a prescribed medical condition that requires a high use of water, at the average for that company. That encourages customers not to cut back on their use of water because of worries about the size of their bills. Some of those customers cannot reduce the amount of water that they use.

The Walker review is considering whether the WaterSure scheme should be widened. It is also looking into whether more specific, closely targeted assistance is needed for low-income households in areas where bills are relatively high, such as the south-west. I am sure that the hon. Member for East Devon will be aware of the South West Water pilot study. It looked at ways to target and assess the effectiveness of water affordability assistance in the form of benefit entitlement checks, meter installation, water efficiency devices and advice to low-income households in the south-west region. I am pleased that South West Water has taken the initiative and is looking to provide that service to 7,500 of its customers, concentrating on those who are already in debt, and those who have difficulty paying their bills. Those measures can reduce such customers' bills by about £41 a year, and I welcome South West Water's efforts in that regard.

The House is aware that Ofwat's 2009 review of water price limits—periodic review 2009, or PR09—is under way. It will determine water price limits for the period 2010 to 2015. The Environment, Food and Rural Affairs Committee is undertaking an inquiry into PR09 alongside its pre-legislative scrutiny of the Government's draft Flood and Water Management Bill, which we published last month. Water companies submitted their final business plans to Ofwat in April. South West Water proposes an average increase in bills of 1.2 per cent. per annum, plus inflation, for the period 2010 to 2015.

South West Water's final business plan includes proposals for a trial of rising block tariffs, which reward bill payers for saving water, and an extension of the company's WaterCare programme to help the customers who are most in need. Ofwat will now scrutinise those plans, and those of other water companies, before issuing draft determinations of water price limits for comment in July. Ofwat will issue the final determinations in November.

Mr. Lewis: If the Walker review proposes an equalisation scheme similar to that proposed by my hon. Friend the Member for East Devon (Mr. Swire), would the Minister, in principle, be willing to adjust the price formulae arrived at through the current price review?

Huw Irranca-Davies: I am pleased to say that I rule nothing in and nothing out until we see the result of Anna Walker's deliberations, whereas the right hon. Gentleman seems to suggest that he has one course of action in mind, regardless of any repercussions or implications for other bill payers. We will consider the Anna Walker review carefully. We will comment on its interim findings to see on what issues we are in agreement. Hopefully, we will agree with all of it. We certainly want to take forward her recommendations seriously, and in a timely fashion, but unlike the right hon. Gentleman, we do not want to pre-empt her review. It would not be fair to Anna Walker for the Government to predetermine the outcome of her review.

Mr. Swire: I would like a simple yes or no: does the Minister not agree that it is manifestly unfair for 3 per cent. of the country's population to go on paying for 30 per cent. of the nation's beaches and clean water?

Huw Irranca-Davies: We would not have set up the review if we thought that there were no water affordability problems to solve. It took this Government to set up the

review, and we did so in a serious and focused way. I hope that the hon. Gentleman will avoid making pre-emptive policy decisions, such as those that he put forward tonight. They would pre-empt an independent, careful and thoughtful review, which has been taken out on the road and which has gathered evidence from around the country. To the best of my knowledge, it has not received input from the hon. Gentleman or the Conservative Front-Bench team as yet, but I am sure that it will do when Anna Walker presents her interim review. Knee-jerk reactions may or may not have merit—I rule nothing in, and nothing out—but I am content to wait for Anna Walker's interim report, and will then comment on it. It is in expert hands; I know of the evidence that she has gathered, and know of the response that she has had from people around the country, including in the south-west.

I may have arrived a little late for the debate tonight, for which I have apologised to you, Mr. Deputy Speaker, and to the hon. Member for East Devon and his Front-Bench team, but neither I nor my hon. Friends have come late to the overall debate about affordability in the south-west and other issues that resonate around the country, which the Government take extremely seriously.

I welcome the hon. Gentleman's contribution to the debate. I strongly urge him to submit his views to Anna Walker's review, but not to pre-empt it. Surely the purpose of an independent review is to produce good, solid recommendations unimpaired by the slight bias of policy on the hoof, or politics on the hoof. Let us see what Anna Walker produces. I have every confidence in her. The Government will respond in due course to her and take forward the recommendations as we see fit.

As has been pointed out to me not only in the hon. Gentleman's debate tonight, but regularly in meetings with cross-party colleagues who been advocates on the subject, there are issues in the south-west and elsewhere in the UK to be dealt with. That is why the Government commissioned an independent review.

Question put and agreed to.

10.26 pm

House adjourned.

House of Commons

Wednesday 20 May 2009

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

DUCHY OF LANCASTER

The Minister for the Cabinet Office and Chancellor of the Duchy of Lancaster was asked—

Social Enterprises

1. **Mary Creagh** (Wakefield) (Lab): What recent assessment he has made of the potential for social enterprises to deliver a greater range of public services in the next five years; and if he will make a statement. [276393]

The Minister for the Cabinet Office and Chancellor of the Duchy of Lancaster (Mr. Liam Byrne): I believe that social enterprise does have a bigger role to play in delivering public services. Therefore, in addition to the several hundred millions of pounds of investment that the Government are providing, we have also established a ministerial group to look at how we can fast-track public service contracts to third sector organisations.

Mary Creagh: I thank my right hon. Friend for that reply. Will he join me in congratulating Emma Wilson, the dynamic chief executive of Local Care Direct, which has 14 health centres across west Yorkshire and is opening a 15th centre in my constituency of Wakefield on 1 June? May I invite the Minister to come and see the fantastic work that Emma is doing in our area and look at how we can roll it out across the board? Dynamic individuals such as her have a real part to play in helping us to deliver our public services.

Mr. Byrne: I am grateful to my hon. Friend for that question. She is absolutely right to say that Local Care Direct and its management team are an inspiring example of what can be done as a result of the innovation and energy of the social enterprise sector. That is why the Department of Health has established £100 million of funding to help to back social enterprises such as Local Care Direct, why the Department for Children, Schools and Families is providing £100 million to a youth sector development fund, and why the Department for Work and Pensions is setting aside £100 million for social enterprises that want to create 15,000 jobs during this recession.

Alistair Burt (North-East Bedfordshire) (Con): In the past year, unemployment has risen by 182 per cent. in my constituency. Biggleswade Baptist church is now operating a debt advice centre, and I suspect that there will be many more of those. Does the Minister believe that social enterprise has an important role to play in providing debt advice and counselling during what would appear to be a protracted period of recession, and how are the Government planning to help it provide that?

Mr. Byrne: The hon. Gentleman is absolutely right to say that social enterprises have an extraordinarily important role to play in providing debt advice, not least because they are often able to provide services in communities in a manner that it is difficult for Government to match. In February, the Parliamentary Secretary, my hon. Friend the Member for Cardiff, West (Kevin Brennan), announced £42 million of extra help to support charities, voluntary groups and social enterprises that are seeking to do more, and my right hon. Friend the Chancellor provided for £20 million on top of that in the Budget. If there is anything more that we can do to help social enterprises in the hon. Gentleman's constituency to get their hands on some of that money, I would of course be more than delighted to help.

Julie Morgan (Cardiff, North) (Lab): What plans does my right hon. Friend have to assist charities and social enterprises in bidding for contracts from the future jobs fund set up by the Department for Work and Pensions—organisations such as the Prince's Trust and the Groundwork trusts, and, at a local level, the British Trust for Conservation Volunteers Cymru, which is based at Forest Farm in my constituency?

Mr. Byrne: I congratulate my hon. Friend on her work to champion the causes of those organisations. As a Government, we are absolutely clear that we will not repeat the mistakes of the 1980s, when too little help was provided to those losing their work, particularly the young—those under 25. That is why my right hon. Friend the Chancellor set aside £1 billion in the Budget to ensure that extra help is available to those under the age of 25 who have been out of work for more than 12 months to ensure that none of them needs to stay out of work, out of training or miss out on a volunteering opportunity. We think that social enterprises have a critical role to play in delivering that programme; that is why the Secretary of State for Work and Pensions announced £100 million of funding for social enterprises to set about the job of giving people new opportunities during this downturn.

Mark Pritchard (The Wrekin) (Con): Would the Minister like to put on record his thanks to the faith-based organisations throughout the country that are doing such a great job? That is further to the comment of my hon. Friend the Member for North-East Bedfordshire (Alistair Burt) about the Baptist church, but it applies across the denominations, with Catholic and Anglican churches advising on drug rehabilitation and other social programmes, and indeed entrepreneurship programmes. Will he give a commitment to the House that where there is clear evidence of discrimination against churches, his Department will investigate and ensure that it is dealt with, whether that discrimination comes from local authorities or other public sector bodies?

Mr. Byrne: I am very happy to give the hon. Gentleman that undertaking. If we want to come through this recession as quickly as possible and in a way that best protects families and businesses, we have to ensure that we are not only delivering help to families and businesses but doing everything in our power to ensure that communities are strong, because it is on the foundation of strong communities that we will build a different kind of future for this country. Faith-based organisations have an enormously important role to play, so it is important that they are eligible for the extra assistance that we are providing. I hope that the hon. Gentleman will join me in arguing that the funding that we are providing through the Cabinet Office should not be cut back, and never should be in future.

Mr. Ken Purchase (Wolverhampton, North-East) (Lab/Co-op): The Minister has referred to the fact that the Chancellor is trying to boost the economy, and therefore demand. He knows, surely, that the voluntary sector prospers best when demand is increasing, and that it plays a significant and progressive part in providing services. However, may I remind him that until we have a serious council house building programme to fire up that part of the economy, it will be very difficult for the voluntary sector to make real contributions to the housing market generally?

Mr. Byrne: My hon. Friend has championed this cause, certainly for the short time that I have been in the House. He is absolutely right that the renewal and regeneration of housing is critical to the future that we want to see in this country. However, there cannot be traditional housing projects as they might have looked 20 or 30 years ago. We know now from pioneering housing associations that there is far more that associations themselves can do not just to build houses and give people homes that are safe and secure but to equip people with skills and connect them with jobs.

Mr. Francis Maude (Horsham) (Con): Is not the biggest barrier to the expansion of the role of social enterprises in providing public services the lack of appropriate finance for expansion? Would not the quickest way to fill that gap be the rapid establishment of the social investment bank? Does the Chancellor of the Duchy of Lancaster agree with the Secretary of State for Communities and Local Government? She said yesterday at an all-party group:

"I'd like to say we have a plan for a social investment bank but we don't."

Mr. Byrne: I think that my right hon. Friend the Secretary of State was referring to the fact that the consultation on how the social investment bank is to be set up has just been launched. As the right hon. Gentleman will know, legislation enabling that bank came into force only in November 2008. Because the Financial Services Authority will regulate the fund, it is of course vital that it oversees how the regulations are drawn up.

Mr. Maude: The Dormant Bank and Building Society Accounts Bill was published way back in 2007, so the social investment bank has been a long time in gestation. There is an urgent need for it to progress. Why is it taking until this summer for there to be even a consultation paper on it? Will the Chancellor of the Duchy of Lancaster undertake that when it is established, it will be an institution that is genuinely independent both of the Government and of Government non-departmental public bodies, so that it really commands confidence in the sectors that it is set up to support?

Mr. Byrne: May I simply underline that the necessary legislation came into force only in November 2008? The right hon. Gentleman will forgive me for not prejudging the results of the consultation, although the issues that he raises are useful input. I believe that he would agree, however, that a social investment bank is not some kind of silver bullet in securing a more effective social enterprise sector in future. We know also that local authorities' contribution will be critical, which is why it is so important that we now ask the third sector's opinion about local authorities and their support for social enterprises. He will be as interested as I am to see the results. When we looked at how the sector rates local authorities, we found that of the bottom 25 rated councils in terms of commitment to the sector, I am afraid to say that 17 were Conservative.

Social Enterprises

2. **Rosie Cooper** (West Lancashire) (Lab): What steps he is taking to assist social enterprises during the recession. [276394]

The Minister for the Cabinet Office and Chancellor of the Duchy of Lancaster (Mr. Liam Byrne): Funding for charities, voluntary groups and social enterprises has doubled over the past decade to £11 billion, and therefore social enterprises face the downturn with unprecedented strength. We do believe that extra help should be available, which is why the Department for Work and Pensions is setting aside £100 million, why we set aside £42 million in February and why my right hon. Friend the Chancellor of the Exchequer set aside an extra £20 million in the Budget.

Rosie Cooper: The west Lancashire furniture recycling organisation helps people in my constituency by offering recycled goods and also provides employment and volunteering opportunities to those who face barriers to employment. In the past 18 months it has recruited 11 employees, five of whom were long-term unemployed or on incapacity benefit. Does my right hon. Friend agree that such social enterprises are integral to the social and economic strength of our local communities?

Mr. Byrne: The social enterprise that my hon. Friend highlights has been an inspiration to many in the social enterprise sector and beyond, and we have been very keen to learn some lessons from its experience. It is part of a growing pattern of success, and indeed the sector as a whole grew its work force by some 20,000 in the last year for which figures are available. We are determined to help the sector do more, which is why my right hon. Friend the Secretary of State for Work and Pensions set out £100 million of support to help the social enterprise sector, including enterprises such as she highlights, create 15,000 jobs in the year or two to come.

Mr. Gregory Campbell (East Londonderry) (DUP): Does the Minister agree that, although many charities, citizens advice bureaux and faith-based organisations

do excellent work in trying to get information to tens of thousands of people in Northern Ireland and throughout the UK about the benefits to which they are entitled, there is still a hard core of people whom the information appears not to reach? Does he also agree that we need to be much more innovative and dynamic in trying to reach those communities to ensure that they get what they are entitled to?

Mr. Byrne: My view is that social enterprises can reach much further than many public services; they can reach communities to which public services have traditionally found it hard to connect. They can also often innovate in finding new ways of bringing public services together. That is one of the most important prizes that the groups to which the hon. Gentleman referred bring to the table. That is why cutting back the Cabinet Office budget by £100 million, as is proposed in some quarters, would be a grave error. It would diminish our impact on getting on with that sort of job.

Mr. Peter Bone (Wellingborough) (Con): I am encouraged by the Minister's comments. Crazy Hats, a charity in my constituency, which deals with breast cancer and helps those who are recovering from it, wants to create a drop-in centre in my constituency for the whole of north Northamptonshire. Is that the sort of thing that the Minister would encourage? Could he point us in the direction of any funding?

Mr. Byrne: That is precisely the sort of thing that the Government would like to flourish. For that reason, the Department of Health has set aside £100 million to invest in social enterprises. It sounds as though the organisation that the hon. Gentleman highlights is exactly the sort of enterprise about which the Department of Health would like to hear more. The fund is administered by Futurebuilders, and that would, therefore, be the first port of call for the hon. Gentleman.

Mr. David Hamilton (Midlothian) (Lab): Would my right hon. Friend consider having a discussion with the devolved Parliaments? We should consider best practice, and not reinvent the wheel throughout the UK. Will he consider holding a meeting with the Secretaries of State for Scotland, for Wales and for Northern Ireland so that we can talk about how best to take social enterprise forward?

Mr. Byrne: The Parliamentary Secretary, my hon. Friend the Member for Cardiff, West (Kevin Brennan), is having such conversations. Pioneering examples of what social enterprises can do differently are to be found in every part of the country, and it is vital that we ruthlessly exploit good ideas rather than constantly try to reinvent them.

Mr. Nick Hurd (Ruislip-Northwood) (Con): The Minister's predecessor launched the £70 million community builders fund in July 2008 with great fanfare. It is there to help our social entrepreneurs and people who want to show leadership in keeping our communities strong. They need support at this time more than ever. Will the Minister confirm that, almost a year later, not one penny has been invested from the fund? Will he explain why not and tell us when the fund will deliver something more than a press release?

Mr. Byrne: When those funds are announced, it is important to appreciate that not only Ministers like me are in charge of writing the cheques. It is important to give an arm's length organisation the task of running the fund and understanding how the money is best deployed. Sometimes going through the process of contracting for that delivery partner can take time. We make no excuses for getting the right partner in place to get the money flowing, but we will not subscribe to the hon. Gentleman's view that we should somehow wean social enterprises, charities or voluntary groups off public funding, because we know that it is vital to their success.

Open Source Software

3. **Dr. John Pugh** (Southport) (LD): What guidance his Department provides to other Departments on the use of open source software. [276396]

The Parliamentary Secretary, Cabinet Office (Mr. Tom Watson): The Government's policy is to use open source when it gives the best value for money. We are taking positive action to ensure that Departments and our IT suppliers do that. We published our new action plan on 24 February, including guidance on specific actions for Departments. The Chief Information Officer Council is driving the implementation.

Dr. Pugh: The Government have talked a good game for some time about open source software, but have done very little. What more can the Parliamentary Secretary do to encourage Departments to implement real change and reduce the horrific cost and genuine inconvenience of software licensing?

Mr. Watson: I understand the hon. Gentleman's arguments. Indeed, I read the transcript of his Westminster Hall debate last year, and I know that he proposes some positive ideas, which the Government should take up. The Government are taking up open source solutions—50 per cent. of Government websites use open source software and we are about to deploy Linux-based platforms, which will go to 300,000 NHS workers. In the spirit of open source, I ask the hon. Gentleman, who is a renowned expert in the field, to come and meet our officials, share some of his ideas with us and help us improve what we do.

Andrew Miller (Ellesmere Port and Neston) (Lab): Would my hon. Friend put this debate into perspective? Does he agree that most of the chief information officers would agree that open source has its place, but that open standards are a much more important part of the debate?

Mr. Watson: They are a very important part of the debate. There is no doubt that open standards and interoperability are the means by which we will improve our IT sourcing. When we talk about open source, we should remember that it is only free to acquire and that we also must invest to maintain and sustain our systems.

Derek Wyatt (Sittingbourne and Sheppey) (Lab): Open source and open standards are important, but I have noticed that BT offers a free laptop, a free website and free help to all our charities. The open source and all the

things for charities are available for free, so is there a way that we can round it all up in one place, on the direct.gov site?

Mr. Watson: I am sure that we could do that. In fact, why don't I talk to the chief executive of direct.gov and put that question to her?

Social Enterprises

4. **Anne Snelgrove** (South Swindon) (Lab): What assistance he is giving to social enterprises during the recession. [276398]

The Minister for the Cabinet Office and Chancellor of the Duchy of Lancaster (Mr. Liam Byrne): I have already mentioned the strength with which the social enterprise sector faces this downturn. I should add, of course, that social enterprises can also benefit from the measures that we have put in place to help all businesses, including the £10 billion working capital fund and the £75 million capital enterprise fund.

Anne Snelgrove: That is good news. Phoenix is a social enterprise in Swindon that works with people recovering from mental health problems by offering them work in a mailing and assembly service. I should declare an interest, because I have used the service, paying for it through my office costs allowance, and excellent value for money it was. What can my right hon. Friend do in a recession to help secure longer-term funding for social enterprises, so that they can help more people?

Mr. Byrne: The social enterprise that my hon. Friend highlights is part of a sector of some 55,000 social enterprises that creates a turnover of around £27 billion. That enterprise, flair and innovation will be especially valuable in helping to get Britain through this downturn faster and in a way that protects families and businesses. That is why the Secretary of State for Work and Pensions has set aside £100 million to help social enterprises get people back to work. It is also why the Cabinet Office is managing a clear set of ambitions to help ensure that those with learning disabilities or mental health issues are part of social enterprises' work, because we know that those people, too, have a right to help and a contribution to make, and we are determined to unlock it.

Mr. Gary Streeter (South-West Devon) (Con): Given that much financial support for social enterprises comes from local authorities, as we have heard, and given that most local authorities are tightening their belts in this recession, as they should, what steps will the Minister take to ensure that they do not take the easy option and slash their budgets for social enterprises, thus leaving a lot of disadvantaged and vulnerable people in this country without proper assistance?

Mr. Byrne: It is important that we do a couple of things. It is important that we continue to invest in training those in charge of procurement and commissioning in local authorities. The hon. Gentleman will forgive me for saying that the budget for that would, I am afraid, be cut if we sliced £100 million off the Cabinet Office budget. It is also important for us to introduce a bit of transparency, which is why we have asked the social enterprise sector to rate local authorities. We published those statistics earlier this month. I am pleased to say that eight councils in the top 25 were Labour councils. I am afraid that only one was Conservative, but I know that the hon. Gentleman will be anxious to turn that situation around.

Mr. Ian Cawsey (Brigg and Goole) (Lab): My right hon. Friend will be aware of the fine work that social enterprises and charities do across all our constituencies, such as The Hinge, in Goole, which works with young, vulnerable and homeless people. That is a client group that, sadly, is likely to grow through this recession. Will my right hon. Friend reassure me that there will be fast-track funding to help social enterprises deal with that difficult and growing client group?

Mr. Byrne: First, may I praise my hon. Friend for the charitable work that he does? Organisations such as The Hinge will have an enormous contribution to make over the coming months, and the strength that they could acquire in that time could serve them well in regard to their long-term contribution to the sector and to the communities that they work in. That is exactly why different Departments right across Government are putting in place significant amounts of funding to help the sector over the next two or three years. That funding would be cut if we took the advice of some in the House. Once the money is in place, it is vital that we get rid of any impediments to getting deals done, which is why I am bringing Ministers together to clear those road blocks out of the way much faster.

Sir Nicholas Winterton (Macclesfield) (Con): Would the Minister accept that the country and the Government cannot do without charities, churches and volunteers? We have a deprived estate in Macclesfield, the Moss estate. The local churches—with the support of my own livery company, the Worshipful Company of Weavers, which has invested a great deal in the project—are putting a great many volunteers and community workers into that estate to help to reduce the deprivation and exclusion and the other problems that often go with exclusion.

Mr. Byrne: I am very grateful for that example, because I was not aware of the contribution that the livery companies were making to this agenda. The hon. Gentleman underlines my point that we will get through this recession faster, and in a way that protects families and businesses better, if we build our work on strong communities. It is the faith-based organisations, charities, voluntary groups and, I now know, livery companies that are knitting those communities together.

Real Help for Communities Programme

5. **Mr. Terry Rooney** (Bradford, North) (Lab): What progress his Department has made in the implementation of the Real Help for Communities Programme. [276399]

6. **Gordon Banks** (Ochil and South Perthshire) (Lab): What progress his Department has made in the implementation of the Real Help for Communities Programme. [276400]

The Parliamentary Secretary, Cabinet Office (Kevin Brennan): I am pleased to tell the House that the £16.5 million modernisation fund and the £15.5 million targeted support fund are both up and running, and have received more than 500 applications and expressions of interest to date. The volunteer brokerage scheme for unemployed people went live on 6 April, and nine regional roadshows have been fully subscribed. Last month, the Prime Minister appointed Dame Stephanie Shirley as the Government's first giving and philanthropy ambassador. *[Interruption.]*

Mr. Speaker: May I ask the House to try to cut the conversations down? It is unfair.

Mr. Rooney: I thank the Minister for that reply. I understand that Bradford's allocation is about £411,000. Can he tell me when that money will come through and how it will be distributed?

Kevin Brennan: Yes. Of the £15.5 million targeted support fund, which opened to applications on 29 April, Bradford will get £410,892, which will be delivered by the Bradford and district community empowerment network. If my hon. Friend has any organisations that he wants to steer in the network's direction, I recommend that he do so.

Gordon Banks: The Real Help website and documentation should be—and, indeed, are—really helpful, but I cannot help but think that MPs and the Government have perhaps not done enough to promote awareness of these services to the sectors that could really benefit from them. What can the Minister and Back Benchers do to make them more accessible?

Kevin Brennan: I am writing to all Members affected by the funds, which will be all Members of the House in England affected by the Real Help Now action plan. In addition, the Office of the Third Sector has already held nine regional roadshows, which have been fully subscribed. Business Link is a free business advice and support service, and it is also available to the third sector. In Scotland, Business Gateway Scotland provides a similar service, giving advice on what help is available to businesses and the third sector.

Parliamentary Commissioner for Administration

7. **Dr. Tony Wright** (Cannock Chase) (Lab): If he will bring forward proposals to enable members of the public to bring matters directly to the Parliamentary Commissioner for Administration. [276401]

The Parliamentary Secretary, Cabinet Office (Mr. Tom Watson): The Government value the role and work of the parliamentary ombudsman. They also believe that Members of Parliament have an important role to play in assisting constituents with concerns about their dealings with Government Departments and public bodies.

Dr. Wright: One of the great achievements of a previous Labour Government was to introduce the parliamentary ombudsman system, against the resistance of elements of the Conservative party. Is it not now time to give citizens direct access to the ombudsman, as has been recommended by successive occupants of the office?

Mr. Watson: I have known my hon. Friend for longer than nearly any other MP, and his former agent, Jaek Fleming, from the time of the former Labour Government of the 1970s, would have been proud of my hon. Friend's work to improve the machinery of government. Sometimes, I have to say that it seems that we have been discussing the ombudsman for that long as well. We know that 134 MPs said that they wanted to remove the MP filter, but I cannot honestly say to my hon. Friend that that is the settled will of the House. To be honest with him, I would also have to say that there is no settled view in Government either, but I undertake to take soundings from Members again to ensure that their views are properly reflected when we come to make our decision.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [276335] **Paul Rowen** (Rochdale) (LD): If he will list his official engagements for Wednesday 20 May.

The Prime Minister (Mr. Gordon Brown): Before I list my engagements, I am sure that the whole House will wish to join me in expressing our condolences to the family and friends of Royal Marine Jason Mackie, who was killed in Afghanistan last week. He and others who have lost their lives have served our country with distinction for the good of the Afghan people and for the good of democracy around the world. They deserve our profound gratitude for their service, which should not ever be forgotten.

This morning I had meetings with ministerial colleagues and others. In addition to my duties in this House, I shall have further such meetings later today.

Mr. Speaker, there will be a further opportunity to acknowledge your contribution and achievements in this House, but let me say briefly on behalf of all Members that your record of service to this House and this country has been outstanding over 30 years, and you have shown unfailing personal kindness to all Members on all sides of the House.

Paul Rowen: May I also personally express my thanks to you, Mr. Speaker, and associate myself with the Prime Minister's remarks and expressions of condolence to the serviceman who lost his life?

There is widespread concern throughout the country and on all sides of the House about the Government's plans for the privatisation of Royal Mail. In that light, will the Prime Minister now reconsider those proposals?

The Prime Minister: We have put before the House—and our proposals are now in the other place—the problems that Royal Mail has to face up to. It is losing 5 million letters a year—*[Laughter.]* I mean it is losing 5 million letters in comparison with the number that were delivered in previous years. There is an £8 billion pensions deficit. I want to reassert to the House the need for new investment in Royal Mail—*[Interruption.]*

Mr. Speaker: Order. I will not allow anyone to barrack the Prime Minister. It will not be allowed—and that goes for the Leader of the Opposition as well.

The Prime Minister: Many measures in the Bill are supported unanimously on both sides of the House, and the fact is that we have to get new investment into Royal Mail. That is why we have invited outside parties to express their interest.

Mr. George Howarth (Knowsley, North and Sefton, East) (Lab): May I associate myself with my right hon. Friend's remarks about those brave servicemen and women who have died in the cause of Afghanistan? A few weeks ago, the House debated the issue of the Gurkhas. Is my right hon. Friend in a position to give us any indication of what progress has been made on it?

The Prime Minister: As my right hon. Friend knows, we have a great deal of sympathy and support for those Gurkhas who wish to come into this country. Many of them have served our country and our Army with huge distinction over the years. We were the first Government to say that those after 1997 should be able to have residence and settlement in this country, and 6,000 have done so. We have also equalised pay and pensions, while at the same time raising the Gurkhas' pensions back in their own country. We said that we would listen to the voice of the House after the debate held a few weeks ago, and we are also listening to the views of the Home Affairs Committee, which has had hearings. The Home Secretary will make a statement tomorrow. I believe it is possible for us to honour our commitments to the Gurkhas, and to do so in a way that protects the public finances. That will be part of the announcement to be made tomorrow.

Mr. David Cameron (Witney) (Con): May I join the Prime Minister in paying tribute to Marine Jason Mackie of Armoured Support Group The Royal Marines, who was killed in Afghanistan last Thursday? Some of his family live in Bampton in my constituency, and I know that the whole country will join in their sorrow.

I welcome what the Prime Minister said about the Gurkhas and the statement that will be made tomorrow.

May I too join the Prime Minister in paying tribute to you, Mr. Speaker? I will never forget the kindness that you showed me and the advice that you gave me when I was a new Back Bencher in 2001. I know that everyone wants to thank you for the public service that you have given to the House and the country.

This morning the Prime Minister said that a general election would cause "chaos". What on earth did he mean?

The Prime Minister: What would cause chaos would be the election of a Conservative Government, and public spending cuts.

Mr. Cameron: So there we have it: the first admission that the Prime Minister thinks he is going to lose!

I know that the Prime Minister is frightened of elections, but how can he possibly believe that in the fourth year of a Parliament, in one of the oldest democracies in the world, a general election could somehow bring chaos? Have another go at a better answer.

The Prime Minister: I am not going to support a programme of Conservative public spending cuts. But look here: the House has got to have some humility about what has happened in the last few days. We have got to recognise—all of us, in all parts of the House—that mistakes have been made by Members of Parliament in all parties. Having had the humility to recognise that, we also have a duty to sort the problem out. The only way to sort out the system is to go ahead and sort out the system, and that is what we are proposing to do.

Yesterday we had good all-party talks involving the House of Commons Commission and all parties, and we made a great deal of progress. There is a lot of work still to be done, but I should have thought that what the public want us to do first of all, as this Parliament, is to sort out the problems and deal with them. And secondly, what they want is a Government who will deal with the economic recession.

Mr. Cameron: Does the Prime Minister not understand that the best way to show some humility is to ask the people who put us here? The Prime Minister is so hopelessly out of touch. How can the answer to a crisis of democracy be an unelected Prime Minister? In past months, during this economic crisis, there have been elections in India, South Africa and New Zealand. They all have new Governments with a new mandate. The United States had an election in the middle of a banking crisis. Was that chaos? Is President Obama the agent of chaos?

The Prime Minister: I notice that at no point does the right hon. Gentleman enter into the policy issues that are at stake here. At no point does he want to talk about what would be the effect of a Conservative Government in this country cutting public spending in schools, hospitals and public services generally, or about what they would do in leaving people on their own in this recession. Our duty is not only to clean up the system in the House of Commons—and every Member has a responsibility to work on that now—but to take this country through the difficulties of the recession, and not say to people that unemployment is a price worth paying.

Mr. Cameron: The Prime Minister says that he wants to talk about the issues. How better to address the issues than in a general election? The Prime Minister rightly says that the economy is the big issue. One of the biggest issues in our economy is the lack of confidence. Why is there so little confidence? Because there is no confidence in the Government.

The Prime Minister says that he wants to get on with the work. The fact is that the Government are not doing any work. They cannot even organise a car scrappage scheme. We will not end the paralysis just by electing a new Speaker, or even by setting new rules; we must give the public their voice, and the country the chance of a fresh start. Is it not the case that the only way that can happen is through a general election?

The Prime Minister: I repeat: what would cause paralysis is Conservative spending cuts that would make it impossible for our economy to move forward. Look at what we are doing to help the unemployed at the moment: 100,000 people who are unemployed are being helped back to work, and every month 200,000 and more are getting back into work. The Conservatives have refused to support the money that is necessary for the unemployed.

Look at our housing scheme, helping people to avoid mortgage repossessions—and again, the Conservatives have refused to support that scheme. I have to tell the right hon. Gentleman that the country would be longer in recession, with more debt and deficit, with more businesses going under and with more unemployment, if ever we had the misfortune of him ever being in power.

Mr. Cameron: People will just hear the arrogance of a Prime Minister who will not let the people decide. The Prime Minister talks about paralysis—but this is what one of his own Members of Parliament, the right hon. Member for Birkenhead (Mr. Field), has said about Government paralysis:

"Week after week MPs have been turning up but with...no serious work to do...there is no legislative programme to speak of. Even the debates are put on to fill in time...The whole exercise is vacuous."

Can the Prime Minister not see how badly we need a fresh start? Two years ago he promised us a fresh start. Remember what he said outside Downing street, talking about a Government of "integrity and decency"? Well, that died with Damian McBride. He promised to renew trust in Parliament. Where is that promise today? He promised prudence; he promised economic stability; he promised a big house building programme. None of these things are happening. The Prime Minister calls elections "chaos"; I call them change. Why can't we have one?

The Prime Minister: One hundred and twenty thousand businesses are now getting help as a result of decisions we have made that the Conservative party would not make. Hundreds of people are getting help to get into jobs as a result of what we are doing, whereas the Conservatives would abolish the new deal. We have opened the 3,000th Sure Start children's centre—something that would be at risk under the Conservatives. We have a vast educational investment programme in our schools; the Conservatives propose to cut it. I have to say to the right hon. Gentleman that, yes, there would be chaos with public spending cuts under the Conservatives, and yes, it is an unacceptable way of going forward if a party is trying to have an election without even having a sensible manifesto, other than proposing public spending cuts.

Mr. Tom Harris (Glasgow, South) (Lab): A business woman who owns and runs a small manufacturing company in my constituency came to see me last week to complain about the attitude of banks in lending to businesses such as hers. Does the Prime Minister understand that public support for the banking bail-out will entirely evaporate unless banks are seen once more to be lending to the small and medium-sized companies on which this economy depends?

The Prime Minister: I would ask my hon. Friend's constituent to go back to that bank and ask it to reconsider the situation, and to write to him and then to me. The banks have agreed in the last few weeks that they will sign up to quantitative agreements. That means that £70 billion of additional lending will go into the economy this year—£25 billion from the Royal Bank of Scotland, £14 billion from Lloyds bank, and money voluntary promoted by HSBC. There will be £70 billion of total additional lending. We are the only country in the world that has such a programme, where the banks have signed up legally to supporting additional lending. I believe that in the next few weeks, the flow of money will be increased as a result of that.

Mr. Nick Clegg (Sheffield, Hallam) (LD): I would like to add my own expressions of sympathy and condolence to the family and friends of Marine Jason Mackie, who, tragically, died in Helmand province last week serving us, our country and the people of Afghanistan.

Mr. Speaker, despite our differences in recent days, I would like to thank you for the immensely dignified way in which you made your statement yesterday—*[Interruption.]* We can now move forward to reform this place from top to toe. I am also pleased to hear from the Prime Minister that there will be a statement tomorrow on the Gurkhas, and I hope that they will receive the unqualified and full justice that they deserve—*[Interruption.]*

Mr. Speaker: Order. The right hon. Gentleman is entitled to be heard; he must be heard.

Mr. Clegg: We now have a once-in-a-generation chance to change politics for good, but we will betray people's hopes and fail to offer a really different way of doing politics if all we do is remove a medieval expenses system, without fixing everything else. The expenses are just the tip of the iceberg. Does the Prime Minister see that, from party funding through to Whitehall secrecy, the whole way in which we do politics must now be transformed?

The Prime Minister: As for Whitehall secrecy, it was this Government who brought in the Freedom of Information Bill—and as for party funding, the Justice Secretary has brought forward measures to deal with that. I agree with the right hon. Gentleman, however, that, as part of the wider debate about the relationship between Parliament and the people and the accountability of Parliament to the people, we must listen to the views of people throughout the country. We must consult and hear what they have to say, and, as I said yesterday, we will put forward proposals on that in the next few weeks.

Mr. Speaker: Mr. Sharma.

Mr. Clegg *rose—[Interruption.]*

Mr. Speaker: Mr. Clegg.

Mr. Clegg: Thank you, Mr. Speaker.

Mr. Speaker: I thought that there were two questions in the first one—but there we are.

Mr. Clegg: Touché, Mr. Speaker.

I am grateful to the Prime Minister for his reply, but is it not now time to get to the heart of the matter, which is that his Government are in power even though less than a quarter of the people voted for them? [Hon. Members: "Have an election!"] Of course we should have an election, but people do not want an election where all they will get is a few new faces but the same old rotten rules. Is it not true that any system in which so few votes give a Government so much power will always breed arrogance and secrecy?

The Prime Minister: Mr. Speaker, I was right to say that your generosity was unfailing to all Members of the House.

The right hon. Gentleman's point about the wider reforms and democracy is absolutely right: we must consider not only how Parliament can be more accountable to the people, but how the Executive themselves can be more accountable. We want to do that in the context of enhancing the individual and collective rights of citizens in their own communities to manage more of their own affairs. I am happy to enter that debate, and we will publish proposals in the next few weeks. We have also previously published proposals on the electoral system, which is also a matter for debate—but I must say to the Liberal Democrats that the debate about the reform of the constitution is about more than simply that one thing.

Mr. Virendra Sharma (Ealing, Southall) (Lab): In view of the recent elections in India, the victory of the Congress party under the leadership of Dr. Manmohan Singh and his continuation as Prime Minister, and the recent developments in Sri Lanka, what steps is my right hon. Friend taking to involve India in bringing peace to that region?

The Prime Minister: I have sent a message of congratulation—I believe it will be on behalf of the whole House—to Prime Minister Singh, who is very respected not only in the region but throughout the world. I believe that we can make progress in a number of areas now that the Government in India are re-established after the election. First of all, we will be talking to them about Pakistan and about security on the border between India and Pakistan. Secondly, we will be talking to them about the world trade deal, which is essential. Thirdly, we will be talking to them about the contribution that they can make to the whole of the peace and security of the region, and about helping us and working with us, particularly after the Mumbai bombings, to deal with the problems of terrorism that exist there.

Q2. [276336] **Sir Nicholas Winterton** (Macclesfield) (Con): As a member of your panel of Chairmen, Mr. Speaker, may I say that you have been a kind and caring Speaker, and that that will never be forgotten?

Does the Prime Minister accept that manufacturing industry is one of the only sources of sustainable non-inflationary economic growth? Sadly, the number employed in manufacturing has dropped from 4.5 million in 1997 to 2.73 million today. Will he and his Government ensure that they do not place any additional burdens, such as the increase in national insurance, fuel tax and regulation, on manufacturing industry? We want to be competitive. Please will he encourage and not de-incentivise, industry and manufacturing in this country?

The Prime Minister: The future of this country will be built on modern manufacturing strength. In advanced manufacturing we are one of the great leaders of the world; we have some of the greatest companies in the world—they operate from Britain but are global players with huge strengths in new technology and in innovation. Our manufacturing strategy is to support our large companies and to encourage innovation so that we have [illegible] We gave additional investment allowances for manufacturing in the Budget, our corporation tax is the lowest that it has been for many, many years, and we continue to support small businesses with enterprise grants; 128,000 businesses have now received some help from the Government during this downturn to get through these difficult times. As 50 per cent. of our manufacturing is exported, it is so important that the European economy moves forward as well; it is very important to us that we work with Europe so that we achieve growth and jobs for the future.

Q3. [276337] **Martin Linton** (Battersea) (Lab): On his earlier comments about political reforms, does the Prime Minister not agree that it is time to redeem an undertaking in our 1997 manifesto by calling, on the day of next year's local elections, a referendum on the establishment of a citizen's convention, which would come back to the voters within two years with proposals to complete the reform of party funding, to elect the House of Lords and to make every vote make a difference by allowing voters to vote for the candidate, the party and the Government they choose?

The Prime Minister: We have had some experience of constitutional conventions. One was the European constitutional Convention, another was the Scottish Constitutional Convention, and talks are also taking place in Wales between all the parties. If my hon. Friend will wait, in the next few weeks we will publish our document about greater consultation between the public and Parliament, and about enhancing the rights of the people in relation to the accountability of Parliament itself.

Mr. David Lidington (Aylesbury) (Con): Can the Prime Minister explain why, at a time when youth unemployment is rising, training providers in my constituency are being told by his Government's Learning and Skills Council that their apprenticeship budgets for the next academic year will be cut?

The Prime Minister: We have invested more in apprenticeships for the coming year, and we have announced that we will fund 35,000 extra apprentices. I am happy to look at the situation in the hon. Gentleman's constituency, but our determination is to support apprenticeships through this downturn—to invest in them and not to cut them.

Q4. [276338] **Phil Wilson** (Sedgefield) (Lab): Can my right hon. Friend tell me which is the best way to help people through these difficult economic times? Is it to cut tax for 22 million basic rate taxpayers, increase child benefit and provide extra help for 12 million pensioners, or is it to give tax cuts of £200,000 each to 3,000 millionaires, of which there are 19 in the shadow Cabinet?

The Prime Minister: To look at a proposal that, at this time in our history, would give just 3,000 millionaires £200,000 each would be completely scandalous—and to do that for 3,000 of the top estates in this country, whether they have a moat or not, is something that the public would be unable to accept.

Q5. [276339] **Mr. John Baron** (Billericay) (Con): The 80 Traveller families on the unauthorised Dale Farm site in my constituency have now exhausted all their

planning and legal options following the Law Lords' decision earlier this week. To avoid the misery of a forced eviction, the Travellers must now move on peacefully, but the situation could be greatly helped if the Government helped to identify transit sites outside the district—particularly as the Government have some responsibility for this issue because they stopped the council dealing with it in 2003. Will the Prime Minister have a word with his Secretary of State to try to resolve this sad situation?

The Prime Minister: This is, first, a matter for the council, but the Secretary of State will look at the matter and talk to the hon. Gentleman.

Dr. Roberta Blackman-Woods (City of Durham) (Lab): Will my right hon. Friend join me in congratulating Durham county council on its excellent and successful bid to be one of only two authorities to host the universal free school meals pilot for primary school children? Does he agree that such measures are necessary if we are to tackle childhood inequality effectively?

The Prime Minister: Proper nutrition for young children is absolutely crucial, and that is why the pilot project to give primary school children free school meals—something that worked when it was tried by individual councils throughout the country—is being supported by the Government. Newham, Durham and Wolverhampton will be the pilots, and they will test whether free healthy school meals improve children's health and well-being. Some £20 million in funding will come from the Secretary of State for Children, Schools and Families, and that money is being matched by the local authorities. We believe that it will show that good nutrition at an early age makes a difference not only to health but to educational performance.

Q6. [276340] **Sir Robert Smith** (West Aberdeenshire and Kincardine) (LD): The country has lost touch with the political system and with this Parliament. On the doorstep, it is clear that there is no confidence left in the Prime Minister's Government. Why does he not have the courage to trust the people and go to them and let them have a say on how this country should be run?

The Prime Minister: Mr. Speaker, we have work to do. The first work we have to do is to clean up the system in the House of Commons. It is for this Parliament to face up to its responsibilities, to change and to clean up the system. I believe that we have made progress, and the way to clean up the system is to take the action to do so. Secondly, we have a recession that we are trying to manage and come through. It is in the interests of the people of this country that we help people who are unemployed, help mortgage holders and help people with small businesses. I have not heard policies from people on the other side of the House that would actually do that.

Q7. [276341] **Mr. David Hamilton** (Midlothian) (Lab): Twenty-five years ago, those on the other side of the House told us, "Get on your bike and find a job." After the miners strike, I was unemployed for two and a half years. During that period of time, I could not find a job because I was being blacklisted—and blacklisting is now rearing its ugly head again in the construction industry. Will this Government give us an assurance that blacklisting is not acceptable in the 21st century? It might have been for that lot, but it is not for this lot.

The Prime Minister: The blacklisting of workers or trade unionists has no place in the modern workplace. I said that only a few weeks ago, and I said that we would look at the matter. The Employment Minister has now announced that the Government will bring forward revised regulations to outlaw the practice of discrimination and blacklisting. We plan to move quickly on this. There will be a short consultation over the summer and legislation will then be brought to the House.

Mr. Brooks Newmark (Braintree) (Con): The conviction rate for cases of rape has fallen from 19 per cent. to 6.5 per cent. in England and Wales, and to 2.9 per cent. in Scotland. Will the Prime Minister please explain why?

The Prime Minister: One of the reasons why convictions for rape have gone up in many places is the use of DNA. *[Interruption.]* I think that Members of the House have to accept that DNA is an important means by which we have found and detected persons involved in rape—but I will look at the figures that the hon. Gentleman has given me and I will write to him.

Q8. [276342] **Mr. Marsha Singh** (Bradford, West) (Lab): Prime Minister, about five years ago Westfield started to develop a shopping centre in Bradford city centre. It should have been completed next year. The company now says that it does not know when it will be completed, and Bradford is left with a huge hole in the heart of its city centre. Will the Prime Minister urge Westfield to keep its commitment to the people of Bradford, and will he also let the House know what extra help he can give to regenerate cities such as Bradford?

The Prime Minister: Regeneration projects should be going ahead, and we will do what we can to help make that possible. When Government money is involved, it is usually being advanced so that the public works programmes can move forward. When it is a matter of private sector support, we are happy to bring together all the agencies to see whether there is a way forward whereby private sector money can be brought more fruitfully into the scheme. I am very happy to talk to my hon. Friend about the project.

Mr. Stewart Jackson (Peterborough) (Con): I was privileged earlier this week to chair a seminar held by the Family Matters Institute, the Grandparents Association and Families Need Fathers on the launch of the report, "Do Grandparents Matter?" When will the Prime Minister's Government make good the pledge made to me by the Under-Secretary of State for Justice, the hon. Member for Liverpool, Garston (Maria Eagle), in January 2006 that grandparents should be treated with fairness and equity in the legal system in their heroic and unsung efforts to take care of their own flesh and blood?

The Prime Minister: I refer the hon. Gentleman to the decision in the Budget whereby grandparents of working age who are helping children with childcare can get tax

credits as a result. That is one way in which we can help grandparents to help their families hold together and to work with other relatives who want to get to work. That was a big change that was announced in the Budget, and I hope that the hon. Gentleman can support it.

Q9. [276343] **Dr. Alasdair McDonnell** (Belfast, South) (SDLP): May I take this opportunity, Mr. Speaker, to pay personal tribute to you for your great kindness, generosity and understanding, which you showed me when I entered this House four years ago?

May I ask the Prime Minister what reassurance he might give those of my constituents who are struggling to keep businesses afloat? Is he aware that the banks are ruthlessly pushing many otherwise viable businesses over the edge by refusing reasonable loans to keep liquidity and cash flowing? They are also beginning to charge outrageous interest rates, far above what is reasonable or understandable. Can his Government do anything to pressurise these ruthless banks to free up lending in order to provide better liquidity until the better times come? Otherwise, good businesses are being pushed out of existence.

The Prime Minister: I appreciate what the hon. Gentleman is saying. There is clearly concern in all sections of the House about how banks can better serve the public during this economic recession to help us through it. I shall look at what he says about the bank if he will give me the names of the companies and the bank. The important thing is that in the past few weeks there has been a change of policy, and I hope that that change of policy will have an impact in every region and every part of this country. The change of policy is that for the first time—because we have given the banks an insurance policy that they pay for—they are now willing to lend extra money and are committed to doing so. The increase of £70 billion for the economy is very substantial indeed, and companies should now be getting the benefit of offers from banks. I urge the hon. Gentleman to go back to those banks and remind them of the quantitative targets that have been agreed, and of the other means by which the Government have offered to help small business, including through the Inland Revenue. I shall certainly look at the case that he has raised, but the important thing is that the banks are now under an obligation to lend.

John Barrett (Edinburgh, West) (LD): With unemployment at over 2 million, does the Prime Minister agree that one way to create many more jobs and stimulate the economy would be to push forward with the high-speed rail network?

The Prime Minister: That is exactly what we are looking at.

Q10. [276344] **Keith Vaz** (Leicester, East) (Lab): I thank the Prime Minister for his comments about the Gurkhas, and we look forward to hearing the statement tomorrow. Another recommendation from the Home Affairs Committee is on human trafficking, which I know is a concern of his. Will he look at that recommendation, which asks the Government not to cut the funding for the Metropolitan police human trafficking unit? It is very important that we deal with the perpetrators of this very difficult and important crime.

The Prime Minister: I can say to the Chairman of the Select Committee that the unit will have an increased budget; it is not being cut. We are doing whatever we can to support it. We recognise the need for it in difficult times.

Parliamentary Standards Authority

12.31 pm

The Leader of the House of Commons (Ms Harriet Harman): May I strongly identify myself with the tributes to you, Mr. Speaker, that the Prime Minister has led today? I know that hon. Members on both sides of the House will want to have the opportunity to pay tribute to you. As Leader of the House, I shall make sure that an occasion is arranged before you leave the Chair so that we can all pay tribute to your generous and courteous chairing of this House of Commons.

With permission, Mr. Speaker, and following on from your statement to the House yesterday, I should like to make a statement on the decisions made yesterday at the meeting of the Members Estimate Committee that you convened with the Prime Minister, the party leaders and the Chair of the Committee on Members' Allowances, and on the Prime Minister's proposals for a new parliamentary standards authority.

First, I want to set out how we are dealing with the past. At the meeting last night, we agreed a process, proposed by the Committee on Members' Allowances, that will reassess Members' claims over the past four years and identify those claims that should not have been made and should not have been paid out because they were outwith the rules. We also agreed to make arrangements for repayment. The public are entitled to see a process of reparation and Members are entitled to know that this will be orderly and fair.

Secondly, I want to set out the immediate steps that will be taken. The House has already voted to ensure that the threshold for receipts has gone down from £25 to zero and to introduce full-scope audit under the National Audit Office. But, in addition, the MEC meeting last night agreed to an immediate ban on claims for furniture, a cap on interest payments for accommodation at the equivalent per year of £1,250 per month and a restriction on any changes to designation of main and second homes. The meeting also agreed that Members who are married or living together as partners should be prevented from claiming more than one second home allowance.

I understand that the MEC will meet later today to determine detailed changes to the Green Book to put into practice the principles on which the party leaders and the MEC reached clear agreement last night. That should give immediate reassurance to Members of this House and to the public, but, in order fully to restore public trust and confidence, we need more than reparation and reassurance: we need renewal, and to put in place a new system on a new footing.

The House has already voted, on 30 April, to endorse the inquiry by the Committee on Standards in Public Life, which will come forward with its recommendations later this year. Once again, I want to place on record my thanks to Sir Christopher Kelly and his committee for their work.

At the MEC meeting last night, all parties agreed to the Prime Minister's proposal that the keystone for any reform must be to switch from self-regulation to independent external regulation. We agreed that we should end the gentlemen's club approach that means that we set and enforce our own rules, and instead bring forward proposals for a new parliamentary standards authority.

The proposal on which we seek to consult would see Parliament legislate to delegate specific responsibilities to a new, independent parliamentary standards authority, which would revise and update the codes of practice for Members of this House, investigate complaints where a Member of this House is alleged to have breached the code of conduct, take forward the implementation of the recommendations of the Committee on Standards in Public Life on allowances and take responsibility for authorising claims for payment under the new allowance system. It would be able not only to disallow claims, but to require payback of claims wrongly paid out and to impose financial penalties.

It is clearly appropriate that the new body should also take responsibility for such issues in the Lords, including administering and regulating the systems for peers' allowances, overseeing the code governing peers' conduct and the Register of Lords' Interests, ensuring high standards of propriety and financial conduct, investigating alleged abuses of the system and recommending any necessary sanctions.

We in this House recognise that the principle of self-regulation operates differently in the House of Lords. It is clear that extensive work and consultation will be necessary to ensure the agreement of the House of Lords to the effective transfer of responsibilities to the new body.

The new authority would also maintain the register of Members' financial interests in this House and deal with the disclosure of second incomes. Discipline issues that might require sanctions such as suspension from the House, which would have a bearing on Members' ability to perform their work, would remain a matter for the whole House through the Standards and Privileges Committee. Only the electorate, or those who are themselves democratically elected, should be able to prevent a Member from doing their work in this House.

We have set in place the actions for reparation and reassurance. For renewal for the future, we look forward to Sir Christopher Kelly's proposals, and we further propose that the House move from a system of self-regulation to a system of statutory regulation. Although I know that it is hard to get a hearing on this subject now, as Leader of the House I will continue to argue, both inside and outside the House, that most honourable Members are precisely that: they are people who come into Parliament as a matter of public service, and are hard-working, decent and honest. However, we must recognise that, even before the allowance revelations, there was a problem of public disengagement and public cynicism, and a public sense of distance from Parliament.

We must now seize the opportunity to promote a debate that will see proposals to change and strengthen our democracy move from the margins to centre stage, where they ought rightly to be. Parliament and politics are important precisely because there are deeply held, different views about public policy, but there is consensus among all parties that we need to put the reputation of Parliament above reproach, and we will. I commend the statement to the House.

Alan Duncan (Rutland and Melton) (Con): I thank the Leader of the House for her statement. May I also thank you, Mr. Speaker, for convening yesterday's meeting with all the party leaders? Such a meeting could have taken place weeks ago without the need for your involvement, but the House and those who elect us will be grateful for the way in which you made it happen.

[Alan Duncan]

Following the uproar of the past couple of weeks, we have at last taken concrete steps to address some of the unacceptable elements of an allowances system for Members that has attracted universal condemnation. Last night, we learned from you, Mr. Speaker, of the main points that were decided, and they go a long way to addressing the issues that were crying out for attention. My right hon. Friend the Leader of the Opposition last week outlined a clear list of what he wanted to see for all of us, which he has insisted on for his party. Yesterday's announcement was in many ways the same as that list.

We will have, straight away, a strict regime to ban the flipping of homes just to exploit the allowances available. Capital gains tax cannot be evaded. A declaration about where one's home is will have to be open and clear. People will not be allowed to claim for plasma TVs or furniture, and there will be an annual cap on how much can be claimed for mortgage interest or rent. Will the Leader of the House confirm when she expects those revised rules to be up and running?

The very fact that the proposals were endorsed by all parties, and the fact that the meeting took clear, practical action, should be welcomed by all who have so disapproved of the system under which we have been working. Will the right hon. and learned Lady confirm that it is the Government's continuing wish to proceed in everything that we are going to do in a genuinely cross-party way?

In the meantime, Sir Christopher Kelly and his committee are working on recommendations for a long-term solution to the pay and conditions of MPs. In the middle of what can only be described as the most serious and revolutionary shift in popular opinion and in the reputation of Parliament in our lifetime, his committee is required to stand back from the fray and set out how a modern Parliament should look, and how it and its Members should be resourced. This is no easy task, and whatever people think of Parliament, I hope they will fully respect the integrity of his committee's efforts and show proper respect for his conclusions. May I ask, therefore, when the Leader of the House thinks the committee will eventually report?

One massive structural shift that we in this Parliament must embrace if it is not to sink further in the eyes of voters is to relinquish the right to determine how we reward ourselves. We are here to legislate, to scrutinise, to discuss and to govern. We are here to represent the interests of our constituents, not to serve our own. For a long time, the Conservative party's policy has been to give up setting our own pay and allowances and to give that power to an outside body. Some sort of outside structure is long overdue. We also want to cut the cost of politics. Where in the reforms does the right hon. and learned Lady believe that that might yet be achieved?

Behind all this is the need for massive parliamentary reform to bring this institution up to the requirements of the 21st century. May I therefore offer the co-operation of the official Opposition in proceeding constructively and responsibly to try to sort out this near constitutional crisis thoroughly and as soon as possible?

Ms Harman: I thank the hon. Gentleman for the way he responded to the statement. He suggested that we work in a cross-party way, and I know that he is not just saying that. He means it in practice, and ever since he has been shadow Leader of the House we have been able to work together on a proper cross-party basis. We know that when we are looking for solutions to these issues, no party has a monopoly of wisdom, and when it comes to unearthing the problems, no party has a monopoly of virtue either, so we will work together across the House to sort them out.

I agree that we owe a great deal to Sir Christopher Kelly and his Committee on Standards in Public Life. He has said that he will report later this year. To respect the independence of his committee's work, although we have asked the committee to work as expeditiously as it can to make its report so that we can adopt its proposals, it cannot be for us to set out the time scale. The committee must go through the processes as it sees fit.

That is why it was important that the MEC yesterday—you convened it, Mr. Speaker—set in place interim measures. The shadow Leader of the House asked when those interim measures will be up and running. He and I, along with other members of the MEC, will meet later this afternoon. These transitional measures need to be up and running straight away, as soon as the detailed rules can be put together, which will not take long at all.

Mr. Don Touhig (Islwyn) (Lab/Co-op): I welcome my right hon. and learned Friend's statement. I also thank you, Mr. Speaker, for taking the initiative of calling together the MEC and all the party leaders—all the party leaders—yesterday. You invited me to attend the meeting as Chairman of the Committee on Members' Allowances, and I was very pleased that the meeting accepted all the recommendations from my Committee, added to your own proposals. That was the basis for your statement last night.

On the consultation on the proposed parliamentary standards authority, I hope the Government will consult and involve the staff of the Fees Office. They have served this place very well indeed. They help us in every way possible in trying to give us information and advice. Although we may feel bruised, they, too, feel somewhat bruised at present, as I know from a meeting that I had with them yesterday. I hope that in the consultation, they, too, will be asked their views on the proposals.

Ms Harman: I am sure that we will need to engage with the invaluable experience and information that the Fees Office has accumulated over years of work on those issues, and that its contribution to the consultation will be very important indeed. I acknowledge the work of the Committee on Members' Allowances, which my right hon. Friend chairs. Its work paved the way for yesterday's agreement, and a great deal of work was done in advance so that the all-party in-principle agreement could be reached. I pay tribute to him as Chair, and to all Members who serve on that Committee.

Mr. David Heath (Somerton and Frome) (LD): I, too, thank you, Mr. Speaker, for convening the meeting yesterday and for getting some overdue consequences from it. I also very much welcome the statement by the Leader of the House. I remember giving evidence to the Committee on Standards in Public Life some years ago, when I suggested that self-regulation for this place was on very flimsy foundations indeed and in imminent danger of collapse. That collapse has been all too

self-evident, and the House has forfeited the right to self-regulation. Statutory regulation is now necessary, and I am pleased that the Leader of the House will now consult on that proposal.

I welcome the immediate steps that have been set out as a necessary review of what has happened over recent years. The capacity to make the adjustments must be put in place. I welcome also the announcement by the Leader of the House that the MEC will meet today, because all Members need clarity about exactly what will be required from them over the next few days and weeks and about how the system will work. Some of it is self-evident, and it does not take a genius to realise that Members should stop buying household goods and stop some of the most egregious excesses and abuses that have come to light. However, there are other areas where Members will need guidance, so I enter one note of caution.

I am worried that we may have inadvertently introduced a perverse incentive against Members renting accommodation and in favour of them entering into mortgage arrangements. That cannot be what the House intends or what the general public want, so I ask the Leader of the House to look carefully at that issue.

I now look forward, as we all do, to the results of the deliberations of Sir Christopher Kelly's committee. I hope that they will be timely, thorough and give us the answers that we and the public want, and I hope that the House will be able to accept them without equivocation, so that we have a firm foundation for the future.

Finally, I echo what was said earlier by my right hon. Friend the Member for Sheffield, Hallam (Mr. Clegg) and what was referred to in the right hon. and learned Lady's statement: the matter now goes well beyond expenses. It is about the reform of Parliament and the political system, making the House work in a way that it has not done over recent years.

Even this week, we have had the spectacle of a guillotine motion preventing proper debate of an important Bill. We cannot go on like this. This House must be able to hold the Executive to account properly and do its work properly. We need renewal of the whole political system. More papers and more proposals will not do that: action will, and it is overdue.

Ms Harman: The hon. Gentleman said that he, like all Members from all parts of the House, wants to contribute to the consultation and approach it on a cross-party basis, and he reminded the House that, some years ago, he proposed changing self-regulation to statutory regulation. I acknowledge that there have been proposals from his party, which we have put into practice through the MEC system. Indeed, proposals from the Opposition have now been implemented, and proposals have come from Government Members, too.

The truth, however, is that this is not a competition for ideas. All ideas from all parts of the House are welcome in contributing to the process. Whatever we disagree on—we disagree strongly on different issues, which is why we stand for different parties and fight it out at elections—we all agree that we want decent rules that the whole country respects.

I did not agree with the hon. Gentleman when he talked about our "forfeiting" the right to regulate ourselves. In this day and age, the move from self-regulation, which is internal and not transparent, to public accountability and statutory regulation is the right move and a sign of strength. We are not forfeiting; this is the strong and right decision to take.

I agree with the hon. Gentleman about the issue of clarity. For 650-odd Members of the House of Commons, there are 650 different sets of circumstances, and each Member will need to know how the new rules apply to their circumstances and how they can make their arrangements. The MEC will have very much in mind the need for clarity and swiftness in showing how the rules are going to work, so that Members can work out how they apply to them. He has already made that point to me, earlier today, and he is absolutely right to have raised it.

The hon. Gentleman and the shadow Leader of the House also raised a point that has been made by a number of Labour Members. We must be aware that some people's rental agreements include services, utilities, service charges and suchlike; we must not have a perverse incentive that would help Members who have already bought their properties or encourage Members to buy properties rather than rent. We need a fair system that covers the different sorts of accommodation that Members use. The MEC will be mindful of that when we meet this afternoon to work out how we should put into practice the very important cap on accommodation expenses.

The hon. Member for Somerton and Frome (Mr. Heath) said that we need to reconnect with the public and that we need reform of Parliament. I agree; we must all work together on those wider issues, as well as sorting out the immediate issues.

Sir Stuart Bell (Middlesbrough) (Lab): I welcome my right hon. and learned Friend's statement. I have been a member of the House of Commons Commission for 10 years, nine of them under your stewardship, Mr. Speaker. It was never you who was opposed to reform; the House of Commons showed total incapacity to grasp the nettle of accepting that reform was needed—never more so than on 3 July last year, when proposals that might well have avoided many of today's scandals were rejected by the collective will of the House.

That, however, is the past. The future is absolutely in independent regulation, and again I welcome my right hon. and learned Friend's statement. I also welcome the fact that it extends to the House of Lords. I break with tradition by calling it that rather than "the other place". That might be a welcome change in our own proceedings.

In the past, the House of Lords has been jealous of its own prerogatives and has avoided integration with this House. I ask my right hon. and learned Friend to be sure that the broad bipartisan support here will be reflected in the House of Lords and that that House will not be an impediment to the kind of changes that we seek.

Ms Harman: I know that many Members of the House of Lords themselves want to put the situation on a proper footing; indeed, that work was already under way. I take this opportunity to pay tribute to my hon. Friend's work on the MEC. He has been a member of it for many years, and he has done a good job on behalf of the House in explaining to the public at large our strong belief that there should be a constituency link.

[Ms Harman]

One of the reasons we have second home allowances is that Parliament holds in high regard the importance of Members being rooted in their constituencies. My hon. Friend has been able to explain that on television. He has also explained that we do not want a millionaires' Parliament in which people become MPs only if they can afford it. Every time I switch on the telly and see him rather than me, it is a great relief.

Sir George Young (North-West Hampshire) (Con): The right hon. and learned Lady's statement raises important constitutional and ethical issues, which will need to be teased out during the consultation. May I press her on one point? The two driving principles are transparency and independence. To achieve those principles, the case is made to move from self-regulation to independent regulation. It is proposed that the new authority should investigate complaints when a Member is alleged to have breached the code of conduct, but why did the Government stop there? What about the ministerial code of conduct? Is there not an equal need for independence and transparency in investigations of complaints of that code having been breached?

Ms Harman: The Prime Minister has appointed Sir Philip Mawer to be independent in the reviewing of adherence to the ministerial code, and that is kept constantly under review. The right hon. Gentleman is correct in saying that ministerial standards are also part of the wider discussion that we need to have.

I do not want to look as if I am trying to ingratiate myself—far from it; it is far too late for that—but I do pay tribute to the right hon. Gentleman's work as Chair of the Standards and Privileges Committee. We do not find demonstrations up and down the land chanting, "What do we want? The Standards and Privileges Committee! When do we want it? Now!" None the less, it does important work, and I pay tribute to him and all Members who serve on it.

Mr. Kevin Barron (Rother Valley) (Lab): I welcome my right hon. and learned Friend's statement. May I move on to the Standards and Privileges Committee? It looks as if it will have an adjudication role beyond what will happen with the other authority. Is she completely happy that this adjudicating body is made up of just 10 members of our profession? In what other regulatory body for which we pass legislation would we allow a profession to sit on its own as an adjudication panel over itself? Does she think that some lay members should also join members of our profession on the Standards and Privileges Committee?

Ms Harman: That is an interesting suggestion, which my right hon. Friend could make as part of the consultation. No doubt he will have to consult the Chair of the Committee as part of that.

Angus Robertson (Moray) (SNP): May I start by saying that you, Mr. Speaker, have always been extremely fair to the Scottish, Welsh and Northern Irish parties in the House? We thank you for that.

Ending self-regulation in the House of Commons must be a priority. As I said at the leaders' meeting yesterday, it is right for us to examine proposals for a parliamentary standards authority. Will the Leader of the House confirm today that the commitment to transparency that Mr. Speaker outlined in his statement on expenses yesterday evening will match the standards of the Scottish Parliament?

Ms Harman: Certainly, I think that even more transparency and openness apply to our system than at the moment obtain in a rather different system of transparency in Scotland. We are all committed to transparency. I should tell the House that the consultation on the parliamentary standards authority will be taken forward by my right hon. Friend the Secretary of State for Justice.

Mr. Dennis Skinner (Bolsover) (Lab): Does this statement mean that from here on in, Members of Parliament will not take part in votes to increase their allowances or anything else? I fervently believe that this is a better day for Parliament. On one of the days when we had a debate on increasing the allowances by a considerable amount, some of us voted against, and some of us did not take the money either, but I believe that that was a bad day for Parliament, and I want to see the back of those days.

If there is to be regulation by other bodies, we should have assurances that never again will we have the business of allowances being put to free votes. Incidentally, to get the record straight, I should say that Mr. Speaker never cast a vote. Those free votes allowed people to increase their allowances by a massive amount, and we need to put an end to that. Do we have an assurance that it is all over, and that there will be no more free votes on allowances and pay?

Ms Harman: All of us have felt that it is not right that we should have to vote on our own pay and allowances. Every time we have to come to the House to debate our own pay and allowances, we have all felt that it is not right. We do not want to have to do that any more; we addressed the issue on pay, and we need to do that on allowances as well. I agree with my hon. Friend that we need to ensure that we cut costs overall. That is also important.

I should also say that it is important not only that Members are able to be rooted in their constituencies—that important constituency link must be maintained—but that we have offices that help us to do our work professionally in responding to our constituents.

I receive many thousands of e-mails and phone calls from constituents. My office team do a very important job in keeping me in touch with my constituents and helping them when they have individual problems. Yes, we have to sort this matter out, but we have to do it on a set of principles, bearing in mind the importance of a professional office and a second home, and the importance of not having a millionaires' Parliament. I agree with all the other things that my hon. Friend said as well.

Mr. David Heathcoat-Amory (Wells) (Con): Does the Leader of the House agree that although profound reform is necessary, a sovereign Parliament must think very carefully before setting up an independent external body to set and enforce the rules and to regulate Parliament itself, particularly as it is not at all clear from her statement to whom that external body will be accountable? Does she agree that all of us here, individually and

collectively, are responsible to the electors for our actions, and that although we must take external advice, the essential decisions on regulation and rule setting must be taken by ourselves, not subcontracted to others?

Ms Harman: The question of conduct within this Chamber will remain a matter for the Speaker, and I am sure that people would agree that that is rightly the case. The question of suspension from this House must remain a matter for those of us who are democratically elected, not an unelected body. While it is right to delegate to a statutory authority the questions of setting the code of conduct, setting pay levels, setting allowances, administering the system and investigating any problems, the only thing that should come between us and our doing our duty as Members of Parliament in this House is either our constituents removing us at a general election or the House removing us, with democratically elected Members taking that action.

Dr. Tony Wright (Cannock Chase) (Lab): Sometimes it takes a big crisis to produce a big response. We have certainly had a big crisis, and I think that now we have had a big response, which is to be welcomed. It is being proposed today that we set up a new body. Can the Leader of the House tell us which bodies will be abolished as the new one is established, and how the members of the new parliamentary standards authority will be appointed?

Ms Harman: The responsibility of some existing bodies will change, and the responsibility of some others will be subsumed within the new authority. All these issues are a matter for consultation, which, as I said, will be led by my right hon. Friend the Secretary of State for Justice. My hon. Friend is absolutely right that a crisis can evoke a positive response. I pay tribute to him for his work on the Public Administration Committee. Perhaps I owe him an apology, because when we were in the lift I described him as an intellectual, and he rejected that. However, he has thought about these issues long and hard, and now that they are out of the shadows, we need his intellectuality to be brought to bear on them.

Dr. William McCrea (South Antrim) (DUP): May I say, Mr. Speaker, on behalf of my right hon. and hon. Friends, how much we appreciate the kindness, fairness and courtesy that you have shown to us from the Chair?

I thank the Leader of the House for her comments. Can she clarify whether the body setting Members' allowances will be totally independent as regards Members of this House?

Ms Harman: Yes, it will. I look forward to the participation of the hon. Gentleman and his hon. Friends on this issue as well.

Ms Diane Abbott (Hackney, North and Stoke Newington) (Lab): I welcome the statement made by the Leader of the House. Does she agree that it would be wrong for this House to deflect blame for the current crisis on expenses on to ordinary members of the Fees Office on average salaries, many of whom have served this House with great dedication for many years? There may be questions to ask at the very top of the Fees Office, but the ordinary staff are not responsible for the culture around expenses that has flourished for too long. Just as it is wrong for Members of the House to think that they can hide behind the outgoing Speaker, it would be wrong for them to think that they can hide behind individual, averagely paid members of the Fees Office. The deserved disrepute into which our system of expenses has sunk is the responsibility of each and every one of us as Members of the House.

Ms Harman: I agree with my hon. Friend that it would be not only fruitless but wrong to seek to apportion blame anywhere. What we need to do is take responsibility and to sort this out. That is the responsibility of all Members of this House, even those who have been absolutely blameless, as I am sure the majority have been, in the way they have made their claims.

Julia Goldsworthy (Falmouth and Camborne) (LD): The Leader of the House spoke of reform of the expenses system as being only one part of trying to restore people's faith in politics and re-engage them in the political process. She referred to having a debate to discuss other opportunities for tackling this issue. The Local Democracy, Economic Development and Construction Bill will come to this House after the recess. Will she take advantage of that by ensuring that amendments are tabled to help to re-engage people with politics right from the bottom up?

Ms Harman: As the hon. Lady will know, there are already provisions in the Bill to do that, but I am sure that as it proceeds through the House there will be further such opportunities.

Clive Efford (Eltham) (Lab): What did the Members Estimate Committee take into consideration when it arrived at the figure of £1,250 per month as a cap for mortgage interest? That is not for the whole mortgage; it is just to cover the interest. It strikes me that a person would have to be very rich indeed to be able to claim that maximum amount and arrange their finances to benefit from it to the maximum extent. I think that the public will find that very curious indeed. Does my right hon. and learned Friend agree that we need to look at that issue, and perhaps at ending a system that allows people to profit from buying and selling houses that have been paid for at public expense?

Ms Harman: That figure was decided yesterday at the Members Estimate Committee meeting, the Committee on Members' Allowances having looked at the average among different Members so that we could ensure that we lowered the amount, but we did that in the knowledge of the current situation for Members with regard to their obligations.

There is a particular issue for Members who entered the House in 2005 and had to take out quite big mortgages in order to find accommodation, because the property market was absolutely at its height, and who now find themselves with properties that they cannot put on the market. The intention was to get a situation that reduced the amount that could be spent on the mortgage but also recognised the circumstances of those who have recently come into the House.

Mr. Brian Binley (Northampton, South) (Con): May I pay my own personal tribute to you, Mr. Speaker, for your great personal kindness? I have been most appreciative and wish you the very best for the future.

[Mr. Brian Binley]

I welcome the acknowledgement by the Leader of the House of the difficulties faced by Members from the new intake, and her acknowledgement of the fact that most Members deal with their expenses in an honest and straightforward way—that needs to be said, and I was pleased that she did so. I welcome the recognition of the need for change. I am particularly pleased with the idea that we should be regulated by an outside body, as I have been asking for that during the whole time that I have been in this House. However, some people have been caught out by the regulations announced yesterday, through no fault of their own, and are quite worried about the situation. Will the Leader of the House consider having an appeals process in the short term to allow those people to put their concerns and have them properly adjudged on the facts?

Ms Harman: The Members Estimate Committee has tried to take into account as many circumstances as we possibly can. However, I assure the hon. Gentleman and other hon. Members of two things. First, we will ensure that the rules are as clear as possible so that people are not unsure about how their circumstances will be changed as a result of the "in principle" decision that was made yesterday. Secondly, this is only an interim arrangement until such time as Sir Christopher Kelly brings forward his proposals. We will try to make the position as clear as possible immediately, and it applies only for a limited period. I hope that that will reassure Members.

Natascha Engel (North-East Derbyshire) (Lab): I totally agree with one of the final points in my right hon. and learned Friend's statement: we have a once-in-a-lifetime opportunity to do the right thing and ensure that those people who have been disengaged from the whole democratic process are now properly engaged. For many people, the exposure of the allowances has been a sad confirmation of what they have always believed. How can we use the establishment of the standards authority to ensure that the people whom we are supposed to be representing can have their views heard? They have very strong opinions on this matter.

Ms Harman: This is a question for all Members in all constituencies. My hon. Friend has often raised in the House the particular issue of the disengagement of young people. One important thing that we have done is agree that the Youth Parliament should come and sit in this House. The engagement of the UK Youth Parliament, whose members are themselves elected in all parts of the country, often on a bigger turnout than most of us, has a major role to play.

Bob Spink (Castle Point) (Ind): I welcome these long-overdue interim measures, but does the Leader of the House plan to make the House authorities the employer of MPs' staff and to limit MPs' second jobs? Then she will have implemented all the recommendations that have been listed in the early-day motions that I have tabled over recent years.

Ms Harman: When it comes to second jobs, I very much agree with what the hon. Gentleman says. There are two issues to consider about remunerated work done by an MP for which they are paid outside this House and which has nothing to do with the House. One is whether it causes them a conflict of interest, and the second is whether it takes their mind off what their proper job should be, which is to represent their constituents or be in government. I very much agree with him on that matter. Sir Christopher Kelly's committee will be looking at it, and I think that the hon. Gentleman and I will be very much on the same side of the argument. Let us hope that we prevail on that one.

The House has already voted on asking the Members Estimate Committee to look into the employment of staff, and that will be part of the wider discussion.

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): I welcome my right hon. and learned Friend's statement. She was right to remind all of us that we have a joint responsibility to restore public confidence in this House, and indeed in politics. Does she agree that in a free and democratic country with a free press, the press also have a responsibility to scrutinise and report accurately what happens in this House, and that those in the press and media who seek to abuse the facilities to indulge in personal and at times racist attacks are acting irresponsibly and not playing their part in restoring confidence in the political system?

Ms Harman: All of us in this country who are democrats want to be sure of two things: that our parliamentary democracy is as strong and confident as it can be, and that the public recognise that to be the case. I recognise that my hon. Friend has not only been a Member of this House for a considerable time but was involved in representations in the trade union movement before that.

Mr. Gregory Campbell (East Londonderry) (DUP): I thank you, Mr. Speaker, for your hospitality to me during my time in the House.

I thank the Leader of the House for her statement, but there are two precise issues that I should like her to elaborate on. First, will the cap on interest payments for accommodation at £1,250 per month also apply to rental costs at the same amount? Secondly, she indicated that the restriction would prevent two Members who are married or living together as partners from claiming more than one second home allowance. Will that apply also to any other two Members who may wish to avail themselves of a property in London to try to ensure that they get additional payments?

Ms Harman: I think that the intention behind the MEC decision was to distinguish between hon. Members who are married or civil partners and those who are just good friends sharing. That might not always be easy to establish, but what we are talking about is marriage and civil partnerships, not one-night stands.

May I help the hon. Gentleman by running through the list of what is allowed? You, Mr. Speaker, set forth yesterday in outline what will be allowed for rent, ground rent, service charges, council tax and utility bills, but there will need to be clarification in writing so that hon. Members can be absolutely clear about what their circumstances are. That will be made clear following the MEC meeting this afternoon.

Kerry McCarthy (Bristol, East) (Lab): I entirely endorse the comments of my hon. Friend the Member for North-East Derbyshire (Natascha Engel) about the need to restore people's confidence and faith in the political system, and in some cases to create that confidence and faith in the first instance. One suggestion is that we should move to real-time month-by-month publication of claims, if not when they are submitted then at least when they are approved. Is that under active consideration?

Ms Harman: That was one of the things that was agreed last time—that there should be publication month by month of claims that have been made and allowed—but obviously we are looking all the time at how we can improve transparency. These things will not be set in stone, and any other suggestions that hon. Members have will be—*[Interruption.]* I have just been told by my deputy that it will be reported quarterly, not monthly, and I take it that my hon. Friend the Member for Bristol, East (Kerry McCarthy) is suggesting that we do it more frequently.

Mrs. Eleanor Laing (Epping Forest) (Con): I welcome today's statement. Does the right hon. and learned Lady agree that if it is really our intention to have here a legislature that is broadly reflective of the people whom we seek to represent, it must be made clear and taken into consideration that this is not a gentlemen's club, and that many Members have to balance their parliamentary and constituency duties with their family duties? That applies not only to those of us who are mothers of small children but to those with other family duties.

It has been very upsetting to read in the press the great idea that we could all live in barracks in London. I ask the House to take into consideration where we will put our children and when we will have time to see them. If we want to have a legislature that really reflects the people, it must reflect families. The financial arrangements must therefore reflect the need for some of us to undertake family duties as well as parliamentary and constituency duties.

Ms Harman: The hon. Lady has added another principle to the list that I suggest we all adhere to. We must not just be a millionaires' Parliament, and we must respect the constituency link and have good professional offices. Also, this should not just be a Parliament of single people who either have never had families or whose families have grown up. The insight that hon. Members bring of struggling to balance work and family responsibilities, and of caring for older relatives and younger children, helps to shape public policy and helps us understand the lives of people in this country. I would definitely adopt the principle that she has put forward.

Adam Price (Carmarthen, East and Dinefwr) (PC): It is not just the expenses scandal that has tarnished the reputation of this House in what has been a low, dishonest decade for parliamentary democracy, but the deception perpetrated by the previous Prime Minister in taking us to war on the basis of a pack of lies. That caused almost irreparable damage to people's trust in politics and politicians.

My question to the right hon. and learned Lady is this: will the standard of honesty form part of the remit of the new parliamentary standards authority, so that members of the public can refer for independent investigation cases in which they believe there is evidence that Members of Parliament, including Ministers, have misled this House and misled the country?

Several hon. Members *rose—*

Mr. Speaker: Order. There are only a few hon. Members left, and I have given a lot of leeway, particularly in this matter, but it really should just be a supplementary question that is asked. I ask the remaining Members to do that.

Ms Harman: We are, of course, answerable to our constituents for the honesty and integrity with which we represent them and go about our work in the House, and to the Chair for not misleading other Members. I think that the regulation of our democracy is ultimately with those who elect us. We are currently considering regulating our pay and our allowances, having codes of conduct and making proposals for their enforcement; that does not cut across the basic fundamental principle of democracy.

Mr. Peter Bone (Wellingborough) (Con): I thank the Leader of the House for her statement and for the leadership that she has shown on this matter. Many hon. Members have made submissions to Sir Christopher Kelly. Will the Government accept his recommendations, whatever they are?

Ms Harman: At the meeting that the Speaker convened yesterday, the view of the party leaders was that it would be best for the House and all concerned if we could agree with as much as possible of what Sir Christopher Kelly proposes. I think that the Leader of the Opposition said on television that we want to agree with 99.9 per cent. of what Sir Christopher Kelly suggests. That is not to seek to allow for wriggle room. It is in the right spirit and all our interests if we all give evidence to Sir Christopher Kelly—the deadline is 5 June. It is important for hon. Members to give evidence for him to consider. A great deal of responsibility rests on him because we want, cross party, to adopt what he recommends, which will then be put into practice by the new statutory authority. He is like the software, and the hardware will be established by statute in the new authority.

Mr. Paul Goodman (Wycombe) (Con): Just to round off, Members of Parliament are either elected representatives, who are free to work outside this place, or professional politicians, who are not, and are therefore entirely dependent on the taxpayer as members of a political class, separate and distinct from those who elect them. What is the Government's view?

Ms Harman: The Prime Minister asked Sir Christopher Kelly to look into that, and he will make his recommendations. In the meantime, the House voted on 30 April for a proper register of all the remuneration from the different additional jobs that Members have. The bottom line is that the public should be able to know where Members of Parliament get additional

[Ms Harman]

money from. That was not the case until we made the change. We have therefore already taken steps on transparency.

I am not sure that I agree with the hon. Gentleman's idea that we are members of the political classes. I do not regard myself as part of the political class. Indeed, many of those in the political class have long thought that I should not be in it. I am many things—I represent my constituency in Camberwell and Peckham; I am a wife, a mother, a former lawyer. We are all different things, and we should not allow ourselves to be pushed into believing that, without second jobs from which we rake in money, we are somehow unworthy members of a political class. So I think my answer to the hon. Gentleman's question, which I cannot remember, is probably no.

Point of Order

1.23 pm

Mr. Greg Hands (Hammersmith and Fulham) (Con): On a point of order, Mr. Speaker. Once again, the Prime Minister visited my constituency last week—to deliver a speech on crime at Chelsea football club. As has been the case for every visit that he has made to Hammersmith and Fulham in the past four years, he failed to inform me as the constituency Member of Parliament. As ever, his tactic is for one of his junior Ministers to send out a fax saying that the junior Minister will come, but not mentioning the Prime Minister's presence. The rules are clear. How can we enforce the conventions and courtesies of the House—

Mr. Speaker: Order. The hon. Gentleman is trying to debate the matter. He has made his point—let me look into the problem. The purpose of points of order is not debate. Let me look at the matter; that would be best.

Appointment of the Comptroller and Auditor General

[Relevant Document: The Twelfth Report from the Committee of Public Accounts, HC 256, on Selection of the new Comptroller and Auditor General.]

1.24 pm

The Prime Minister (Mr. Gordon Brown): I beg to move,

That an humble Address be presented to Her Majesty, praying that Her Majesty will appoint Amyas Morse to the Office of Comptroller and Auditor General.

Mr. Morse has agreed that the appointment will be for a non-renewable term of 10 years. I should like to record the Government's thanks to Mr. Tim Burr, who agreed to serve on an interim basis and recently announced his retirement, for his work and expertise.

As a first stage in implementing the recommendations of the Public Accounts Commission, a new board structure with a majority of independent non-executives, including a non-executive chair, who has already been appointed—Sir Andrew Likierman—is being established.

The Government will introduce legislation to implement the other recommendations of the Public Accounts Commission on the governance of the National Audit Office.

Mr. Morse was subject to a pre-appointment hearing before the Public Accounts Committee—the first such hearing that the Committee has held. He will be the first Comptroller and Auditor General who has extensive private as well as public sector experience, which will enable him to bring best practice and discipline to public audit work, and that will benefit the scrutiny of Government.

I believe that Mr. Morse is eminently qualified for the office of Comptroller and Auditor General, and I commend the motion to the House.

1.26 pm

Mr. Edward Leigh (Gainsborough) (Con): It is a pleasure to second the Prime Minister's motion. I personally thank the Prime Minister for his role in the process, which has been completely fair and open.

The whole point of the job of Comptroller and Auditor General is that it must be above politics. For 150 years, since Mr. Gladstone founded the Public Accounts Committee, it has been a tradition that the Chairman of that Committee is drawn from the Opposition. However, there is also a well-established convention, which is now in statute, that the new Comptroller and Auditor General must be appointed by the Prime Minister—by definition, a member of the Government—and that the Chairman of the Public Accounts Committee, who is obviously a member of the Opposition, must countersign the motion. Both Government and Opposition therefore have a lock on the appointment. As far as I know, it is the only public sector appointment to which that applies.

Apart from what I have outlined, the process is new because it is 20 years since we had to appoint a permanent Comptroller and Auditor General. The last time we did it was when Baroness Thatcher, as Prime Minister, appointed Sir John Bourn. The system was old fashioned, with no open advertisement. My predecessor, Robert Sheldon, now Lord Sheldon, conducted interviews on his own, and that was clearly inappropriate. We had to create a modern structure, and we have tried to do that.

In his opening remarks, the Prime Minister alluded to the modern structure. The first step in the process was to make the National Audit Office completely open, transparent and accountable. We had to preserve the ability of the Comptroller and Auditor to be entirely responsible for his reports—nobody can influence their content. However, it was clearly wrong that he was running the National Audit Office on his own. There had to be a modern board structure and, as the Prime Minister said, the Public Accounts Commission—not the Committee, but the Commission, under the able chairmanship of the Father of the House, who is here today—devised a structure.

I headed an appointments panel, which appointed the new chairman of the National Audit Office, Sir Andrew Likierman, who has unrivalled experience. He was head of the Government Accountancy Service—apparently known in the trade as "Hot GAS"—and is the dean of the London business school. He was an outstanding candidate and now sits at the apex of this modern, open and transparent National Audit Office. This morning, the Commission met again, and we have given him the go-ahead to appoint further independent board members. The creation of an independent structure was therefore the first part of the process.

We then had to move to interviewing. Again, I thank the Prime Minister. Of course, he is far too busy running the country to sit for 25 hours, as we had to do, interviewing people, and he therefore delegated Sir Nick Macpherson, the Treasury's permanent secretary, to sit on the interview panel, which I chaired with Tim Burr. I thank Sir Nick Macpherson, with whom I worked closely and who is an outstanding public servant, and Gus O'Donnell, Secretary to the Cabinet, for their help in the process. The process was completely open and transparent, with open advertisements, head-hunters appointed, a long list of outstanding people applying, more than 20 hours of interviews and Sir Andrew Likierman finally getting involved, and we came up with an outstanding candidate, Amyas Morse.

As the Prime Minister said in his opening remarks, Amyas Morse is, as far as I know, the first ever chartered accounted to be Comptroller and Auditor General. That is an important point in respect of when we talk about professionalising the civil service. He works in the public sector at present, having taken a huge cut in his salary to do so, but before that he rose right to the top of the accountancy profession, as the global managing partner of PricewaterhouseCoopers. It was quite obvious to all of us that he was the outstanding candidate and that is why we on the panel decided to appoint him.

Amyas Morse's name was then put to the Prime Minister, who, again in the entirely helpful way in which he has conducted the process, approved the nomination within days. He had a veto, but he decided to trust the Committee with our decision. As the Prime Minister said, we then had the first ever confirmation hearing before the Public Accounts Committee; it is something that has never happened before. My colleagues on the Committee will confirm that Amyas Morse performed very well, with firm, well-argued answers, and the Committee clearly had confidence in him.

[Mr. Edward Leigh]

The whole process is extremely important. It is not just about appointing a chartered accountant or an accountant of government, and it is far more important than just bean counting or adding up the figures. The National Audit Office is at the centre of the drive to promote economy and efficiency in government. It spends £103 million a year, but it saves the best part of £900 million a year. The National Audit Office is at the centre of the process. The Public Accounts Committee could not work without the National Audit Office, headed by the independent Comptroller and Auditor General.

Whatever the faults in our Budget process or whatever Parliament's other faults may be, it is not surprising that our process of audit is widely admired and copied throughout the world. It is not surprising that every Commonwealth country has a supreme audit body reporting to a public accounts committee, but even the Czechs have now created a public accounts committee in the past two years. They have perhaps taken to extremes the idea that their chairman—the person who will hold their Government to account—should be a member of the opposition, and have appointed a communist.

We can be very proud of the work of the Public Accounts Committee. We should thank the National Audit Office and pay tribute to Tim Burr for holding the fort for this interim period. We have appointed a man who must be completely un-influenceable by anybody. That is why we said that he will have one term for 10 years that will not be renewable. The position must also be completely independent. We have ensured his independence through the process that we have undergone. I think that Amyas Morse will be a worthy successor to Tim Burr and I commend his name to the House.

1.33 pm

Mr. David Gauke (South-West Hertfordshire) (Con): It is symbolic of the significance of the post of Comptroller and Auditor General that the announcement of his appointment should be made in the House by the Prime Minister. However, it would be fair to say that doing so is not one of the more onerous duties of a Prime Minister.

As we heard, such an announcement has been made only twice before, first in December 1987, when Margaret Thatcher announced the appointment of Sir John Bourn. I note that on that occasion the person responding from the Front Bench on behalf of the official Opposition was the right hon. Member for Newcastle upon Tyne, East and Wallsend (Mr. Brown), who is here again today. Indeed, if I remember rightly, he was also present on the second occasion, in January 2008, when the Prime Minister announced the interim appointment of Tim Burr.

Such announcements are happening slightly more frequently now, with somewhat less of a gap between them. It is not unusual in public life for one person to hold a position for a long time and for his successor's time in office to be relatively brief. However, that is no reflection on Tim Burr's performance, because it was always his intention to take the position for an interim period. He has had a distinguished career, working for the National Audit Office for 15 years before becoming the Comptroller and Auditor General, eight of which were spent as deputy. As we heard from my hon. Friend the Member for Gainsborough (Mr. Leigh), the Chairman of the Public Accounts Committee, Tim Burr played a useful role in the selection of his successor. I would like to thank him for his contribution over many years.

When we debated Mr. Burr's appointment in January 2008, much of the discussion centred on the selection process. The consensus in the House was that it was important for Parliament to have a significant role in the appointment to such an important position as that of Comptroller and Auditor General. Some argued for a parliamentary vote. Others, including the Chairman of the Public Accounts Committee, argued that if that were to happen, there may be a perception of a loss of independence from the Executive. The Chairman of the Public Accounts Committee is an Opposition MP, and if he has a greater role in the appointment, the perception may be one of greater independence. That view has prevailed and the Government have accepted it. I fully acknowledge my hon. Friend's point that both he and the Prime Minister have worked together successfully and smoothly in making this appointment. That helps with the perception of independence.

I agree with both the Prime Minister and my hon. Friend that an appointment for a single 10-year term is also helpful in maintaining independence and the perception of independence. There can be difficulties and dangers—perhaps more of perception than in reality—when someone has a shorter term and is then reappointed. For example, adverse comment was made about the delays in the reappointment of the Governor of the Bank of England. We think that the current structure has much to commend it.

In debating the appointment of Mr. Amyas Morse, it is worth highlighting how important the role of the Comptroller and Auditor General has always been and, indeed, how much more important it may become in the years ahead. We are entering a period of public spending restraint. We face record levels of borrowing and it will be necessary to ensure that public money is spent wisely, whoever is in power in the years ahead. Even the Government recognise that there is room for further efficiencies. In a period when the Government's projections are such that there will be real-terms reductions in departmental spending in some areas, the emphasis on value for money is significant.

Hon. Members perhaps need no reminding of this, but it is worth reiterating the fact that the demand from the public for greater transparency in and scrutiny of public spending is greater than it has ever been before. The public demand to know more. We live in a less deferential society. Developments in technology make it easier for information to be disseminated and obtained. For example, the Conservative party supports the introduction of a website detailing items of significant public spending. We think that more can always be done. However, the National Audit Office, the Comptroller and Auditor General and the Public Accounts Committee all have distinguished records in scrutinising public spending, and they will continue to perform that important role. Indeed, just last night in his statement, Mr. Speaker announced a role for the Comptroller and Auditor General in examining MPs' expenses.

Let me deal finally with the appointment of Mr. Amyas Morse. We have heard from the Chairman of the Public Accounts Committee and the Prime Minister

what a distinguished career Mr. Morse has had, at PricewaterhouseCoopers and, more recently, at the Ministry of Defence. I know from speaking to my hon. Friend the Chairman how deeply impressed he was by Mr. Morse, and I know that this view was shared by the rest of the panel. Indeed, I think that Mr. Morse impressed the Public Accounts Committee as a whole when giving his evidence to it in February. I have also spoken to others who know Mr. Morse, all of whom speak very highly of him. He has an important task, and we are confident that he will perform his role with great distinction. On behalf of the official Opposition, I wish him well.

1.40 pm

Mr. Alan Williams (Swansea, West) (Lab): In my role as Chair of the Public Accounts Commission, may I endorse completely everything that has been said about Mr. Morse's suitability for this job? There was an extremely good shortlist, and he was undoubtedly the best candidate. It is not surprising that it was a good list, because this is one of the most important public sector roles. Parliament would be impotent to carry out its financial scrutiny of the Government if it did not have an effective National Audit Office headed by a clearly independent and strong-minded Comptroller and Auditor General. Without the Comptroller and Auditor General, we would be incapable of monitoring the hundreds of billions of pounds of expenditure and income. He does not simply audit; he checks for value for money, probity and accuracy.

I should like to put a different hat on to describe another role of the Comptroller and Auditor General. In my role as Chair of the Liaison Committee, I have been very grateful to the previous Comptrollers and Auditors General, Sir John Bourn and Tim Burr, for all the work they have done with the Committees outside the Public Accounts Committee. For many years, the other Committees have justifiably been envious of the incredible support that the PAC receives from the National Audit Office. Sir John must be given credit for his decision to start using the NAO's expertise to support the other Select Committees, through the use of secondees and briefings. At the post-appointment hearing, I spoke to Sir Andrew Likierman, the new chair of the NAO, which is a new post. I was particularly delighted when he and Mr. Morse reiterated their commitment to expand the role of supporting the Select Committees. That can only be good news for the Committees.

I, too, would like to thank Tim Burr. He stood in at a difficult time, and he indicated that he had no intention of applying for the post himself. I know that the Chair of the PAC will agree that he has done an excellent job in running the National Audit Office. More than that, however, he has started to implement the restructuring of the NAO and to adapt it to the best modern standards of corporate government, as recommended by the Tiner report. We owe him a lot for that.

I first started to serve on the PAC in 1990, when I left the Front Bench. At that stage, the NAO was saving the taxpayer five times its annual running costs. That gradually increased, under pressure from the Commission and the Committee, to seven, eight and then nine times the running costs. Tim Burr gave us a pleasant surprise at the last meeting of the Commission, when he told us that the NAO is now recovering 10 times its cost to the taxpayer. That works out at more than £1 billion every 18 months, which is a remarkable achievement. Tim has done a great job. He has been a pleasure to work with, and I wish him well in whatever he decides to do in the future.

1.44 pm

Mr. Jeremy Browne (Taunton) (LD): It is indicative of the significance of the position of Comptroller and Auditor General that the Prime Minister himself moved the motion on the appointment of Mr. Morse. I congratulate the Prime Minister on the nerveless performance that he gave a few minutes ago.

The post of Comptroller and Auditor General is a highly significant one, particularly at this time, when the Government have a public sector deficit of £175 billion this year, falling to £173 billion next year—according to their projections. The deficit represents more than 10 per cent. of gross domestic product, so it is essential that we achieve value for money in public spending. That is clearly a task that Mr. Morse is well equipped to contribute to.

A number of concerns have been expressed, not about Mr. Morse's individual qualifications and suitability but about the role more generally. There is a potential for conflict between the positions of the chairman, Sir Andrew Likierman, and of Mr. Morse. I am talking not about them as individuals but about the two roles, which have the potential to overlap. There are issues about the usefulness of the hearing processes, when they do not contribute directly to a recommendation or otherwise on the suitability of an applicant. There is also an issue about the balance between finding value for money and the financial audit work undertaken by the NAO. Mr. Morse will of course have some significant issues in his in-tray, not least the vexed question of whether private finance initiatives will contribute to the overall public debt of the country.

Mr. Richard Bacon (South Norfolk) (Con): If the hon. Gentleman had taken the trouble to read the PAC report, he would have seen that the hearing process contributed directly to the satisfaction expressed by the Committee that Mr. Morse was a suitable person to appoint.

Mr. Browne: I am grateful to the hon. Gentleman for that contribution. Perhaps I did not word my comment as neatly as I might have done, but my understanding is that the Committee was not able to ratify the appointment, and that it was able only to guide it. That might be suitable, however; perhaps everyone on the Committee feels that that level of authority is appropriate.

Mr. Leigh: This is a very important point. The reason we did it this way is that the Committee, like every other Committee in the House, has a Labour majority. If it had seconded the motion of the Prime Minister, we would have had a Labour Prime Minister proposing the new Comptroller and Auditor General and a Labour-dominated Committee seconding his appointment. The whole point, as I outlined earlier, is that both the Opposition and the Government have a lock on this process.

Mr. Browne: I am delighted that Mr. Morse's appointment finds favour with all parts of the House. His appointment is certainly supported by my party. I

[Mr. Jeremy Browne]

have not, to my recollection, ever met him, but his CV is certainly impressive and hours of hearings have been undertaken to gauge his suitability. I can only conclude that he must indeed be a person who can undertake this onerous task in a distinguished manner.

I shall conclude with a quote from the Committee's report—which I have indeed read—that makes this point forcefully. It states:

"As a Committee, we have no role in the statutory process of selection and appointment of the Comptroller and Auditor General. Nonetheless we believe that our views should carry weight in the debate on the Prime Minister's motion praying the Queen to appoint Amyas Morse, since we have collectively some 65 years of experience on the Committee and thus of working with the Comptroller and Auditor General and the National Audit Office. We are satisfied that Amyas Morse is highly suitable for the post of Comptroller and Auditor General."

On that basis, I hope that the appointment will find favour among all Members.

1.48 pm

Mr. Richard Bacon (South Norfolk) (Con): I am pleased to take part in the debate to confirm the appointment of Mr. Morse as Comptroller and Auditor General. Having seen him in the hearing, I have no doubt at all about his suitability. His experience of running a large international accountancy practice, PricewaterhouseCoopers, combined with his experience as commercial director of the Ministry of Defence, renders him highly suitable for this very difficult job.

In appointing Mr. Morse as Comptroller and Auditor General, the Government are going to have to fix several things. It is a pleasure to see a number of former members of the Public Accounts Committee now sitting on the Treasury Bench and taking part in the debate. I saw the hon. Member for Hemsworth (Jon Trickett) earlier. When he was a member of the Committee, I always used to feel that he and I were hunting together as a pack when we were probing the civil servants before us. Unfortunately, he is now engaged on other responsibilities—bunker maintenance might be the best description for them. There are others sitting on the Treasury Bench who have had recent PAC experience. I enjoyed their incisive contributions through the years when they were members.

There are aspects of the Comptroller and Auditor General's access to the information he needs that will have to be fixed. The National Audit Act 1983 states that the Comptroller and Auditor General should have complete discretion in the exercise of his functions. One might assume that this is completely true, but in fact it is not true at all, as there are three obvious exceptions.

The first is the Financial Services Authority, to which the Comptroller and Auditor General does not have access. That means that he cannot carry out an audit of the effectiveness, efficiency and economy of the FSA in the way he can with, say, the Ministry of Defence or the Department of Health. I personally believe that that has had significant consequences—for example, in respect of Northern Rock. When it got into huge difficulties, it was discovered to be subject to a regulatory system under which the different players did not know what they were doing. It became very obvious in the autumn of 2007, as seen in the National Audit Office report based on evidence from the Comptroller Auditor General, that the three parts of the regulatory system did not know what the others were doing. That was the result of a lack of scrutiny of the FSA. The Comptroller and Auditor General would have carried it out, I believe, if he had had the right of access to do so—but he did not, so when it was done, it was done by the Treasury.

I am afraid that only once over a period of seven or eight years did the Treasury ask the NAO to look at the activities of the FSA. In that regard, it failed in its functions. I do not blame the Exchequer Secretary, who was a very incisive member of our Committee when she was on it. Functionally, however, the Treasury has failed, and Sir Nicholas Macpherson has more or less admitted that point and agreed to go back and look over the matter.

Secondly—

Mr. Deputy Speaker (Sir Michael Lord): Order. I think the hon. Gentleman is ranging rather wide of the measure before the House, which is specifically about an appointment.

Mr. Bacon: Indeed, Mr. Deputy Speaker, so I shall try to confine my remarks to the appointment of the Comptroller and Auditor General. In talking about that appointment, I hope it is in order to discuss the functions of the Comptroller and Auditor General once he is appointed and whether or not he is able to exercise them.

Mr. Deputy Speaker: Perhaps—narrowly and briefly.

Mr. Bacon: I will be very narrow and very brief, Mr. Deputy Speaker.

My second point concerns the BBC, to which the Comptroller and Auditor General does not have access either. That has an impact on the effectiveness, efficiency and economy of the BBC and on the extent to which it is scrutinised. When Dame Ellen MacArthur sailed around the world, 64 television producers turned up in Falmouth to cover it. I am not sure that that would have happened if they had known that they were going to be subject to public audit in the way that most Government Departments are. That has nothing to do with editorial control.

The third point, and it is the most serious of all, concerns this House. I hope that you will agree, Mr. Deputy Speaker, that it is directly relevant to this debate. What better time to appoint the nation's chief auditor than after what has happened over the last couple of weeks? I can think of no more important appointment for us to make. According to statute, the Comptroller and Auditor General has all the authority over the National Audit Office. As the Government well know, that is why we are soon going to see changes. As I say, the Comptroller and Auditor General has all the authority under statute and the NAO is organised under his control into value-for-money divisions and financial audit divisions.

Mr. Leigh: Will my hon. Friend allow me?

Mr. Bacon: I would rather keep going, if I may, as Mr. Deputy Speaker has asked me to be brief.

As it is organised, the Defence, Health or Transport audit will have two sub-branches: financial and value for money. Within the NAO, there is also a section called "Justice and Parliament"—and I had always

assumed that the Justice and Parliament section could audit the House of Commons administration in exactly the same way as the Health audit section can audit the Department of Health or as the Culture, Media and Sport section or the Transport section can audit those Government Departments. It turns out, however, not to be the case.

I discussed this issue with an assistant Comptroller and Auditor General last week. Previously, I had always thought that the auditors could go in and examine the House of Commons administration and do all the audit they needed to perform to satisfy themselves in exactly the same way as for Departments. It turns out, however, that for all these years, all they have been able to do is to compare the claims made by Members with the amounts paid and check that the two are the same—that is all they can do. When I asked one of the assistant auditors general why it was not possible to do more, the reply was, "That is all we could get."

I hope that you will agree, Mr. Deputy Speaker, that what I am saying now is directly relevant to this debate and to the appointment of the Comptroller and Auditor General. The truth is that that is not good enough. It is not the fault of the Comptroller and Auditor General that it is not good enough, as it is the responsibility of the Government and this House. When the Government fix the problem, they have to ensure that the new Comptroller and Auditor General we are appointing—I think he is the right person for the job—has all the access he needs to do the job properly.

1.55 pm

The Exchequer Secretary to the Treasury (Angela Eagle): It is a great pleasure to conclude the debate. I echo the tributes of my right hon. Friend the Prime Minister and of right hon. and hon. Members on all sides of the House to the outgoing Comptroller and Auditor General, Tim Burr. He has been a public servant for more than 40 years, beginning his career in the Treasury. In particular, he was the Treasury Officer of Accounts between 1993 and 1994 before moving to the National Audit Office to become a member of its management board. In 2000, he became deputy Comptroller and Auditor General, before assuming the office of Comptroller and Auditor General, on an interim basis, on 1 February last year. I am glad that all Members—and particularly my right hon. Friend the Member for Swansea, West (Mr. Williams), who although not the current Chairman is the most experienced member of the Public Accounts Committee and provided great service in that role over many years—have paid full tribute to Mr. Burr. The Government were grateful that Mr. Burr agreed to take on the role of Comptroller and Auditor General on a temporary basis. We know that he has fulfilled that role with integrity and been a steadying hand on the tiller.

The hon. Member for Taunton (Mr. Browne) suggested that there might be some disagreement over the roles of the Chairman of the National Audit Office and the Comptroller and Auditor General. Actually, all parties are agreed on what we have done in making this appointment today, and the approach was agreed by the National Audit Office.

Mr. Leigh *rose—*

Angela Eagle: I gladly give way to the hon. Gentleman, who has been very much involved in this matter.

Mr. Leigh: This is a very important point, which was carefully considered by the both the Commission and the Committee. There will be no disagreement because Sir Andrew Likierman will concern himself only with the corporate governance of the NAO. The CAG will have the absolute, independent, full and individual right to propose what he studies and to issue his results to the PAC. The PAC will never consider policy in itself, but only its effectiveness. I have chaired more than 450 meetings of the PAC, at which we have never had even one vote. Contrary to what was said earlier, the system does work and does provide independence for the CAG.

Angela Eagle: I am a former member of the Public Accounts Committee and I have had the privilege of occasionally sitting in on some hearings—not all 450—from the Government side. I can certainly confirm that when I was a fully fledged and regularly attending member under the chairmanship of the hon. Gentleman, we did not have any votes. I believe that the PAC continues to do a vital job, so I welcome the hon. Gentleman's clarification in response to some of the doubts expressed by the hon. Member for Taunton.

The Government are committed to bringing forward legislation to implement the recommendations of the Public Accounts Commission on NAO corporate governance and will do so as soon as the legislative timetable allows.

I want to welcome the appointment of Mr. Morse as Comptroller and Auditor General. As the Prime Minister said, Mr. Morse has had a distinguished career in the private sector and is currently the Ministry of Defence's commercial director. His appointment brings a number of "firsts". He will be the first Comptroller and Auditor General to have private sector experience, which will prove invaluable to the National Audit Office. He will be the first chartered accountant, the first to be appointed through open competition and the first to be subject to a pre-appointment hearing. He is also the first to agree to be appointed for a limited term.

Mrs. Jacqui Lait (Beckenham) (Con): I have been listening with great attention to the Minister's speech. She endorsed the recommendation, with which I agreed, that the new Comptroller and Auditor General should be both a chartered accountant and from private practice. Given that audit background in private practice, will the Government accept any of the Comptroller and Auditor General's recommendations? I am thinking of, for instance, the recommendation presented jointly by the Audit Commission and the National Audit Office that the private finance initiative should go on the Government's balance sheet.

Angela Eagle: That is a rather wider question than the question of the appointment hearing, but, as the hon. Lady knows, changes to accounting mechanisms are being considered by the professional bodies that have a bearing on this matter. I look forward to discussing it with her during one of our regular Public Accounts Committee debates, when she may wish to make her points again.

[Angela Eagle]

I suggest that Members read the transcript of Mr. Morse's pre-appointment hearing before the Public Accounts Committee. It provides an insight into his background and knowledge, as well as how he will work with the new non-executive chairman, Sir Andrew Likierman.

A substantial amount of work will be involved in bringing the corporate governance of the National Audit Office into the 21st century, and, as we have already heard today, similar work is being done in parallel in other institutions. I am sure that Mr. Morse is relishing the opportunity to lead the National Audit Office through the next decade of change. The NAO and the PAC do a vital job in securing value for money for every penny of public expenditure and explaining to us what we can do in the event of failure. I know that Mr. Morse will be ably supported by Sir Andrew Likierman, and I commend the motion to the House.

Question put and agreed to.

Resolved,

That an humble Address be presented to Her Majesty, praying that Her Majesty will appoint Amyas Morse to the Office of Comptroller and Auditor General.

Planning: National Policy Statements

[Relevant Document: The Fourth Special Report from the Liaison Committee, Session 2007-08, on Planning Bill: Parliamentary Scrutiny of National Policy Statements, HC 1109]

2.2 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright): I beg to move,

That the following new Standing Order and amendments to the Standing Orders be made—

A. New Standing Order: Planning: national policy statements

(1) Whenever a proposal for a national policy statement is laid before this House under section 9(2) of the Planning Act 2008 ('the Act'), the Liaison Committee shall report either—

(a) that it has designated a select committee appointed under Standing Order No. 152, or

(b) that it recommends the appointment of a National Policy Statement Committee to consider the proposal.

(2) A National Policy Statement Committee—

(a) shall be composed of not fewer than seven nor more than fourteen members, all of whom shall be, at the time of nomination, members of one 15 or more of the following select committees—

Communities and Local Government

Energy and Climate Change

Environment, Food and Rural Affairs

Transport

Welsh Affairs;

(b) shall have power—

(i) to send for persons, papers and records, to sit notwithstanding any adjournment of the House, to adjourn from place to place within the UK; and

(ii) to appoint specialist advisers either to supply information which is not readily available or to elucidate matters of complexity within the committee's order of reference; and

(c) may report from time to time and shall cease to exist either—

(i) if it has reported on the proposal before the designated date, when the relevant national policy statement or amended national policy statement has been laid under section 5(9) or section 6(9) of the Act; or

(ii) if it has not reported on the proposal before the designated date, on the designated date;

(3) A committee designated or appointed to consider a proposal for a national policy statement shall have power, in the course of its proceedings under this order, to invite Members of the House who are not members of the committee to attend, and, at the discretion of the chairman, take part in, its proceedings, but such Members may not move any motion or amendment to any motion or draft report, nor vote nor be counted in the quorum of the committee;

(4) If a committee designated or appointed to consider a proposal for a national policy statement has not reported on the proposal before the designated date, then the chairman of the committee shall report that the committee makes no recommendation with regard to the proposal.

(5) For the purposes of this Order, the designated date in relation to any proposal for a national policy statement is the thirty-ninth day before the expiry of the relevant period defined under section 9(6) of the Act.

B. Amendments to Standing Orders

That Standing Order No. 121 (Nomination of select committees) be amended, by inserting after '(b)' in line 17—

'(i) in the case of a motion to agree with a report from the Liaison Committee to appoint and nominate Members to a National Policy Statement Committee under Standing Order

(Planning: National Policy Statements) the motion is made on behalf of the Liaison Committee by the chairman or another member of the committee; or

(ii) in other cases'.

That Standing Order No. 145 (Liaison Committee) be amended by leaving out paragraphs (6), (7) and (8) and inserting the following paragraphs—

(6) The committee shall have power to appoint two sub-committees, one of which shall be a National Policy Statements sub-committee.

(7) A National Policy Statements sub-committee—

(a) shall be composed of—

(i) those members of the committee who are members of the Communities and Local Government, Energy and Climate Change, Environment, Food and Rural Affairs, Transport and Welsh Affairs Committees; and

(ii) up to two other members of the committee, one of whom shall be appointed chairman of the sub-committee;

(b) shall report to the committee on the use of the committee's powers under paragraph (1) of Standing Order (Planning: National Policy Statements); and

(c) may report to the committee on matters relating to national policy statements under the Planning Act 2008.

(8) Each sub-committee shall have—

(a) a quorum of three; and

(b) power to send for persons, papers and records, to sit notwithstanding any adjournment of the House, and to report to the committee from time to time.

(9) The committee shall have power to report from time to time the minutes of evidence taken before any sub-committee.

(10) The quorum of the committee shall be as provided in Standing Order No. 124 (Quorum of select committees), save that for consideration of a report from a National Policy Statements sub-committee under sub-paragraph (7)(b) the quorum shall be three.

Mr. Deputy Speaker (Sir Michael Lord): I must tell the House that Mr. Speaker has selected the amendment in the name of the hon. Member for Hayes and Harlington (John McDonnell).

Mr. Wright: The changes in the planning regime that resulted from the Planning Act 2008—in terms of the establishment of the Infrastructure Planning Commission, the role and extent of national policy statements and the ability of the public to make their views known on the proposals—were scrutinised extremely closely during debate on the Bill here and in the other place.

This is neither the place nor the occasion to discuss the merits or otherwise of the Infrastructure Planning Commission, or whether the country should have a new generation of nuclear power stations or an increase in airport capacity. I am sure, Mr. Deputy Speaker, that you would rule us out of order if we strayed into that territory. Instead, we shall be discussing a motion that is concerned with the process by which Parliament will be involved in scrutiny of the new planning framework.

Joan Walley (Stoke-on-Trent, North) (Lab): I do not intend to go down the avenue that the Minister just mentioned, but may I point out to him that, in the context of the proposed scrutiny process, there are serious concerns about sustainable development? Can he reassure me that the Sustainable Development Commission will have an input and that corresponding opportunities will be provided for scrutiny by the Environmental Audit Committee, so that we can be certain that whatever the outcome of the establishment of the Infrastructure Planning Commission, sustainable development has been properly taken into account?

Mr. Wright: That is an important question. As was made clear during the passage of the Planning Bill and is made clear in the Act, sustainability must be at the heart of any national policy statement. I shall say more about parliamentary scrutiny shortly. I do not wish to mislead the House, but I seem to recall that the Sustainable Development Commission is one of the statutory consultees and will therefore have the opportunity to play a role in regard to national policy statements.

Joan Walley: The Minister is being very generous in giving way, and I am grateful to him. Can he also reassure me that the commission will have regard to the future price of carbon when making planning infrastructure decisions?

Mr. Wright: As I am sure my hon. Friend will acknowledge, that will depend on the nature of the national policy statement involved. It may well be that the price of carbon is not particularly relevant. When considering this matter, the House has been clear about the need for a flexible approach in that regard.

The Planning Act, particularly section 9, provides for parliamentary scrutiny of a proposed national policy statement before it can be designated. Timing, in the general sense, is very important. The Government envisage that the Infrastructure Planning Commission will be established and able to start giving advice to potential applicants this autumn, and will be ready to begin receiving applications from the first half of 2010. We need to put the right procedures in place now, so that they are ready for the first statements, which are scheduled for publication for consultation and laying before Parliament later this year. It is important for parliamentary scrutiny of proposals for NPSs to be efficient and timely. Any delay, or ineffective arrangements, will pose the risk of disruption to a demanding timetable of planning reform for major infrastructure.

To ensure that the process of parliamentary scrutiny is effective and efficient, the Minister for Local Government and the Leader of the House began discussions with the Chairmen of the relevant Select Committees when the Planning Bill was going through the House. Discussions have been followed by further discussions between the Deputy Leader of the House—who I am pleased to see is present—and the Chairmen of Select Committees in recent weeks. The Liaison Committee also considered this matter in October last year, and I have found its report incisive and illuminating.

I pay tribute to the hard work undertaken by my colleagues and others, which has strengthened the proposed process. I thank all right hon. and hon. Members who have made constructive and positive comments, designed to ensure that Parliament scrutinises national policy statements properly and effectively.

When the Planning Bill was first introduced, the Government suggested the establishment of a specific Select Committee to consider national policy statements, whose members might be drawn from the membership of relevant departmental Committees. However, it was made clear during the passage of the Bill that the wish of the House was that it should be for the House itself to decide what procedures were appropriate for each specific NPS. We recognise that that flexibility is vital.

[Mr. Iain Wright]

As I said a moment ago, the Liaison Committee also directly considered the matter of parliamentary scrutiny of NPSs, and provided helpful and reasonable suggestions on how the process could operate and be improved. The Chair of the Communities and Local Government Committee, my hon. Friend the Member for Milton Keynes, South-West (Dr. Starkey)—who I am pleased to see is also present—feared that the system as then suggested would exclude members of her Committee with responsibility for, and expertise in, matters of planning policy and local government. As one who appeared before the Committee this week to discuss planning policy statements—and I still bear the scars on my back from previous interrogations by it—I can personally vouch for my hon. Friend's wise words. Moreover, the Chairmen of the departmental Select Committees directly concerned perceived the risk that a system in which ad hoc committees were drawn from existing Select Committees would disrupt those Committees' work.

Together with the Chairs of the Select Committees, we developed the process that is proposed in the motion. Parliamentary examination of a national policy statement would take place through one of two routes: designation of a relevant departmental Select Committee to undertake the work, or the appointment of a national policy statement Select Committee. The decision on which option to take would be a matter not for the Government but for the Select Committees, via the Liaison Committee. Part A of the motion creates a new Standing Order setting out the governance and administrative arrangements for a new national policy statement Select Committee, including the number of members, what constitutes a quorum, the Committee's powers to take evidence and its ability to appoint specialist advisers.

It may be helpful if I briefly describe what I expect scrutiny of a national policy statement to entail. As I have implied, the precise details would be a matter for the Liaison Committee and the relevant Select Committee, but we envisage a process along the following lines. The relevant Secretary of State would lay the draft NPS, or draft amendment of an NPS, before Parliament and publish it for public consultation. At the same time, the Secretary of State would specify what is known as the "relevant period" during which consideration of the proposal would take place. We have agreed that this would need to be sufficient to encompass the period of public consultation plus additional time to allow for Committees of either House to report and for debates in this House and the other place to take place if required.

Joan Walley *rose—*

Mr. Wright: Before I give way to my hon. Friend, let me stress that this is an extremely important point, on which I wish to elaborate.

Joan Walley: I just want to double-check that at that stage in the process the Sustainable Development Commission will be able to give its view, and that that will then be drawn to the attention of the Select Committees or Members looking into the matter.

Mr. Wright: If I can move on to describe more of this process, I might be able to answer my hon. Friend's question.

Chairs of Select Committees and the House in general will wish to be reassured that a Secretary of State will not rush through an NPS via a truncated relevant period, and I will in a moment set out how that will not be allowed to be the case. A draft NPS will be screened by the Chairs of the relevant Select Committees and the Liaison Committee. Under this process, it will be decided which of the two routes for scrutiny to take: a relevant Select Committee or the bespoke national policy statement Select Committee. This body will then meet to agree its call for evidence, which will run in parallel with public consultation. The motion before us makes it clear that the Select Committee may invite individuals and organisations to appear before it to give oral evidence; I think that that point will reassure my hon. Friend that the SDC will, where relevant, be able to give evidence and appear before the relevant Select Committee. I hope I have reassured her on that point.

Joan Walley *rose—*

Mr. Wright: If I have not reassured her, however, I shall give way again.

Joan Walley: I am very grateful to my hon. Friend for giving way. The issue is to do with the word "may". I would like the SDC to have the status of a statutory consultee in respect of the views that are sought by different Committees.

Mr. Wright: I have two points to make in response to that. First, it is my recollection that, in terms of all national policy statements, the SDC is a statutory consultee; I will write to my hon. Friend if that is incorrect. Secondly, I hope I am making it clear that it is not for the Government to decide which witnesses are to be provided in the consideration of any particular NPS. The relevant Select Committee, in conjunction with the Liaison Committee, would decide what evidence needed to be provided. It is, of course, open to the SDC to provide, where relevant, written evidence to a particular Select Committee. Therefore, I think there are checks and balances to allow issues and queries with regard to sustainability to be advanced.

Mr. Paul Truswell (Pudsey) (Lab): This process will obviously be kick-started by a significant number and range of national policy statements. Are the Minister and Select Committee Chairs confident that they have the logistical capacity to be able to deal with that initial major amount of work?

Mr. Wright: We anticipate there being about a dozen national policy statements. My hon. Friend raises an important point, and one of our key pledges is that sufficient discussion will take place between the Government, the relevant Secretaries of State, the Liaison Committee and the Select Committees to make sure that they are not inundated with work and the necessary logistics and administrative arrangements are provided. We have pledged that additional support will be given to relevant Select Committees to ensure that they can properly scrutinise the NPS process.

Mrs. Jacqui Lait (Beckenham) (Con): I wish to raise a point of technical detail. Will there be sufficient time for groups who are, perhaps, not professional lobby groups but who are affected by these policy statements to be able to get their evidence together and into not only the public consultation, but the Select Committee, and then for the Select Committee to be able to interview them if there is substantive evidence to take? Will there be a Government guarantee—or will the relevant Select Committee be able to guarantee—that there will be sufficient time for everyone to be able to give clear evidence?

Mr. Wright: I may be wrong, but I seem to recall that the hon. Lady served on the Planning Bill Committee.

Mrs. Lait *indicated assent.*

Mr. Wright: The hon. Lady indicates that she served on the Committee and she raises the important point that timing is absolutely essential. We have said both throughout the passage of the Bill and now that it has been enacted that we need a national debate on what infrastructure is necessary for this country. Part of that debate is a public consultation, for which there is the statutory 12-week period. Alongside that, it is important that, in parallel, we have rigorous parliamentary scrutiny, and if the hon. Lady will allow me to move on, I will talk about the overhanging period after the public consultation in which the relevant Select Committee can determine the points she raised.

Mr. David Drew (Stroud) (Lab/Co-op): The Minister's remarks are very interesting. The problem here is that these national policy statements will be overarching and interrelated, and because of the nature of Member involvement they will be interested in a number of different national policy statements at the same time. How will we manage that, unless we allow national policy statement proceedings to last for long periods of time? This point also applies to the various non-governmental organisations that will be interested. They will want to give evidence on a range of national policy statements at the same time. How does the Minister envisage that that will work?

Mr. Wright: I anticipate that the relevant Select Committee would look at the logistics and determine which organisations and individuals to call to give evidence. There should be a coherent strategy to allow that consultation and debate to take place. Let me move on, as what I wish to say next might also help provide clarity on these points.

The Committee may also decide to take evidence in specific locations outside Parliament. It is entirely possible, for example, that a location-specific NPS—the nuclear energy NPS, perhaps, on which I should declare an interest as there is a nuclear power station in my constituency—could identify suitable, or potentially suitable, locations for a piece of infrastructure, and the Select Committee might consider it appropriate to visit some of them.

The hon. Member for Beckenham (Mrs. Lait) expressed concern about the timing. I want to reassure her and the House on that, and the motion addresses this issue. We have given an undertaking that Committees will have at least four to six weeks after the end of the three-month public consultation period to complete their work. This is an important and valuable part of the parliamentary scrutiny process. It means that the interval between the proposal being laid and the Committee producing its report will not be less than four months and will usually be longer than that. In practice, the relevant period will therefore usually be about six months, but my right hon. Friends the Secretaries of State who will be laying the proposals are fully aware of the need to consult Select Committees about the timing of the scrutiny process at an early stage. I hope that this explanation reassures the House that the process will be timely and focused, but certainly not rushed.

Under the terms of the motion, the Select Committee would publish its report no later than 40 days before the end of the relevant period, which would allow time for a debate in either or both Chambers if the Select Committee recommends one. The Secretary of State would revise the draft NPS in the light of the public consultation, the Select Committee's report and any resolutions of either House, and then designate the NPS.

Mrs. Lait: Are the 40 days in addition to the four to six weeks that the Select Committee will have, or is the 40 days included in that four to six weeks? I ask that as I can envisage potential difficulties in terms of timing.

Mr. Wright: I apologise to the hon. Lady for not making myself clear. As I said at the start, when a draft national policy statement is published, the relevant Secretary of State will determine the relevant period. That relevant period is the time scale within which this whole process will take place. The reason for the point about the report coming out 40 days before the end of that relevant period is to ensure that there could be a debate in this House or the other place if the Select Committee that scrutinised that NPS thought that that would be relevant, appropriate and worth while. That is an important point.

As I said, there is a balance to be struck in respect of ensuring that we have policy statements in place for our national infrastructure projects that are timely, relevant, focused and thorough, and incorporating both public consultation and, crucially, very rigorous parliamentary scrutiny of the process.

Mrs. Lait *rose—*

Mr. Wright: I can see that I have not reassured the hon. Lady, so I shall give way again.

Mrs. Lait: This is not so much about reassurance, but arithmetic. There is to be 12 weeks for public consultation, plus four to six weeks for the Select Committee to take evidence plus 40 days in which the Select Committee can make its decision and produce a report to the House and the House can debate it. So 12 weeks plus six weeks plus seven weeks—42 days—means that we seem to be talking about 25 weeks maximum between the Secretary of State laying a national policy statement and a parliamentary debate being held? Is that the total length of time?

Mr. Wright: I seem to recall that in an earlier answer to an intervention, I said that I thought the relevant period would, in general—in the real world—be about six months. I am only a chartered accountant, so I take the hon. Lady's arithmetic for granted, but I think that is right.

Robert Neill (Bromley and Chislehurst) (Con): There is a job going.

Mr. Wright: Given that the previous debate was about the Comptroller and Auditor General, I understand that point.

The six-month period strikes the balance to ensure that we have public consultation and debate and, crucially for this House, that there is appropriate parliamentary scrutiny of the entire process.

Dan Rogerson (North Cornwall) (LD): Did the Minister not feel it appropriate, in consultation with ministerial colleagues and with Chairs of the Select Committee, through the Liaison Committee, to specify a minimum time frame for this process? I can see that the 40-day period is necessary to ensure that anything coming from the Select Committee can be adequately considered by the House, but did the Minister not consider a minimum period for the whole process? An individual Secretary of State will have to consider what the relevant period should be, but will there be a minimum in respect of that decision?

Mr. Wright: No, I think that there needs to be discussion between the relevant Secretary of State, the relevant departmental Select Committees and the Liaison Committee. The point that I have been trying to make to the House is that this arrangement has to be as flexible as possible. We want to give appropriate time for Parliament to scrutinise these incredibly important planning statements. It is incredibly important that as we consider the future infrastructure of this country, in order to allow us to compete in the modern world, we have a public debate on, and parliamentary scrutiny of, what is necessary. We are trying to provide flexibility in the system, and the discussions that my hon. Friend the Deputy Leader of the House, my right hon. Friend the Minister for Local Government and others have had with relevant Select Committee Chairs indicate that this flexibility has been provided and that the whole House can be reassured on that.

Mr. Truswell: A few minutes ago, my hon. Friend said that the relevant Minister would review the draft national policy statement in the light of public consultation and the views of the Select Committee. If I recall things correctly, he used the words "resolutions of this House." Could he be a bit more specific about what he might mean by that? Within what parameters will we be working, in terms of the resolutions of this House, that will influence the final NPS?

Mr. Wright: I am not trying to duck the issue, but I think it is the responsibility of the relevant Select Committee that has examined the evidence, produced the report and determined what the nature of the debate in this House, or perhaps even in the other place, needs to be. The Government are trying to be as flexible as possible in respecting the wishes of Parliament in its scrutiny of this process. Flexibility is key, and allowing Members of this House the opportunity to debate what has been found by the Select Committee investigation is important.

Robert Neill: The Minister was referring to the various consultations that have been undertaken with Select Committees and other matters. He may recall that during the debate in Committee, my hon. Friend the Member for Rochford and Southend, East (James Duddridge) suggested to the Minister for Local Government that it would be sensible to have a meeting or discussions with representatives of the Quadripartite Committee, in order to consider some of the issues and difficulties that may have arisen in trying to pull together Joint Committees from various other bodies. Was that followed up? Did such discussions take place?

Mr. Wright: To the extent that I am aware, I am not entirely certain that such discussions did take place. As I said, I think that discussions took place between the Liaison Committee, the relevant departmental Select Committees and the Deputy Leader of the House.

Dr. Phyllis Starkey (Milton Keynes, South-West) (Lab): This might be of help. It is true that there were not direct consultations, but in the discussions that took place between the Deputy Leader of the House and the Chairs of the Select Committees the example—both positive and negative—of the Quadripartite Committee, was heavily drawn on. The Clerks of the Committees, who were advising us, were well aware of the operation of that Committee.

Mr. Wright: I am grateful to the Chair of the Select Committee on Communities and Local Government for that clarification of the position.

Part B of the motion makes a number of consequential changes. It allows the Liaison Committee to set up a new sub-Committee to consider how to scrutinise national policy statements and it provides for a motion from the Liaison Committee to nominate an NPS committee to be treated in the same way as a motion from the Committee of Selection nominating Members to any other Committee.

I hope that the House will agree that the motion sets out significant and innovative arrangements for parliamentary scrutiny, which will ensure that this House—and the other place, if necessary—has a strong say, and is able to have a big influence on national policy statements. I commend the motion to the House.

2.26 pm

Robert Neill (Bromley and Chislehurst) (Con): I am grateful to the Minister for taking the time to detail the substance of the motion. He is right to say that these are significant and innovative matters. The test, of course, is whether they are adequate and achieve the overall objective—I am sorry to say that that is where he and I are likely to part company.

I promise that I shall not do a re-run of the lengthy scrutiny—the Minister was right about that—in Committee of what became the Planning Act 2008. However, it is sensible to start from the proposition that we are dealing, as he said, with significant infrastructure projects of the highest degree. Something of national significance is almost in the definition "national policy statement". Against that background, it is hugely important that if such projects are to go ahead, there should, as he says, be a swift and effective system to consider them. On that much we have common ground, which is why the Conservatives are sympathetic towards some aspects of these measures. National policy statements have a real role to play as part of this regime.

The Minister will know that we part company from him on the desirability of the Infrastructure Planning Commission, in its current form, being the vehicle to deal with this issue. Our reason for doing so is linked to our concern about the proposals in the motion, which is that precisely because of the significance of these projects, it is all the more important that there should be the maximum democratic accountability in the decision-making process and the maximum legitimacy if communities and other groups are being asked to make a sacrifice in the national interest.

If that is to happen, as it sometimes does in the planning process, it is right and proper that people feel they have had a fair crack of the whip in putting their case before a decision is taken. If the matter is really of national significance, it is right that the ultimate decision should be taken in the Chamber of the House.

There is, of course, merit in Select Committees looking at detailed matters, and I am grateful to the hon. Member for Milton Keynes, South-West (Dr. Starkey) for referring to the discussions with the Quadripartite Committee, because that is one of the issues raised to which I shall return. Although I accept that there has been a degree of constructive discussion and movement from the Government's original proposals, none of the proposals in the motion meets our basic issue of principle: proposals of this kind should ultimately be signed off in a substantive vote following a debate on the Floor of this House. The mechanism by which we achieve that might vary, be it the report of a Joint Committee or a special national policy committee—that matters not. These proposals lack the means whereby every Member can participate in a debate and register their vote. That is the most important issue.

John Howell (Henley) (Con): Does my hon. Friend agree that since legislation was passed in 2004 the Government have turned planning into the delivery arm of politics? Would he like to speculate on why the Government are so unwilling to allow these major planning decisions to receive the full scrutiny of the House?

Robert Neill: My hon. Friend makes a valid point, and the approach does lack consistency. If we are dealing with matters of political significance, it is right that the House should have that opportunity. I suspect that the concern is that the decisions taken by the whole House might not be convenient for the policy that Government—of whatever party—wish to push through. That is genuinely a mistake, and the best current example is Heathrow airport.

As things stand, the House would have no opportunity for a substantive vote on the proposal to build an extra runway at Heathrow. That would have massive implications not only for the communities immediately affected, which will doubtless be represented later by the hon. Member for Hayes and Harlington (John McDonnell), but for many people beyond the area. That is fundamentally wrong, and it sends the wrong message about the attitude of Government, as an institution, to the people on the receiving end of a planning application. If a community such as Sipson has to make a sacrifice for the greater good, there should at least be a substantive vote in the Chamber before the issue is decided.

Mr. Drew: Does the hon. Gentleman agree that there is a dilemma for an individual Member who may be on the Select Committee considering an NPS and may also have a direct interest in that issue? In one way, that Member might want to be on that body, but if they are, they could have a conflict of interest between representing their constituents and the greater betterment of the process. That issue has not been resolved, but it could be resolved if it came back to the House for a final vote.

Robert Neill: The hon. Gentleman makes a powerful point. Whatever the Government's intentions, we are in danger of importing to our Select Committees some of the difficulties with conflicts of interest that we see on planning committees throughout the country.

I have set out my principled objection to the lack of a substantive vote, but various practical difficulties also arise, even with the revisions to the proposals as a result of discussion since consideration in Committee. The proposals before us do not address the conflict of interest that the hon. Member for Stroud (Mr. Drew) rightly raised. That issue would be resolved by having a debate on the Floor of the House and a vote.

One practical issue is the logistics involved in existing Select Committees having to provide people to man the Joint Committees. I have served on a Select Committee and I know how difficult it is, with Members' commitments and diaries, to maintain a cadre of Members who attend regularly and gel to conduct detailed scrutiny and examination. It will be much harder if people are drawn away from other commitments to come together on an ad hoc basis and then move on to something else. That will lack the continuity that is the hallmark of good scrutiny. That has certainly been my experience here and when I was a member of the London Assembly for eight years.

Most of the Assembly's work was scrutiny, and continuity and a certain esprit de corps among members were important to the effectiveness of our scrutiny. Those factors would be difficult to achieve under these proposals. Some Select Committee Chairmen are exercised by the fact that it is not always possible to ensure that enough Members attend, and the Government have made that problem worse by creating Regional Select Committees. We are in danger of Select Committee overload.

We want robust scrutiny by the House, and Select Committees play a vital role in that, but more is not better in this case. More Committees do not create better scrutiny. It would be better to have greater flexibility in timetabling and more open-ended debate without the guillotine being constantly used, so hon. Members would have a say when it counted. Those practical issues have not been properly addressed.

Dr. Starkey: Does the hon. Gentleman accept that much more detailed scrutiny is possible in a Select Committee than on the Floor of the House, even if no time limits are imposed on debate? As a Back Bencher, my experience of attempting scrutiny in debate on the Floor of the House—always supposing that I am called to speak—is that it is nowhere near as effective as what I can achieve as a member of a Select Committee.

Robert Neill: I am not a million miles away from that position, but the hon. Lady has been established as the Chairman of her Committee for some time, and it has

[Robert Neill]

continuity of membership, so it has exactly the esprit de corps that I mentioned. The sort of Select Committee that is proposed will make it much harder to achieve that. I do not say that there is no role for some Select Committee consideration of proposals, but that should be part of the process, not the end of it.

I hope that the system can be made to work, despite the difficulties, but the key test is whether, following scrutiny by a viable Select Committee, there is an opportunity for a substantive vote on the Floor of the House. The amendment tabled by the hon. Member for Hayes and Harlington does not go as far as I would wish in that regard, but it would provide for the triggering of a vote. If the amendment is pressed to a vote, my hon. Friends and I will be minded to support it. While it does not go as far as we want, it at least seeks to address an important principle that is missing from the proposals.

I shall end by returning to the important point of principle that I mentioned first. I referred to my time as a member of the London Assembly. One of my constituents once asked me, "Bob, how did you vote on the congestion charge?" I had to tell them, "Well, we never actually had a vote on it." Although it was one of the most significant policy decisions taken by the Greater London authority, the structure was such that it never permitted a substantive vote on the floor of the Assembly. The reaction of my constituent was, "Well, that is potty. What is the point of the Assembly then?" I have a real fear that, at a time of grave concern about the relevance of the House, it is not helpful to suggest that key national decisions should be taken without this House, after scrutiny, having a substantive vote. In the current climate, that is a misreading of what people expect.

If the Government were to come back with proposals that allowed a substantive vote on the Floor of the House, our attitude might be different, but as things stand, we would be minded to support the amendment. The Minister made an articulate and thoughtful case, but it did not address the fundamental issue of accountability.

2.38 pm

Dr. Phyllis Starkey (Milton Keynes, South-West) (Lab): I offer the House an apology on behalf of my hon. Friend the Member for Liverpool, Riverside (Mrs. Ellman), the Chairman of the Transport Committee. She had wished to participate in this debate, but her Committee is meeting now so she has had to leave. On her behalf, I will make one of the points that she wished to make.

I wish to make a few general points about the proposals before the House on mechanisms for parliamentary scrutiny of national policy statements. This is a very positive step, because it provides for parliamentary scrutiny. People argue that that scrutiny will not be as good as it should be, but the principle is excellent. In particular, the principle of using the Select Committee structure to facilitate that scrutiny, and give an expanded role to the members of Select Committees, should be applauded.

I have been slightly surprised by the initial response of some Members, including some Chairs of Select Committees, to the proposal. They seemed to say, "Goodness, we've all got far too much to do and we don't want any more." At a time of enormous debate about whether Parliament is providing value for money, it ill behoves us as parliamentarians, when we are being given the ability to scrutinise more and a statutory place in the process that involves placing additional burdens on members of Select Committees, to say, "We'd rather not, thank you. We would prefer it if Ministers just got on with it in the normal way and we merely debated these things on the Floor of the House." That is not to say that debates on the Floor of the House are not important—I do not want to be misinterpreted in that way. However, as I have said, Select Committees provide a very different environment in which there can be much more detailed give and take and where we can get much more detailed scrutiny.

I think, broadly speaking, that this is an excellent initiative. I welcome the fact that the Government have been trying to give Parliament and Select Committees a greater role and I certainly would not want to be associated with any suggestion that Select Committees should not take on that role. MPs can reorder their work if they think that sufficient priority should be given to matters such as the scrutiny of these statements. If I may make a slightly wicked comment, I do not think that if they were full-time MPs it would be difficult for them to find the time.

Mr. Truswell: I do not think that there has been any suggestion in today's debate that the role of the Select Committee is not crucial. The point is that the Select Committee, like a Public Bill Committee, should scrutinise an NPS in detail and then bring it to the House for a substantive vote, in much the same way as we do with Bills. My hon. Friend should rest assured—I hope she agrees—that NPSs can be just as important in their impact on the country and on communities as any legislation that we pass in the House.

Dr. Starkey: Absolutely. At the end of my speech, I shall briefly come to the issue about the vote.

I also want to highlight the welcome way Ministers and the Leader of the House engaged with the Chairs of the relevant Select Committees over this process. As the Minister has mentioned, the proposals that were first suggested were very different from those we have now. At a time when a lot of the publicity about the work of the House is extremely negative, I want to bring into the open the fact that the meetings in the Leader of the House's office and the to-ing and fro-ing of suggestions and counter-suggestions between Ministers and the Chairs of Select Committees were incredibly constructive. We have finished up with a process that is light years ahead of the one first suggested.

Mrs. Lait: Is the hon. Lady prepared to give credit to the House? On Second Reading of the 2008 Act we put the most pressure on to ensure that the Select Committee structure was much more flexible than the Government originally proposed.

Dr. Starkey: I shall leave the hon. Lady's remarks to stand by themselves, as I cannot recall what was said. Only the Minister—not the Under-Secretary of State for Communities and Local Government, my hon. Friend the Member for Hartlepool (Mr. Wright), who is in the Chamber now, but the Minister for Local Government—could say what went on in his innermost mind and what

had more effect on him. However, I do not want to take away from other people. I simply want to bring into the open part of the procedure that went on in this building—not in public, because such meetings do not happen in public—to demonstrate that more goes on in the House than what occurs in the Chamber or in Westminster Hall.

Mr. Graham Stuart (Beverley and Holderness) (Con): Like the hon. Lady, I think that the work of Select Committees is important and useful, as it provides a form of scrutiny that is not easily duplicated in the Chamber, but does she share my doubt about the number of Select Committee places that there seem to be? I am told by a colleague—I do not know whether it is right—that the numbers might have as much as doubled in the past few years and that there are too many places. As a result, MPs—even if they are full time and fully committed—have struggled to attend meetings and to do the necessary preparation that makes those meetings so useful.

Dr. Starkey: The hon. Gentleman will be reassured to hear that that discussion has gone on in the Liaison Committee. I think that that Committee has expressed the view that it will want to see a review of the number of places on Select Committees. My personal view is that it was a mistake to increase the size of certain Select Committees, since it appears to me that that has put huge stress on the system without—I shall choose my words carefully—seeming to add unduly enormously to the work of those Committees. Any reduction in the number of places would obviously free people up without our needing to reduce the number of Committees, although there might be some duplication of Committees, too.

I want to remind hon. Members that we are talking about planning documents, which is why my Committee is involved. Members who have been in local councils will know that planning is slightly different locally and at a national level from other matters that are discussed by councils and Parliament. We need to keep that in mind, as it has a bearing on the discussion about whether or not we should have a substantive vote on a planning document. I am sure that the Minister is better apprised of parliamentary rules than I am, but my understanding is—the amendment might alter this, but I do not think that it does—that there is no statutory requirement for a vote to take place before a statement can be designated as an NPS. I am not quite clear whether the amendment tabled by my hon. Friend the Member for Hayes and Harlington (John McDonnell) would alter that in any way.

I want to reiterate what planning documents are about. They are, of course, about balancing opposing rights and creating sensible land-use policy that meets needs locally, regionally and nationally. In my view, the process has to be seen to be fair and transparent, but it must not be subject to undue delay. I accept that the word "undue" is very subjective, and of course the process must be long enough to ensure that every organisation and person has a reasonable opportunity to put their point of view cogently. Of course, there needs to be sufficient time for those views to be considered and appraised and for decisions to be taken. However, I do not think that anybody's interests—even those of the individuals or organisations that might be unhappy with the eventual outcome—are served when the planning process is simply dragged out by endless delaying tactics.

At a local level, we all know of the planning blight that descends on an area when a big proposal is in the offing but does not get determined for months or even years, for whatever reason. In my view, we need to ensure that the procedure that we are setting in place will be sufficiently long to allow proper consideration but not so long that it adds to uncertainty and delay. I do not think that that would serve the purpose of the public at large.

There is another reason why I think that we need to be careful about having a procedure that causes undue delay. Many of the big infrastructure decisions that we have to take result from changing views about the importance of tackling climate change. Most of the reordering of our energy infrastructure, including the national grid, is necessary because we have to change the energy sources that we are using and the infrastructure in order to enable us to do that. There is an urgency to those changes that makes it all the more important that we should have a system for decision making that is not unduly lengthy and inefficient.

Mr. Truswell: Will my hon. Friend explain how she feels the amendment tabled by our hon. Friend the Member for Hayes and Harlington (John McDonnell) and others would lead to any undue delay? I am slightly perplexed by that suggestion; perhaps I have misconstrued what she is saying.

Dr. Starkey: I think that my hon. Friend has misconstrued what I was saying. I was referring to the process as a whole, and not specifically to the amendment.

I have said a lot of nice words about how the process has been arranged, and about the very positive and constructive attitude of Ministers, but on my own behalf and on behalf of my colleague the Chair of the Transport Committee, I want to raise one tiny area of concern. It has to do with the length of the relevant period for an NPS: can the Minister reassure me that Ministers who are determining that period will do so in consultation with the parliamentary authorities—the Liaison Committee and the Chairs of the relevant Select Committees?

In addition, might Ministers be willing to extend the relevant period beyond three months if that is necessary to ensure full parliamentary scrutiny? I think that the Minister has said as much already, but I know that the Chair of the Transport Committee would prefer it if the relevant period could never be less than six months. When the Minister responds to the debate, I hope that he will deal with those two specific queries.

Those are the main points that I wanted to make, and I urge my colleagues on Select Committees to seize this opportunity to secure a real and effective voice in the scrutiny of national policy statements. I hope that they will not use excuses about time constraints to prevent their playing a full and proper part in that process.

2.52 pm

Dan Rogerson (North Cornwall) (LD): The hon. Member for Bromley and Chislehurst (Robert Neill) spoke about the importance of camaraderie in Select Committees, and I am struck by the fact that many people in the Chamber this afternoon took an interest in the consideration of the legislation in Committee and on Report. It is nice to rekindle that camaraderie here this afternoon.

[Dan Rogerson]

My party has always agreed with the concept of national policy statements. The Minister for Local Government, who took the Planning Bill through Committee, was pleased that the concept met with almost universal approval. There is a determination to get beyond the problems described by the hon. Member for Milton Keynes, South-West (Dr. Starkey) because, ultimately, delaying tactics achieve a different result only when they delay progress so much that policy changes in the meantime. That may have happened on occasion, but I think that we all want a system that is transparent. The rules of engagement must be clear, both for people who support a proposal and for those who have real concerns about its potential impact, and I think that national policy statements take us closer to that.

It is important that we get the balance right on accuracy. As has been noted, national policy statements will be very significant for industry and our country's future, and also for communities in which or near which infrastructure projects are to be built. It is therefore crucial that we get the national policy statements right, and spending a little more time on them will ensure that applications can proceed as smoothly as possible. The Government have always talked about the need for speed, but speed is most necessary in the application process. We have a clear idea of how that will proceed, but it is even more important that we get setting the policy framework right. That is why I think that we need to explore the proposals before us in a little more detail.

Setting planning policy is a much more political process than the determination of planning applications. However much people who either propose or oppose developments might like policy to exist for all time, the fact that we live in a democracy means that policy statements may change as a result of general elections or referendums. That is the case because all Governments have their own views about how issues can be resolved.

For example, my party and the Government have different views about the use of nuclear technology in our future energy supply. I know that the Conservative party has a range of opinions on the matter, and it is probably fair to say that the same is true of all parties. A future Administration may adopt a different policy from the present Government's, with the result that the relevant national policy statements might have to be revisited. National policy statements will not be put in place once and for all, or for a period of 10 years, for example, because it is inevitable that things will move on and changes happen.

Dr. Alan Whitehead (Southampton, Test) (Lab): I am following carefully the hon. Gentleman's line of argument, but does he accept that a national policy statement may be something of a hybrid—a mixture of a statement about Government policy made at the Dispatch Box, and something along the lines of a planning policy guidance note? He has noted that policy can change when the Government do, so does he accept that there may be a tension between a statement setting out Government policy and an NPS, which is quasi-judicial by nature? He has said that national policy statements can be altered by an incoming Government, so does he think that they will be the primary vehicle for such a Government to set out their thinking?

Dan Rogerson: That is clearly a consideration, which is why we should look beyond the short to medium term and acknowledge that changes may occur. Some of the matters covered by national policy statements may become crucial issues of difference between parties and very important at any general election or referendum that might take place as the parliamentary process moves forward.

How will the proposals contained in an NPS be scrutinised, and by whom? Will the House carry out that scrutiny and so have a say in what emerges, or will the process be led by the Government? The Minister for Local Government is on record as saying that the promotion of coherent policy is clearly a role for Government, but I agree with the hon. Member for Southampton, Test (Dr. Whitehead) that the NPS is something of a hybrid. While one would expect the Government of the day to put forward a proposal, it is legitimate for individual hon. Members to want to be able to offer input about site-specific concerns that might have far reaching consequences for their constituents.

In passing, I want to say that my party is not convinced that implementing a framework of national policy statements necessitates an Infrastructure Planning Commission. The Government have said that there is a clear distinction between democratic involvement in setting policy and the far more dispassionate and objective process of determining applications. I shall return to that later in my remarks, and for now merely note that the Government are on record as setting out that as their position.

Let me move on to consider the arrangements in more detail. During the Minister's contribution, there was a debate, conducted through intervention, about the time factor. As I mentioned in my intervention on him, it is sensible that there should be a period of 40 days in which the right information can be put before the House. That will follow a Select Committee process that has been far more rigorous, in which the Select Committee will have had the opportunity to consider evidence in more detail.

However, I echo the comments made by the hon. Member for Milton Keynes, South-West about whether there is to be a minimum period over which the whole process takes place. I fear that it may call into question people's confidence in the process, if not its legitimacy, if the Secretary of State, who is ultimately the promoter of the policy, decides what the relevant period is. It would therefore help if there was a minimum period, or perhaps a range of time within which the House might expect consideration to take place. The relevant Secretary of State would determine a period within that range, as was appropriate, in consultation with the Liaison Committee and the Select Committee Chairs. That might help to raise confidence in the process.

There is also the issue of the interaction between the time scale for scrutiny and the consultation process going on in the real world. The Campaign to Protect Rural England has said that it is keen that there should be a period, after the public consultation, when the Select Committee is still giving the matter consideration, so that whatever is fed forward gets through to the Select Committee. That is absolutely right, because it means that the Select Committee can feel confident that it has had access to as much information, and as many of the views of the public, as possible.

Mr. Drew: To be fair to CPRE, it has made it absolutely clear that the process of consultation will both pre-empt and end, as it were, the whole process. That includes ideas such as citizens' juries and much wider engagement with the general public. We cannot see the issue as a narrow, focused one; it is much wider than that, and that needs to be put on record.

Dan Rogerson: The hon. Gentleman is absolutely right; he has put that on record, and I appreciate his intervention. We have had debates in public, including in the House today, about how the House and indeed the political process at all levels are viewed by the public. That is inevitably influenced by how members of the public come into contact with elected representatives, and the public's aspirations for their views to be put forward, listened to and dealt with. The hon. Member for Bromley and Chislehurst gave the very good example of the congestion charge as a case in which the public sometimes feel let down by the process. So we must have confidence that any consultation is genuine and as wide as possible, and we must have confidence that it leads to a proper process of scrutiny that allows Members of this House to engage with the process of setting a national policy statement; ultimately, they are the only elected representatives who will be able to do so.

The hon. Member for Beckenham (Mrs. Lait) raised the issue of how non-expert witnesses may be supported, which is crucial. When looking at the resources that are made available to Select Committees, we must bear in mind, especially where there are site-specific concerns, that members of the public may be intimidated, however eloquent and well-informed they are about what is going on in their local community, by being called before a parliamentary Select Committee, alongside organisations that are represented by public affairs consultants and lobbyists. Those members of the public need to be given support, too, to ensure that the excellent points that they have to make are put in the best light possible, and explored as fully as they would wish. I hope that the Minister will say how that concern might be addressed.

There is also a question to be asked about the policy background against which members of different Select Committees work. Where a Committee is drawn from the membership of different Select Committees, there should be a broad balance; for example, the Committee chaired by the hon. Member for Milton Keynes, South-West, has planning expertise. I have the honour to be on the Environment, Food and Rural Affairs Committee; it should have an equal voice, or at least an appropriately strong voice, on a Joint Committee, alongside Committees that have more expertise in dealing with industry and so on, so that we can ensure that there is a balance of views across the piece.

Having expressed those reservations about the system, I point out that the Select Committee process is probably the best way that we have of proceeding. It is established, and Members are used to using it. There is expertise among the House authorities on how to support Select Committees, provide the information and ensure smooth proceedings. Despite my concerns about timing, and concerns that hon. Members have expressed about the work load, I think that the Select Committee process is the best way of proceeding.

Nevertheless, there are deficiencies in the Government's motion. That is why I am pleased to see the amendment tabled by the hon. Member for Hayes and Harlington (John McDonnell). It gets to the heart of what we discussed while the Planning Bill was making progress in the House. We discussed it again this afternoon. Ultimately, there needs to be a vote. There needs to be an opportunity for Members who have great concerns about an issue connected with a national policy statement to vote; they are elected on the same basis as those Members who serve on the relevant Select Committee. We all have equal legitimacy in this House. We are talking about issues that can affect all constituencies; indeed, they may well affect some constituencies considerably more than others. We may hear a little bit about that later. All Members should have a chance to have a final say. That is why I welcome the amendment tabled by the hon. Gentleman. I hope that he will seek to press it to a Division. My colleagues and I certainly wish to support it.

There is a great deal of work to be done. National policy statements, if handled properly, can make a significant contribution to ensuring that the planning process is more transparent and efficient, and is up to being challenged, as it should be, by the people out there. They may challenge its accuracy and ability to reflect the aspirations of the country as a whole, and the aspirations of local communities. If there are few points at which the democratic process is involved in the part of the planning system that we are discussing, and if decisions on individual applications are to be taken by appointed people, rather than elected people, we should remember, as the Minister for Local Government said in Committee, that it is when policy is set that the democratic voice must be heard. Ultimately, the only way that that can happen is if there is a vote in the House.

3.7 pm

John McDonnell (Hayes and Harlington) (Lab): The timing of this debate could not have been more significant. Yesterday, we heard a statement saying that we in Parliament are about to clean up our act when it comes to expenses. I thought the Prime Minister made an excellent statement—which had cross-party support, I noticed—about our starting the process of restoring parliamentary democracy and restoring status to this House as the premises in which we will decide the future of our country in a democratic fashion. This is the first test of whether that statement is serious. I appeal to everyone here: this could be the first day of a new process.

This may sound naive, but I want to make an appeal. It is an important decision that we are making today. I do not want to talk just about Heathrow or anything like that; the issue is much more important than that. This is much more important than just an arid planning debate, too. The debate is about whether we were serious about the statements made yesterday, which had cross-party support in the House, and about restoring credibility to parliamentary democracy in this country. I urge Members, Ministers and others to say, "Look, this could be the first day of a new debating fashion. This could be a new way to make decisions in this House." We could come out of the trenches and start talking about a serious way forward to improve the decision-making processes that will affect the lives of millions of our constituents.

[John McDonnell]

The discussion that we have had so far has been about how Parliament scrutinises the national policy statements that we have brought forward. I have to say that the debate that has taken place on the scrutiny process has been excellent. To a certain extent it has been on the Floor of the House, but it has largely taken place among Chairs of Select Committees and members of the Liaison Committee. Debate has been limited for those who do not serve on Committees, but as an observer with my nose pressed up against the window, at least I can see that there has been a good debate about how that scrutiny process will proceed.

But Parliament does more than scrutinise. Parliament has to decide. My amendment is about how the Chamber comes to decisions on critically important matters. I understand the criticism that the Floor of the House is not necessarily the best place for scrutiny and sometimes not the best place for decision making, but for some of us it is the only place. It is the long stop of democracy. It allows us to voice our concerns, move amendments and maybe—not often—secure the will of the House to change the mind of Government and others. There is no more important issue than the planning process that we are deciding today.

We are setting up the Infrastructure Planning Commission. Alongside that, we have to a certain extent—I know some believe that others have exaggerated this—curtailed some of the earlier planning processes in relation to individual applications to try to speed the process up. There are some concerns that members of the public, people who are affected, individual organisations, community groups and so on may not have as full a say and right of representation as they have in the past under previous processes. That is a matter for debate.

If there has been some curtailment of the earlier process, it is critical that when we shape the IPC's decision-making process, we allow the fullest scrutiny and debate, and ultimately democratic decisions. The IPC will be guided by the national policy statements. It will set the parameters for consideration of and decisions on planning applications for major infrastructure projects which will determine the future shape of this country and its physical environment for generations to come. It will affect the lives of hundreds of thousands of constituents and millions of members of our communities. Such projects will include airports, nuclear power stations and major rail developments, most of which are extremely controversial because of their impact on local communities.

National policy statements are not general policy statements, as my hon. Friend the Member for Southampton, Test (Dr. Whitehead) pointed out. They are not like the old-fashioned planning policy guidelines. They are more than that. They are in some respects like White Papers, but more definitive. The White Paper on aviation, for example, which was mentioned earlier, was site-specific. National policy statements will set a policy and identify potential sites for the implementation of that policy. They will therefore narrow the decision-making process of the IPC.

Mr. Drew: My hon. Friend is right. A national policy statement will be the basis of any local planning inquiry. It will not be general, like a White Paper. It will contain the details that are fought over at any subsequent planning inquiry. That is why national policy statements must be right and fair.

John McDonnell: I agree. That is why the present hybrid situation calls for greater democratic participation by the Chamber.

I am aware of the issues in relation to the quasi-judicial aspects of planning. I have served on planning committees on a range of bodies, including the old GLC, and I have seen the mystification of the planning process through the concept of quasi-judicial roles. I learned the Wednesbury principles by heart, not least because at the GLC we had the Economic League threatening us with legal action almost on a daily basis. That mystifies the process. We are trying to set the parameters of policy making and define them for the IPC, which will set up the processes whereby individual decisions are made.

Setting up national policy statements, agreeing to them and having them designated by the Government as guidance for the IPC is critical. I welcome the role of Select Committees. I accept that it will be an onerous task, but Members of Parliament can demonstrate that they can rise to the task. I urge Members who have been critical of the Select Committee process so far to engage in it. There is potential for more Members to become involved and become more aware, but I agree that the process requires the resourcing of those who will provide evidence to those Select Committees.

I have attended planning inquiry after planning inquiry for years and I do not want to relive my experiences at the terminal 4 inquiry, the terminal 5 inquiry and all the rest. We know how evidence can be presented and shaped effectively by those who are well resourced. Those who may not have the ability to commission a bit of extra research—on respiratory conditions in their area, for example—are swamped by the heavy investment of those promoting a particular project or approach.

There are some Members who do not serve on Select Committees. I cannot understand why—further mystification, perhaps. I was offered a place on the Northern Ireland Committee on the basis that I dropped my opposition to the City of London (Ward Elections) Bill. I reported that to the Parliamentary Commissioner for Standards for investigation because I thought it was a bribe.

There are a number of us who are not on Select Committees, so it is fundamental that we have the opportunity to participate not only in the scrutiny process but in the decision-making process. A vote makes scrutiny meaningful. We can all scrutinise something; we can all have general opinions about anything, but our constituents send us here not just to have opinions but to decide the policies of this country. That is what my amendment seeks to do.

The amendment suggests that when the Select Committee process has ended, a report is provided to the House. If it is uncontentious and the Select Committee recommends approval, we have a debate for a maximum of one and a half hours, the Question is put and the statement is agreed or not. If it is contentious, and there are recommendations from the Select Committee not to approve the national policy statement, a debate of up to three hours is held, and then we vote on the matter.

One and a half hours or three hours is not an undue delay in the planning process. It will add legitimacy to any decision on a national policy statement that will influence the IPC's decision, which will have consequences for decisions on major infrastructure projects affecting our constituents, many of them significantly. If we are not allowed a vote on those matters, that will undermine the legitimacy of the decisions that will eventually arise as a result of IPC considerations and IPC inquiries into individual matters.

Let me give the example of Heathrow in the context of my amendment. Like every hon. Member, I stood for election, knocked on every door in my constituency over the years, and explained my views on particular issues. People voted and I had the honour of being elected to become the voice of my constituents in the House. As a result of a potential planning decision that will come through this process, a number of my constituents will lose their homes. We have debated the matter at length in the House—700 homes could be lost at Sipson, and 2,000 residents could lose their homes. We have another meeting tomorrow night with BAA, and we think the figure is now 4,000 homes, as the Government predicted in the early 1990s, so perhaps 10,000 people will be affected, as well as their homes, schools, churches, the gurdwara and even a road through our cemetery. Those people want to know that they elected an MP not just to go to the House to talk on their behalf, but to participate in this country's democratic decision-making process that will determine the policy that eventually influences the final decision on whether they lose their homes and communities. That is all my amendment would do. It simply says, "Allow Members to express their views, but then allow them to make the decision." That is democracy, is it not? Is that not what Parliament is for? Is that not what we all stood for election for?

The argument is that a planning policy statement is different from any other decision, but when the Crossrail project went through the House, we had a Committee that brought a Bill before the House that we could debate and amend, and there was a full and democratic decision-making process. Why can we not just have a simple vote? I am not asking for enormous, lengthy Committee sittings. We have the Select Committee process, and there are relevant Members on those Committees, some with expertise going back many years, who can give us their views. We can listen to their opinion on the matter, the Government can state their argument and, at the end of the day, we can, I hope, come to a decision.

Democracy is at stake. The issue is whether what we said yesterday about restoring the status and democratic credentials of Parliament was what we really intended, or whether it was just words upon the air and another form of spin. The forthcoming vote is one of the most important that we will ever have, because it will decide whether we are serious about restoring democracy. If the Government do not think again, and if we are not allowed the opportunity to vote on this issue, which could be influential and important to so many of our constituents, we will not just do ourselves a disservice, but, yet again, undermine the credibility of the House in the eyes of all our constituents.

3.22 pm

Mrs. Jacqui Lait (Beckenham) (Con): It is an enormous pleasure to follow the hon. Member for Hayes and Harlington (John McDonnell). Although I do not regard myself as a natural ally of his, on this legislation we have been at one, and on the Floor of the House we have regularly fought the battle to try to get a final democratic lock on national policy statements. I suppose that we should therefore congratulate ourselves on one thing—the fact that we were able to do battle on the Floor of the House.

I agree that, following the events of the past few weeks and yesterday's statements, it is so important for the House to get back its democratic accountability and credibility. This is a great opportunity for the Government to put their money where their mouth is and give back to Parliament some of the legitimacy that they have taken away over the past few years. I was therefore delighted when my hon. Friend the Member for Bromley and Chislehurst (Robert Neill), and constituency neighbour, indicated that we would support the amendment and, if there were an opportunity, go further—although we will stick with what we have for now.

The hon. Gentleman couched the debate in stark terms. There is no disagreement in any part of the House about the need for the national policy statements. We must replace and renew our infrastructure, and it is important that we get on with that work. We have put forward ideas for getting on with it in a practical sense and more rapidly than the current system, but we have always accepted the idea of the national policy statements. We have always been against the Infrastructure Planning Commission, however, because it is fundamentally undemocratic and we want to return to Parliament and to Ministers the responsibility that the British public believe they have to make the final decisions on planning. The hon. Gentleman said that that is the mystique of the quasi-judicial process, and we understand that, but to the British public, the Minister is the person who is responsible for making decisions about airports, roads, harbours, waste facilities, nuclear power stations and wind farms. That is absolutely correct, and the Planning Act 2008 does tremendous harm to the idea of the democracy of the people, because it allows Ministers to pass over to an unelected quango the decision that the British people feel Ministers were elected to make.

Again, it is not often that I agree with the hon. Member for Milton Keynes, South-West (Dr. Starkey), the Chairman of the Select Committee on Communities and Local Government. As one who has sat on several Select Committees, I am deeply sceptical about the value of their work, and I apologise if there are people here who are wedded to the idea of them. However, I do not know whether I want the Whips to hear this, because I think that sitting on inquiries into the national policy statements would be a very interesting and worthwhile exercise. I hope that my hon. Friend the Member for West Chelmsford (Mr. Burns) has not made a note of that statement!

The discussions on how the national policy statements will be examined started on the Floor of the House and continued subsequently. On the structure that has emerged, people think, "Let's start with it, and see how it grows and whether it works." It is a good, flexible structure, and I was pleased to hear from the Minister that there seems to be sufficient time both for the public and parliamentary consultations to meld together and for proper scrutiny. Although I understand the point that the hon. Member for Milton Keynes, South-West and

[Mrs. Jacqui Lait]

her colleague the hon. Member for Liverpool, Riverside (Mrs. Ellman), the Chairman of the Select Committee on Transport, made about ensuring that there is sufficient time, I think that the time scale can be adhered to.

However, one little quirk of the 40-day period that the House will have to scrutinise the Select Committee's report is that it leaves plenty of time for a substantive debate on the Floor of the House so that we can make a decision. If a Committee should come up with a recommendation that the Government like or dislike, quite apart from what any Member likes or dislikes, there will be an opportunity to thrash it out on the Floor of the House and vote on it. If we believe in democracy, we ought to recognise that the decision should be made in this Chamber; it should not be made by Ministers who are unaccountable because they have passed decision-making powers to the Infrastructure Planning Commission.

If, under the new system, a Committee report is debated in the House only because it is at odds with what the Minister or the national policy statement wants, what will happen? There may be no vote, but the House could be united against a national policy statement, such as a site-specific statement on a nuclear power station. This is beyond the bounds of common sense, but should there ever be a proposal for a nuclear power station in the London borough of Bromley, I imagine that people would be united in opposition.

Robert Neill: Hear, hear!

Mrs. Lait: I am grateful to my hon. Friend and constituency neighbour. I am a great supporter of nuclear power stations, but I cannot imagine that anybody would accept that there is an argument for putting one, however good its safety record might be, in the middle of the suburbs. That would not be a logical suggestion, and there would be united opposition to it across the House. However, could the Secretary of State continue with the proposal? Where in the democratic process would the British public stand?

My example is extreme. However, if a Select Committee report came out with a proposition that the Secretary of State did not like, who would have the final say? Where would the British public be in all this?

Mr. Drew: Does the hon. Lady accept that it is not unknown for two different Select Committees to come up with two completely contrary statements, which, obviously, would build on the national policy statements? How would that situation be resolved, unless through this place? A Minister would need help; they would have to make a representation on the Floor of the House, and we might have to resolve the dilemma as a Chamber. Is that not a reasonable supposition?

Mrs. Lait: It is very reasonable. The more one looks at the consequences of this proposal, which involves no democratic vote on the Floor of the Chamber, the more difficulties one sees emerge. I completely agree with the hon. Gentleman.

I do not think that anybody else has brought up my final point. Without a vote on the Floor of the House, there is every possibility that the Government's objective of speeding up the planning system for infrastructure projects will be immediately compromised, because the well-funded lobby groups—many of whose pockets will be deeper than those of the people who want to do the development—could take the projects straight to judicial review.

I do not think that the Minister was present during the public inquiry part of the Planning Public Bill Committee; he was probably engaged in business on the Housing and Regeneration Bill. I should tell him that a number of the lobby groups put it on the record that they would be looking to conduct judicial reviews of national policy statements that had not been subject to a vote in the House. It does not take a lot of imagination to see how long it could take to get the judicial review of a national policy statement through the legal system—bang would go the speeding up of planning applications which the Minister and most of the rest of us want under this new process.

Yet again, I beg the Government please to think through the implications of not having a substantive vote in the House. We all broadly agree on the structure and on how we should look at the national policy statements. However, we want to give them a fair wind, and they will get one only if there is a democratic vote in this Chamber.

3.32 pm

Mr. Paul Truswell (Pudsey) (Lab): I do not intend to detain the House for too long, because my hon. Friend the Member for Hayes and Harlington (John McDonnell) admirably enumerated all the reasons why the House should support the amendment in his name and the names of colleagues such as me. Throughout discussion of the Planning Bill—or the Planning Act 2008, as it is now—I said that my starting point was to apply one test: how far did it maintain or improve the existing process in respect of my constituents, of me as their elected representative or of any other member of a community? My view is that the legislation dramatically failed that test.

It would not be appropriate for me to rehearse that debate and I shall resist the temptation, as other Members have. However, there is a democratic deficit. The process that existed previously allowed the public not only to make a case at a public inquiry, but to subject the evidence to cross-examination; that is a fundamental democratic issue, and also one of fairness. There is now a major gap and chasm in the process. My hon. Friend has clearly defined why he tabled his amendment, and one of his reasons for doing so is to try to bridge that chasm.

It has been said on a number of occasions in this debate that national policy statements will be a crucial framework. It is crucial, therefore, that we get them right. Once they are agreed, the die will be cast; they will be the tram lines on which public inquiries and the Infrastructure Planning Commission will run. We know from experience that communities often disagree with specific proposals put forward by developers, and that many of the protests that our constituents make will be overridden by reference to the existing national policy statement that governs the particular planning application or major infrastructure proposal under discussion. That is why we have to get NPSs absolutely right.

I had written down the fact that the process that my hon. Friend is recommending is a democratic backstop; he got there first in using that phrase, but I reiterate it. If our constituents, wherever they live, feel individually or collectively that they have been stripped of a right that currently exists, they will look to us, as their elected representatives, to perform that role of backstop, which is why the amendment is so crucial.

The hon. Member for Beckenham (Mrs. Lait) was right to say that the whole process has opened itself up to judicial review, which will clearly flow from one or more of the documents and applications that come before us. All the arguments have been made in that respect. I think that we will get not only judicial review but more direct action, because the idea that legitimacy is being stripped out of the process will aggravate people to such a great extent.

I do not intend to reiterate the arguments that have been made; I wanted only briefly to reinforce what has been said by so many Members, but particularly by my hon. Friend. I hope that even at this late stage, we will be able to register the view of this House that we ultimately need a substantive vote to legitimise the process, having taken so much legitimacy out of it.

3.36 pm

John Howell (Henley) (Con): Like everyone else, I must begin my remarks by thanking the hon. Member for Hayes and Harlington (John McDonnell) for introducing his amendment, which I hope that he will press to a vote.

Anyone looking in on this debate and reading today's Order Paper could not avoid seeing the complexity of the motion that is before us. They would probably think that common sense had gone out of the window, because although the motion is complex, it entirely misses the point that what the planning system lacks is real democratic accountability. The Government have underestimated the extent of public anger and suspicion about the planning process and the public's lack of trust in the planning process and in those who take planning decisions. In all the years that I have been involved in planning matters, I cannot recall a time when the planning system has been so characterised by confrontation and all-pervading conspiracy theories because of the lack of transparency that occurs in relation to almost any major decision. It would be easy to characterise that as nimbyism, and many do, but that is so insulting to the people and communities who have genuine concerns to raise about large projects. The attitude of the public owes a lot to the lack of democratic accountability in the system at all levels.

The Minister referred to the need for consultation during the process. I have to say to him that, in my experience, the Government's track record on consultation is shot to pieces. People do not trust the consultation process, and I would like to hear whether he has any more ideas about how he is going to put trust back into it. Is it to be based around the sort of consultation that we have seen for some of the regional spatial strategies? In my area, the south-east plan did not go out of its way to involve ordinary people. It involved the great and the good—even some of the great and the good in the county councils and district councils—but it failed to have any resonance at all with ordinary people on the ground. That is why they are so angry. When those plans were published, they contained the very things that they had fought against. In many cases they raised their own money to do that, and not on nimby grounds but for good reasons.

I am a great admirer of Select Committees. I know that I have not been here as long as many Members who are present in the Chamber, but I am on a Select Committee and enjoy its work very much. I particularly enjoy the opportunity that it provides to delve into matters in detail and question Ministers, officials and other experts at great length. However, that misses the point that what people want is the scrutiny and decision making in this House that, as my hon. Friend the Member for Bromley and Chislehurst (Robert Neill) said, allows a constituent to come and ask us, "How did you vote on this particular issue?"

The Floor of the House is a perfectly proper place for discussions on documents such as national policy statements, because they are not purely planning documents. The description of them in the White Paper, "Planning for a Sustainable Future," states that they will

> "provide a clear statement of policy and the nature of infrastructure development necessary to deliver our wider goals of improving people's quality of life, economic prosperity and protecting and enhancing the environment."

There is a planning element in there, absolutely, but there is much more about economic development and the overall picture of development. It is perfectly proper that that should be debated on the Floor of the House and, in fact, I would feel upset if I did not have the opportunity to influence a decision on such a wide issue.

For the reasons that have already been stated, I do not like the Infrastructure Planning Commission. It is one of the most spineless inventions that we have seen in the planning system. As I said in my earlier intervention, over the past few years the planning system has been deliberately moved towards being the delivery arm of Government policy. That is the right direction, because planning does not exist in an isolated world of its own. It is there to deliver whatever the policies of the Government are, and I have no problem with that. I do have a problem with the inconsistency that follows, which means that when it comes to contentious national projects, the Government want to hide behind a whole new structure that takes them out of the picture.

The planning system that we have at the moment is one of the most highly fragmented that I have come across. Bits of planning decisions are taken here, bits there and bits in other places. There is little interaction in the system between national policy statements and the planning policy statements and guidance. I join my hon. Friends in welcoming some form of national policy statement for infrastructure projects, but the debate has moved on. There must now be a big argument about whether it is right for national policy statements to be stand-alone documents or whether they should be included in something much broader that establishes an overall policy framework for the country, priorities within that and the tools and means of delivering it. If the Minister wishes to have an example of how that might work, let me point out that whenever I talk to planning consultants, they start to go weepy-eyed and enthusiastic about what

[John Howell]

the Scottish Parliament and the Welsh Assembly are doing to turn their planning systems around and to provide a structure in which things can be seen in the context of what those Governments want to achieve.

My hon. Friend the Member for Beckenham (Mrs. Lait) was absolutely right to highlight the risk of judicial review. The Campaign to Protect Rural England website has already listed the main reasons why one would be able to take something to a judicial review. Although the CPRE qualifies that with a statement that

> "In general, the use of judicial review should be considered very much as a last resort as it is risky"

it might have added "expensive". I submit that it would not put four detailed reasons on its website if it were not encouraging people to use them. So we already have a good example of how that would work.

There is a good argument for accountability and debate in Parliament generally, rather than in a Select Committee alone, as the Government propose. I echo the comments of my hon. Friend the Member for Bromley and Chislehurst that, although the amendment does not go as far as we would like, it is a good step in the right direction, which I would be pleased to support.

3.45 pm

Alan Simpson (Nottingham, South) (Lab): My hon. Friend the Member for Hayes and Harlington (John McDonnell) is right that there could not be a better time for the House to debate the amendment to the proposals for national policy statements. There is a call for a root-and-branch rethink of what Parliament is about—not only how we manage our expenses, but how we accept responsibility for the big issues that affect people's lives and the country's future, and how we hold ourselves accountable in that process. It is also true, as my hon. Friend the Member for Pudsey (Mr. Truswell) said, that we lost the right in the Planning Act 2008 for the public to hold people to account for big decisions through planning inquiries. There remains the role of the House in holding people to account for the big decisions of state.

Although it is important to build consultation and scrutiny into decision making, and both are necessary conditions of a democratic process, they are not sufficient to define its existence. The third element, which completes the process, is accountability. A great difficulty—and a source of frustration to me during my time in Parliament—is the way in which Parliament has been stripped out of the democratic process because we have farmed out accountability for decision-making responsibilities.

I am sure that the Minister has read the novel, "Catch-22". I invite him to reflect on one of the characters: Major Major. He did not want to be in the army but ended up there because it was a family tradition, and became a major. However, he hated the responsibility for making decisions, so he found a way of surviving by introducing a rule whereby every member of the armed forces was free to consult him and put requests to him at any time, as long he was not there. Only when he was in his office were the doors closed. That was an effective way of not making any difficult decisions. My worry is that Parliament has been reduced to that position. Whenever there were big decisions to be made, we were not there. That would persist under the proposed framework.

Of course, we can have scrutiny and consultations, but when a matter comes before the House, we may, at best, be able to vote on a motion. As every Member knows, that often amounts to voting on no more than whether to adjourn. I am sure that most Members have experienced the great difficulty of explaining to their constituents their monumental and heroic stance in deciding whether to vote to adjourn the debate.

Do we continue with a procedure that will take us nowhere, or abandon it? Such a procedure does not help with credibility; it does not cut much ice when we try to address the issue of the House accepting the responsibilities that go with our standing for election to make decisions about the major issues that affect people's lives. The amendment before us today would restore the House's right to cast a substantive vote. That does not seem a particularly radical proposal: it just says that the House takes itself seriously and that we recognise that there is often an important distinction to be drawn between the interests of the Government and the interests of Parliament. It is Parliament's role to hold the Government to account. The ways in which we do so include the right to have a vote on a substantive motion.

I understand that the quasi-judicial interpretation of planning responsibilities is often wheeled out in an attempt to discourage politicians from interfering in decision-making processes. So too is the argument that, often, an issue will be of such enormous importance that it just has to be decided upon without undue delay. Our proposal would not cause any undue delay at all, but it does accept that the House can, and frequently does, bring to the scrutiny process something that can counteract the inequalities built into the consultation process, however open it may be.

A number of hon. Members have mentioned the fact that huge inequalities of power, resources and influence are built into the planning processes. Those same inequalities are built into the ability to make representations to our Select Committee hearings. One countervailing power that is frequently demonstrated in the House is the ability of hon. Members from all parties to come here remarkably well informed and remarkably unafraid to put the arguments that many of their constituents are unable to muster either the confidence or the resources to put themselves.

Our proposal would be an enhancement of the democratic process. It would give the House the right to define a position that may not suit what the Government want to do. Ultimately, if this House considers itself to be the guardian of democratic processes and part of the arm lock, which requires democratic accountability to be exercised in this Chamber, it is right that we should reserve the right to say no and to tell the Government of the day, whatever Government they may be, that we do not agree with their policy.

A substantive right to a vote on such statements would restore that to the House. It would indicate, at this hugely important point in restoring our democratic credentials for the future, that we are unafraid to put down a marker and exercise the one duty that every member of our electorate assumes that we have when we are elected, which is to come to the House and cast a vote that has a meaning. If we cannot do that, we will

be throwing the towel in on our democratic credibility, and at a time when that credibility could barely be lower. I hope that the House has the courage to reclaim this platform, from which we now have to rebuild our democratic credentials, and will support the amendment standing in the name of my hon. Friend the Member for Hayes and Harlington.

3.54 pm

Dr. Alan Whitehead (Southampton, Test) (Lab): I do not intend to detain the House long, although I imagine that my comments will probably make me no friends whatever in any part of the House.

As I intimated in an intervention, my difficulty in approaching the motion relates to the status of a national planning policy statement, which will clearly be a hybrid. It will be based partly on what regularly happens at the Dispatch Box when a Minister makes a statement on Government policy, takes questions and sits down, with no vote being taken. Such statements can be prayed in aid, one way or another, in a planning inquiry, even though they are not specifically related to it.

On the other hand, the national planning policy statements that are envisaged will go substantially beyond the point at which they could be regarded simply as a Government statement—they will be much more substantial. In some ways, they will more closely resemble planning policy guidance statements, which also are not subject to a vote on the Floor of the House before they are completed, but which nevertheless go before planning inquiries and play a substantial part in determining the framework of the inquiry. Indeed, people on both sides of the inquiry will refer to parts of the guidance statement to support their case.

I thoroughly support the scrutiny that now takes place. A good job was done in ensuring that, by the time the Planning Bill became an Act, procedures had been incorporated to enable such scrutiny. The motion reflects the follow-on from what emerged in the Planning Act 2008.

There is a choice between the scrutiny being undertaken by either a Select Committee or a Committee set up by the Liaison Committee specifically for the purpose, but I feel that a preference should be expressed. One might say that a Select Committee would normally be asked to scrutinise a proposed document and that, exceptionally, a Committee might be set up for the purpose. At the moment, there seems to be an either/or that is neutral on which option is preferred. Perhaps we should suggest a preference.

Should a Select Committee discuss a planning statement? Because it is a statement, it is extremely unlikely that the Committee would simply say, "No, we don't like the apparent policy behind the statement, so we will not endorse it in any way, shape or form", in order to bring it back to the House. Instead, it would discuss the detail, as in a Bill Committee, and report its conclusions. It might suggest a number of changes to the detail, but it is extremely unlikely—to the point of its not happening—that a Select Committee would fundamentally disagree with the concept behind it.

I therefore have some difficulty with the amendment, which appears to suggest that a member of a Committee could come before the House and say, "No, we don't like the whole idea of the policy," and we would have to debate that and vote.

The question whether a policy is liked seems to go one stage further back. I would value the comments of my hon. Friend the Minister on what is meant by the relevant provision in the 2008 Act. Sections 9(4) and (5) state that if

"either House of Parliament makes a resolution with regard to the proposal...The Secretary of State must lay before Parliament a statement setting out the Secretary of State's response to the resolution or recommendations."

However, if either House of Parliament passed a policy resolution on the proposal, it would not be logical for the Secretary of State simply to lay a statement responding to the resolution, because the resolution would essentially override what the Secretary of State might say about the policy principle behind the planning document being considered by the Select Committee.

Let me provide an example. I support in principle the National Planning Commission dealing with large infrastructure projects and nationally significant planning proposals. I do so partly because I would like a number of issues relating to the development of renewable and sustainable energy to be dealt with speedily and effectively—with proper consultation and discussion, but without the immense delays that we sometimes encounter. I also accept, however, that the same process could speed up development of nuclear power, which I think is a bad idea for this country's energy policy.

We should not forget that the purpose of national policy statements is to inform the considerations of the National Planning Commission. If, before the proposals in either of the two examples I have given had reached the point of being scrutinised by a Select Committee or gone through the Infrastructure Planning Commission's planning inquiry process, the House considered a motion stating that either nuclear power or large-scale offshore wind was a bad idea, that would presumably trump or prevent Select Committee discussion of any statement. Indeed, that consideration is more important than requiring the Secretary of State to lay before Parliament a statement setting out his response to the resolution or recommendations.

The Secretary of State may lay before Parliament a statement on the recommendations of a Select Committee, but if he was laying a response to a resolution that overrode the policy behind the statement, it would be insufficient and inappropriate simply to respond by laying a statement before Parliament. That underlines the hybrid nature of national planning statements. On the one hand, they are a statement of Government policy, but on the other, they are a planning policy guideline—and even if they are a statement of Government policy, they are a statement in the context of a wider palette of policies that can properly be the subject of a resolution before the House to define whether that policy is appropriate. That is an important element in these proceedings. I would be grateful for the Minister's clarification of whether my understanding of the process is accurate.

Notwithstanding all that, the amendment tabled by my hon. Friend the Member for Hayes and Harlington (John McDonnell) underlines an important point about what happens at the end of a Select Committee's scrutiny. When the Planning Bill was introduced, the Secretary of State for Communities and Local Government stated:

"In addition, if the Committee has recommended that a national policy statement raises issues which should be debated by Parliament

[Dr. Alan Whitehead]

as a whole, we will make available time in each House for a debate before we designate it."—[*Official Report*, 27 November 2007; Vol. 468, c. 14WS.]

That was a clear commitment, and I should be grateful for, at the very least, a reinstatement of it today. However, I am not sure whether it is sufficient to guarantee debate on the Floor of the House.

The motion should provide for such debate if a Select Committee reports that an issue requires it, rather than someone perhaps providing time for it. I have complete confidence in the bona fides of my hon. Friend the Minister and, indeed, those of my right hon. Friend the Secretary of State, but I am not necessarily confident that, for all time, everyone will be in exactly the same position. The motion should be amended to ensure that the process of bringing documentation to the Floor of the House for guaranteed debate is followed through.

I have concerns about how a substantive vote at the end of that process is to be interpreted, bearing in mind what I said about a resolution. However, today's debate has drawn attention to a lacuna in how the process might reach its logical conclusion. If we can get that right, we shall have a process that deals with how statements are presented to the House and how they interact with the planning process, and that ensures that proper scrutiny and the voice of the House are taken fully into account.

4.7 pm

Bob Spink (Castle Point) (Ind): I apologise for not being present at the start of the debate. As I explained to you, Madam Deputy Speaker, I was engaged in specific business for my constituents.

The 2008 Act represents all that is wrong with Parliament today. Had it existed years ago when my predecessor, Sir Bernard Braine, was around, he would not have been able to defend the people of Castle Point from dangerous industrial petrochemical operations on Canvey Island. The people of Castle Point feel that the Act removes their democratic rights and protections. To say that they are deeply worried about the removal of their right to be represented in the House, and the right of their Member of Parliament to defend them again, as I certainly would, is an understatement. In fact, they are deeply angry about the Act, which is why I wholeheartedly support the amendment tabled by the hon. Member for Hayes and Harlington (John McDonnell). We are indebted to him for his efforts.

There is a school only a few hundred yards from, and indeed some people live only a few hundred yards from, what the Health and Safety Executive described to me in a meeting this week as one of the most potentially dangerous operations in the country. It is a COMAH site—COMAH stands for "control of major accident hazards"—that is operated by Calorgas, which wants massively to intensify its use of the site. The Health and Safety Executive is conducting a criminal investigation into a recent spillage of 163 tonnes of liquefied petroleum gas, which caused an unconfined vapour cloud. Had the cloud met a source of ignition, we would have experienced a Buncefield with bells on—a much greater accident with multiple tank involvement.

That is why, when planning decisions affect my constituents' lives—decisions that can blight their homes and community and affect their schools—they want to ensure that their representative can stand on the Floor of the House, as Sir Bernard Braine did before me, and defend their interests. That is why I will support the amendment.

4.10 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright): I thank hon. Members for their incisive contributions, and I wish to respond to some of their concerns.

Essentially, there have been two interlinked themes to the debate. First, there is a wish for reassurance on the relevant period—the time scale for public consultation and, more crucially in this case perhaps, for the House to debate these important matters of national infrastructure. Secondly, there is concern about the role of Divisions, votes and debates as part of the planning consultation process.

Several Members wanted assurance that the Secretary of State will determine the relevant period in consultation with the Liaison Committee and be prepared to extend it whenever necessary. My hon. Friend the Member for Milton Keynes, South-West (Dr. Starkey), Chair of the Communities and Local Government Committee, asked that the period be not less than six months. The relevant period needs to be long enough to incorporate three important underlying elements: the period of public consultation, which is normally three months; the overhang period of four to six weeks after the close of public consultation during which the relevant Select Committee scrutinising the matter will conclude its report; and the crucial further period of six weeks or 40 days in which the Government would—not might—make time for debate if the Committee recommended that that was warranted. In reality, the relevant period would be about six months, but we did not want the motion to impose a rigid time scale because we think it is important for the Select Committee to have flexibility. That third element that I mentioned is crucial: whether there should be a debate and a vote is decided not by the Government, but by the Select Committee.

Let me move on to my second point, on debates and holding Ministers and policy to account.

Dan Rogerson: Before the Minister moves on, may I make a point? He used the word "normally" in his responses on the previous issue. While I very much welcome the proposal for a 40-day period, there is to be no indication to a Secretary of State on what the overall period should be. I see no objection to setting out a minimum period.

Mr. Wright: There might be an amendment to a national policy statement, or the matter being considered might be relatively minor, and in those circumstances there would be no benefit in having a rigid six-month policy. The time necessary can be determined by liaison between the relevant Secretary of State, the Select Committee and the Liaison Committee, in accordance with an assessment of the importance of the matter being scrutinised. Through providing such flexibility and ensuring that the Select Committee is in the driving seat, we have demonstrated that we consider parliamentary scrutiny to be vital. We welcome that, we want it and we have introduced the motion to ensure that it happens.

Several hon. Members made the point that national policy statements are policy statements and that is, of course, correct. As such, national policy statements are the Government's responsibility. It is the job of the House to scrutinise and challenge, and to hold Ministers to account, and the motion permits that. To borrow the vivid words used by my hon. Friend the Member for Hayes and Harlington (John McDonnell), the motion allows hon. Members to help to change the Government's mind where that is necessary. None of our proposals would prevent that from happening. Importantly, they provide the flexibility to allow that to happen.

Susan Kramer (Richmond Park) (LD): Will the Minister give way?

Mr. Wright: If the hon. Lady will forgive me, I will not, as I want to move on, and, with the greatest respect, she has not been present for the whole debate.

Given that the motion provides flexibility and the important opportunity for rigorous challenge of Ministers, it ensures that the House has the utmost ability to scrutinise national policy statements in Parliament. On that basis, I ask my hon. Friend the Member for Hayes and Harlington to withdraw his amendment, and I commend the motion to the House.

Amendment proposed: amendment (a), at end of proposed paragraph (3), insert—

'(3A) If a committee designated or appointed to consider a proposal for a national policy statement has reported to the House its recommendation that a proposal for a national policy statement should be designated as a national policy statement, and a motion is made by a Minister of the Crown to that effect, the question thereon shall be put not later than one and a half hours after the commencement of proceedings on the motion.

(3B) If a committee designated or appointed to consider a proposal for a national policy statement has reported to the House its recommendation that a proposal for a national policy statement should not be designated as a national policy statement, no motion to approve the proposal for a statement shall be made unless the House has previously resolved to disagree with the committee's recommendation; the questions necessary to dispose of proceedings on the motion for such a resolution to disagree shall be put not later than three hours after their commencement; and the question shall be put forthwith on any motion thereafter made by a Minister of the Crown that such a proposal be designated as a national policy statement.

(3C) Motions to which paragraphs (3A) and (3B) of this Order apply may be proceeded with, though opposed, until any hour.'.—*[John McDonnell.]*

Question put, That the amendment be made:—

The House divided: Ayes 216, Noes 262.

Division No. 138] **[4.15 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Ancram, rh Mr. Michael
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Bercow, John
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Brake, Tom
Brazier, Mr. Julian
Brokenshire, James
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burgon, Colin
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Cable, Dr. Vincent
Cameron, rh Mr. David
Campbell, rh Sir Menzies
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Clark, Greg
Clarke, rh Mr. Kenneth
Corbyn, Jeremy
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Curry, rh Mr. David
Davies, Mr. Dai
Davies, Philip
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Nadine
Drew, Mr. David
Duddridge, James
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Featherstone, Lynne
Field, Mr. Mark
Fisher, Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gibson, Dr. Ian
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gray, Mr. James
Green, Damian
Grieve, Mr. Dominic
Grogan, Mr. John
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Havard, Mr. Dai
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hemming, John
Hendry, Charles
Hoban, Mr. Mark
Hoey, Kate
Hogg, rh Mr. Douglas
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Howarth, David
Howell, John
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Jones, Lynne
Kawczynski, Daniel
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Key, Robert
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Laws, Mr. David
Lazarowicz, Mark
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Lilley, rh Mr. Peter
Loughton, Tim
Mackay, rh Mr. Andrew
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Maude, rh Mr. Francis
McCrea, Dr. William
McDonnell, John
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Mitchell, Mr. Austin
Moore, Mr. Michael
Moss, Mr. Malcolm
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Prentice, Mr. Gordon
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Riordan, Mrs. Linda
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shepherd, Mr. Richard
Short, rh Clare

Simmonds, Mark
Simpson, Alan
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, David
Taylor, Mr. Ian
Taylor, Matthew
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Truswell, Mr. Paul
Turner, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Walker, Mr. Charles
Walter, Mr. Robert
Wareing, Mr. Robert N.
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Wiggin, Bill
Willetts, Mr. David
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wood, Mike
Wright, Jeremy
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Stephen Crabb and Susan Kramer

NOES

Abbott, Ms Diane
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Armstrong, rh Hilary
Austin, Mr. Ian
Austin, John
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Burden, Richard
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Cabom, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cook, Frank
Cooper, Rosie
Cooper, rh Yvette
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Efford, Clive
Ellman, Mrs. Louise
Engel, Natascha
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fitzpatrick, Jim
Fiello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gilroy, Linda
Goggins, Paul
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Haneeh, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Healey, rh John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hermon, Lady
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Iranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kennedy, rh Jane
Kidney, Mr. David
Killoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Lucas, Ian
Mackinlay, Andrew
MacShane, rh Mr. Denis
Macteggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McGuire, rh Mrs. Anne
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Mountford, Kali
Mullin, Mr. Chris
Munn, Meg
Murphy, rh Mr. Jim
Naysmith, Dr. Doug
Norris, Dan
O'Hara, Mr. Edward
Olner, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Christine
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Strang, rh Dr. Gavin

Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Touhig, rh Mr. Don
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woolas, Mr. Phil
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Noes:
Helen Goodman and Steve McCabe

Question accordingly negatived.

Main Question put.

The House divided: Ayes 265, Noes 212.

Division No. 139] **[4.31 pm**

AYES

Abbott, Ms Diane
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Armstrong, rh Hilary
Austin, Mr. Ian
Austin, John
Baird, Vera
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barron, rh Mr. Kevin
Battle, rh John
Begg, Miss Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blizzard, Mr. Bob
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Bryant, Chris
Burden, Richard
Burnham, rh Andy
Butler, Ms Dawn
Byers, rh Mr. Stephen
Byrne, rh Mr. Liam
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, Mr. Ronnie
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clelland, Mr. David
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cooper, Rosie
Cooper, rh Yvette
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Quentin
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Eagle, Angela
Eagle, Maria
Efford, Clive
Elman, Mrs. Louise
Engel, Natascha
Etherington, Bill
Farrelly, Paul
Field, rh Mr. Frank
Fisher, Mark
Fitzpatrick, Jim
Fiello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, rh Mr. Bruce
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Griffith, Nia
Griffiths, Nigel
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Mr. Tom
Healey, rh John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Hoon, rh Mr. Geoffrey
Hope, Phil
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hughes, rh Beverley
Humble, Mrs. Joan
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Keeley, Barbara
Keen, Alan
Keen, Ann
Kelly, rh Ruth
Kennedy, rh Jane
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Lucas, Ian
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Mallaber, Judy
Mann, John
Marris, Rob
Marsden, Mr. Gordon
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McGuire, rh Mrs. Anne
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Morden, Jessica
Morgan, Julie
Mountford, Kali
Mullin, Mr. Chris
Munn, Meg
Murphy, rh Mr. Jim
Naysmith, Dr. Doug
Norris, Dan
O'Hara, Mr. Edward
Oiner, Mr. Bill
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Plaskitt, Mr. James
Pope, Mr. Greg
Pound, Stephen
Prentice, Bridget
Prescott, rh Mr. John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Robertson, John
Robinson, Mr. Geoffrey
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Sarwar, Mr. Mohammad
Seabeck, Alison
Sharma, Mr. Virendra
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Simon, Mr. Siôn
Singh, Mr. Marsha
Skinner, Mr. Dennis
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Strang, rh Dr. Gavin
Straw, rh Mr. Jack

Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr. Gerry
Tami, Mark
Taylor, Ms Dari
Taylor, David
Thomas, Mr. Gareth
Thornberry, Emily
Timms, rh Mr. Stephen
Tipping, Paddy
Touhig, rh Mr. Don
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Watson, Mr. Tom
Watts, Mr. Dave
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Woolas, Mr. Phil
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek

Tellers for the Ayes:
Helen Goodman and Steve McCabe

NOES

Afriyie, Adam
Ainsworth, Mr. Peter
Alexander, Danny
Amess, Mr. David
Ancram, rh Mr. Michael
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Barker, Gregory
Baron, Mr. John
Barrett, John
Beith, rh Sir Alan
Bellingham, Mr. Henry
Binley, Mr. Brian
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Brake, Tom
Brazier, Mr. Julian
Brokenshire, James
Browne, Mr. Jeremy
Browning, Angela
Bruce, rh Malcolm
Burns, Mr. Simon
Burrowes, Mr. David
Burstow, Mr. Paul
Burt, Alistair
Burt, Lorely
Cable, Dr. Vincent
Cameron, rh Mr. David
Carmichael, Mr. Alistair
Carswell, Mr. Douglas
Cash, Mr. William
Clark, Greg
Clarke, rh Mr. Kenneth
Clegg, rh Mr. Nick
Corbyn, Jeremy
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Crabb, Mr. Stephen
Curry, rh Mr. David
Davies, Mr. Dai
Davies, Philip
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Nadine
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Featherstone, Lynne
Field, Mr. Mark
Foster, Mr. Don
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Garnier, Mr. Edward
Gauke, Mr. David
George, Andrew
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Goldsworthy, Julia
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gray, Mr. James
Green, Damian
Grieve, Mr. Dominic
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hancock, Mr. Mike
Hands, Mr. Greg
Harper, Mr. Mark
Harris, Dr. Evan
Harvey, Nick
Havard, Mr. Dai
Hayes, Mr. John
Heald, Mr. Oliver
Heath, Mr. David
Heathcoat-Amory, rh Mr. David
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hoey, Kate
Hogg, rh Mr. Douglas
Holloway, Mr. Adam
Holmes, Paul
Horam, Mr. John
Horwood, Martin
Howarth, David
Howell, John
Huhne, Chris
Hunt, Mr. Jeremy
Hunter, Mark
Hurd, Mr. Nick
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jones, Mr. David
Jones, Lynne
Kawczynski, Daniel
Keetch, Mr. Paul
Kennedy, rh Mr. Charles
Key, Robert
Knight, rh Mr. Greg
Kramer, Susan
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Laws, Mr. David
Leech, Mr. John
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Mackay, rh Mr. Andrew
Main, Anne
Malins, Mr. Humfrey
Maples, Mr. John
Maude, rh Mr. Francis
May, rh Mrs. Theresa
McCrea, Dr. William
McDonnell, John
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moore, Mr. Michael
Moss, Mr. Malcolm
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Pelling, Mr. Andrew
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Prentice, Mr. Gordon
Prisk, Mr. Mark
Pritchard, Mark
Pugh, Dr. John
Randall, Mr. John
Redwood, rh Mr. John
Reid, Mr. Alan
Rennie, Willie
Rifkind, rh Sir Malcolm
Robathan, Mr. Andrew
Robertson, Hugh
Robertson, Mr. Laurence
Rogerson, Dan
Rosindell, Andrew
Russell, Bob
Sanders, Mr. Adrian
Scott, Mr. Lee
Selous, Andrew
Shepherd, Mr. Richard
Simmonds, Mark
Simpson, Alan
Simpson, Mr. Keith
Smith, Sir Robert
Soames, Mr. Nicholas
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Steen, Mr. Anthony
Streeter, Mr. Gary
Stuart, Mr. Graham
Stunell, Andrew
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Taylor, Matthew
Taylor, Dr. Richard
Teather, Sarah
Thurso, John
Timpson, Mr. Edward
Truswell, Mr. Paul
Turner, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Walker, Mr. Charles
Walter, Mr. Robert
Wareing, Mr. Robert N.
Waterson, Mr. Nigel
Watkinson, Angela
Webb, Steve
Whittingdale, Mr. John
Willetts, Mr. David
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wright, Jeremy
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Bill Wiggin and John Hemming

Question accordingly agreed to.

Ordered,

That the following new Standing Order and amendments to the Standing Orders be made—

A. New Standing Order: Planning: national policy statements

(1) Whenever a proposal for a national policy statement is laid before this House under section 9(2) of the Planning Act 2008 ('the Act'), the Liaison Committee shall report either—

(a) that it has designated a select committee appointed under Standing Order No. 152, or

(b) that it recommends the appointment of a National Policy Statement Committee to consider the proposal.

(2) A National Policy Statement Committee—

(a) shall be composed of not fewer than seven nor more than fourteen members, all of whom shall be, at the time of nomination, members of one 15 or more of the following select committees—

Communities and Local Government

Energy and Climate Change

Environment, Food and Rural Affairs

Transport

Welsh Affairs;

(b) shall have power—

(i) to send for persons, papers and records, to sit notwithstanding any adjournment of the House, to adjourn from place to place within the UK; and

(ii) to appoint specialist advisers either to supply information which is not readily available or to elucidate matters of complexity within the committee's order of reference; and

(c) may report from time to time and shall cease to exist either—

(i) if it has reported on the proposal before the designated date, when the relevant national policy statement or amended national policy statement has been laid under section 5(9) or section 6(9) of the Act; or

(ii) if it has not reported on the proposal before the designated date, on the designated date;

(3) A committee designated or appointed to consider a proposal for a national policy statement shall have power, in the course of its proceedings under this order, to invite Members of the House who are not members of the committee to attend, and, at the discretion of the chairman, take part in, its proceedings, but such Members may not move any motion or amendment to any motion or draft report, nor vote nor be counted in the quorum of the committee;

(4) If a committee designated or appointed to consider a proposal for a national policy statement has not reported on the proposal before the designated date, then the chairman of the committee shall report that the committee makes no recommendation with regard to the proposal.

(5) For the purposes of this Order, the designated date in relation to any proposal for a national policy statement is the thirty-ninth day before the expiry of the relevant period defined under section 9(6) of the Act.

B Amendments to Standing Orders

That Standing Order No. 121 (Nomination of select committees) be amended, by inserting after '(b)' in line 17—

'(i) in the case of a motion to agree with a report from the Liaison Committee to appoint and nominate Members to a National Policy Statement Committee under Standing Order (Planning: National Policy Statements) the motion is made on behalf of the Liaison Committee by the chairman or another member of the committee; or

(ii) in other cases';

That Standing Order No. 145 (Liaison Committee) be amended by leaving out paragraphs (6), (7) and (8) and inserting the following paragraphs—

(6) The committee shall have power to appoint two sub-committees, one of which shall be a National Policy Statements sub-committee.

(7) A National Policy Statements sub-committee—

(a) shall be composed of—

(i) those members of the committee who are members of the Communities and Local Government, Energy and Climate Change, Environment, Food and Rural Affairs, Transport and Welsh Affairs Committees; and

(ii) up to two other members of the committee, one of whom shall be appointed chairman of the sub-committee;

(b) shall report to the committee on the use of the committee's powers under paragraph (1) of Standing Order (Planning: National Policy Statements); and

(c) may report to the committee on matters relating to national policy statements under the Planning Act 2008.

(8) Each sub-committee shall have—

(a) a quorum of three; and

(b) power to send for persons, papers and records, to sit notwithstanding any adjournment of the House, and to report to the committee from time to time.

(9) The committee shall have power to report from time to time the minutes of evidence taken before any sub-committee.

(10) The quorum of the committee shall be as provided in Standing Order No. 124 (Quorum of select committees), save that for consideration of a report from a National Policy Statements sub-committee under sub-paragraph (7)(b) the quorum shall be three.

Electronic Communications

4.43 pm

Mr. Jeremy Hunt (South-West Surrey) (Con): I beg to move,

That the Communications (Television Licensing) (Amendment) Regulations 2009 (S.I., 2009, No. 505), dated 26 February 2009, a copy of which was laid before this House on 9 March, be revoked.

It is a pleasure to be supported by so many staunch supporters of the BBC on the Conservative Benches.

The Communications (Television Licensing) (Amendment) Regulations 2009 came into force on 1 April. They increase the cost of a black and white television licence by £1 to £48, which may or may not trouble the hon. Member for Sunderland, South (Mr. Mullin) who, we learned today, has had the same black and white television for 31 years, to his credit. The regulations increase the price of a colour TV licence from £139.50 to £142.50.

Why have we called this debate over a £3 increase in the licence fee? We have done so partly because of the MP expenses issue that has engulfed the House over the past two weeks. It has shown that the public are justifiably angry about the misuse of their money, whether in small sums or large, which has reminded the House to respect the taxpayers who pay our salaries. The same surely applies to all publicly funded organisations, including the BBC.

We have called for the debate also partly because the economic situation has changed beyond recognition since January 2007, when the current licence fee settlement was made. With 2.2 million people unemployed and many people facing dire personal financial circumstances, it is surely right to ask whether an increase that may have seemed reasonable in 2007 is still justified.

We should also put the rise in context. In 1997, the licence fee was £91.50. Since then, it has increased by 56 per cent.—almost double the retail prices index rate of inflation. When the BBC's commercial rivals are struggling, sometimes for their very existence, licence fee payers have been treating the BBC incredibly generously.

Philip Davies (Shipley) (Con): Does my hon. Friend agree that his last point gets to the heart of the matter? Since the licence fee settlement was agreed, broadcasting's economic climate has changed, and it is unsustainable for every other, commercial, broadcaster to manage on less money each year while the BBC has a never-ending increase in its income.

Mr. Hunt: My hon. Friend does a very good job of developing my argument for me. I shall continue if I may, but he is absolutely right and his point is an important one, because the 2007 settlement was based on some key assumptions about the broadcasting market. The first was about the rate of inflation. That year, RPI inflation was 4.3 per cent., and as hon. Members may recall, that was the year in which the Governor of the Bank of England had to send a letter to the Chancellor, apologising for the fact that he had overshot his target. It was also the year in which there was an assumption that, as the commercial broadcasting market grew, the BBC would need to keep up. Both assumptions must be radically re-examined.

Yesterday, RPI inflation fell to minus 1.2 per cent., the steepest fall since 1948. That means that programme inflation, the cost of buying and commissioning programmes, is also falling, and with Channel 4's revenues down 18 per cent. and ITV's revenues down 19 per cent. in the first part of this year, there is less competition to buy and commission programmes. The traditional parity between licence fee revenue and the revenue that goes to commercial broadcasters funded by advertising has been lost. Last year, there was a broad equivalence between the two sums of money, but this year it is expected that licence fee revenue will amount to £500 million more than the entire sum received by all the commercial broadcasters funded by advertising put together.

Mr. William Cash (Stone) (Con): O[illegible]estion of independent producers, is my hon. Fri[illegible]oncerned about the uncompetitive nature of some contracts that the BBC enters into in-house? I believe that such cosy contracts do exist. If producers inside the BBC are being subsidised and independent producers are not able to compete fairly, does not my hon. Friend think that the Public Accounts Committee should have the right to examine the BBC's accounts, as I and the Committee's Chairman, my hon. Friend the Member for Gainsborough (Mr. Leigh), have argued for many years?

Mr. Hunt: I absolutely agree with my hon. Friend on that point. I visited some independent production studios in Kent, which made that very point to me, saying that they were unable to compete for contracts to produce BBC programmes because they were outbid by the BBC's in-house production facilities, which the independents believed were less competitive than they were. There are problems, and I wholeheartedly agree that the National Audit Office should be able to examine the BBC's accounts at will and without permission and prior agreement, just as it can with most other public bodies. That is a very important point.

David Cairns (Inverclyde) (Lab): Before the previous intervention, the hon. Gentleman made the entirely accurate point that the advertising slump has seen a huge chunk of money taken out of ITV's revenue and therefore out of commercial production. However, there seems to be an odd logic in saying that ITV's losing £500 million is a pretext to take tens of millions of pounds out of the BBC's budget. If we are losing hundreds of millions of pounds from production because of the advertising slump, is it not true that now is not the time to cut the licence fee?

Mr. Hunt: Is the hon. Gentleman suggesting that the only way to deal with the commercial predicament faced by ITV, Channel 4 and all the other commercial broadcasters is to pump more money into the BBC through the licence fee? ITV says that, next year, the disparity between advertising-funded broadcasters and the BBC will be £1 billion. There comes a point when commercially funded broadcasters are simply not able to compete with the BBC in producing programmes for large audiences. When the BBC's commercial rivals can spend less on programming and when the BBC's own costs are falling, we have to ask whether it is appropriate for the corporation to have an inflation-busting £68 million rise.

David Cairns: I am grateful to the hon. Gentleman, who has been generous in giving way. I would understand the logic of his position if he wanted to take money from the BBC licence fee and give it to ITV; his argument would then make perfect sense. But he does not propose to do that. He is remarking that hundreds of millions of pounds have been taken out of broadcasting because of the advertising slump and saying that we should therefore take another £75 million from the BBC. I fail completely to see the logic of that position.

Mr. Hunt: The hon. Gentleman does not appreciate the logic of my argument. If there is a huge disparity between the money that commercially funded broadcasters receive and what the BBC receives, that is dangerous for the broadcasting ecology, which becomes very unbalanced.

Miss Anne Begg (Aberdeen, South) (Lab): I should like to pick up the point made by my hon. Friend the Member for Inverclyde (David Cairns). The hon. Gentleman has said that he has spoken to independent producers who cannot get their programmes on the BBC because of unfair competition within the corporation. However, despite the quotas that the BBC already has, if more money is taken from the corporation there will be less chance of getting more independent production into the BBC. The hon. Gentleman is arguing against his own case.

Mr. Hunt: I am grateful to the hon. Lady for her intervention. We are talking about a £68 million rise in the licence fee in the context of a total licence fee income of £3.6 billion. I do not believe that it would be impossible for the BBC to find savings of £68 million without its ability to commission programmes from the independent sector being affected in any way.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): In Yorkshire, we have just discovered that ITV is closing down "Heartbeat", "A Touch of Frost" and "Sharpe"—excellent productions that attract high-volume audiences. I do not know what we are going to do about that, and it is not the BBC's responsibility. At the same time, the BBC is investing, certainly in the north-west. For the sake of creative talent, surely this is not the time to start cutting back on funding for the BBC.

Mr. Hunt: It is excellent that the BBC is investing in our regions. However, we also have to consider whether it is giving value for money; £3.6 billion is a lot of money. I shall go on to talk about some of the things on which it spends the money—things that I think do not represent good value for money. At a time of great economic difficulty for many licence fee payers, it is legitimate to ask whether the money is being well spent.

Mr. John Redwood (Wokingham) (Con): Does my hon. Friend agree that when a lot of public money is taken in small sums from people without much to spend—and under threat of imprisonment if they do not pay—it is important that costs should be controlled? It is not like the private sector; I do not mind people earning a lot of money if others pay willingly for their services. Should not the BBC look at all its people who are paid very much more than the Prime Minister, many of them with the opportunity to earn outside the BBC as well? I do not begrudge them doing that, but should we not at least control their BBC wages?

Mr. Hunt: My right hon. Friend makes an important point. In fact, 50 people at the BBC are paid more than the Prime Minister. I thought that his point about taking care with small sums of money from people who might well not be able to afford an additional rise would be well taken by Labour Members, particularly as the Leader of the House announced today that the licence fee will not be eligible for the additional costs allowance. If any MPs were wavering on this issue, that should completely persuade them to support the motion.

We have had a week when many have questioned the very roots of our democracy, and there is a democratic issue at stake in this context too. A free society needs multiple and varied media sources. However excellent the BBC is—I believe that much of what it produces is world class and a credit to the UK—other broadcasters need to be able to flourish as well, and different voices need to be able to be heard, because that is how we provide choice for consumers and engagement for citizens. Conservative Members have always recognised the importance of plurality of provision. It was Conservative Governments who licensed ITV in 1955 and Channel 4 in 1982, unleashed the satellite and cable revolutions of the 1980s, and licensed Channel 5 in 1997.

What has the BBC done when faced with all this competition? It has flourished. It is completely false to say that there is a choice between competition and quality. It is because British public service broadcasting is the most competitive in the world that many people think that it is of the highest quality in the world. In order for that to continue, there must be a sensible balance between the revenue that commercial broadcasters are able to raise and what the BBC gets, and many will ask whether that is possible if there is a £1 billion gap between state-funded broadcasters and the rest.

Paul Farrelly (Newcastle-under-Lyme) (Lab): The point about the current impact on production has been well made by my hon. Friends. The BBC is also clearly playing a vital role in digital switchover. Its business plan has been well developed following a settlement in 2007 that was much below what it wanted. The hon. Gentleman's proposals could destabilise that business plan. In the Select Committee on Culture, Media and Sport, we examine the BBC all the time. I am sure that no member of the Committee would like to pre-empt the conclusions of a possible future inquiry. Nevertheless, we have considered top-slicing and recommended it in relation to Channel 4, and encouraged the BBC not to draw down the whole of the licence fee, and no member of the Committee has endorsed any such proposals as the hon. Gentleman's. *[Interruption.]*

Madam Deputy Speaker (Sylvia Heal): Order. The time for this debate is very limited and several Back Benchers wish to make contributions. I therefore hope that any interventions will be brief.

Mr. Hunt: The hon. Gentleman talks about so-called disruption to the BBC's business plan. Businesses up and down this country are facing disruption to their business plans caused by a very severe economic recession. If they are able to cope with that, the BBC should be able to do so as well.

Mr. Stewart Jackson (Peterborough) (Con): Does my hon. Friend agree that not only the broadcast media are suffering from inappropriate incursion as a result of the

[Mr. Stewart Jackson]

year-on-year funding of the BBC? A few weeks ago, we had local newspaper week. The efforts of Members across the whole House defeated proposals for a local video internet site that would have put many local newspapers out of business. Does he, too, find that a matter of grave concern?

Mr. Hunt: I absolutely do. My hon. Friend is making exactly the same point as I am about the importance of plurality of provision in the media and the need for multiple sources.

I want to deal with a couple of things that the Government may say in opposing the motion. First, they may say that the BBC is already making cuts. It is true that it is halfway through a £1.9 billion efficiency programme, some of which involves redundancies, but they are not cuts because no money is being returned to licence fee payers—it is being reallocated to other services. The Government may say that we are attacking the principle of six-yearly settlements, so let me scotch that. We support the idea of multi-year settlements because it is important to protect the editorial independence of the BBC. The BBC must be impartial. It should not be subject to the political weather, but it should respond to the economic climate, and that is what this debate is about.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): With regard to the Jonathan Ross-Russell Brand incident—I make no defence of that escapade—will the hon. Gentleman confirm that his proposal is in no way a means of punishing the BBC for testing the boundaries of taste, as with "Jerry Springer: The Opera", and that it is vital that the BBC should perceive no threat from politicians about its willingness to take chances in the creative industries even if it sometimes gets it wrong?

Mr. Hunt: I support creative risk taking, but socially responsible broadcasters should behave in a socially responsible way, and that was a lapse of taste and standards about which the BBC should have known better.

The events of the past two weeks have been grim for Westminster. We have learned the hard way what happens when one loses the trust of the public. That has happened partly because this place has received a level of scrutiny way beyond anything experienced by the BBC. The BBC, too, needs to maintain its bond of trust with the British people, which means understanding that when times are tough, it should not just pocket the money allocated to it in happier times. It should listen to people's concerns and respond to the changed economic circumstances of 2009. Waiving this year's 3 per cent. licence fee rise would do just that, and I urge wiser heads at the BBC, in the Government and in the House to respond accordingly.

5.1 pm

The Secretary of State for Culture, Media and Sport (Andy Burnham): I begin with two points of solid agreement, I think, between the hon. Member for South-West Surrey (Mr. Hunt) and myself. I believe that unlike some of his colleagues, he cares about the BBC and supports the principle of the licence fee. There is a Back-Bench Bill doing the rounds of the Opposition Benches calling for the abolition of the licence fee, which is red meat for some of his more right-wing colleagues, at least five of whom support it. However, I genuinely do not believe that he is in that camp. Also, we agree that Parliament has a responsibility to licence fee payers to ensure that the BBC is adequately funded but never over-funded.

We must always strike a balance between playing fair by the BBC, giving it sufficient funding and stability to fulfil its charter purposes, and playing fair by the licence fee payer, ensuring that the licence is both good value and affordable and taking account of the prevailing economic circumstances.

Mr. Cash: Did the Secretary of State hear a fascinating item on the "Today" programme this morning in which Sarah Montague asked the chairman of the BBC Trust some extremely relevant questions about the BBC's pay, allowances and expenses and the rest? Did he hear the chairman's replies, and what did he think about them?

Andy Burnham: I did hear the chairman's replies, and I thought he made some very sensible and solid points. I also heard the shadow Secretary of State on the "Today" programme supporting his motion and calling for cuts. I then picked up my *Racing Post* only a few moments later and read, "Shadow Secretary backs BBC racing campaign." He stated:

> "Because I cover not just sport, but also the media, this is an issue I will be taking up with the BBC to make sure that they give this really important industry the support that it needs."

I had to pinch myself—it was as though he were saying one thing to the *Racing Post* and quite another on the "Today" programme. He was saying to the former, "More money for BBC racing." It was quite astonishing.

Mr. Hunt: Will the Secretary of State give way?

Andy Burnham: I will, but I hope the hon. Gentleman has a good answer.

Mr. Hunt: I just wanted to ask the Secretary of State whether he thinks licence fee payers' money is better spent supporting the racing industry or supporting a £14 million taxi bill or a £15 million flying bill.

Andy Burnham: I was not making that point. I was hoping that the hon. Gentleman would have the good grace to say that he was calling for the BBC to spend more on racing on the self-same day he was on the radio calling for a 2 per cent. cut across the corporation. If he does not see any inconsistency or unfortunate timing there, I am sure others will.

Mr. Roger Gale (North Thanet) (Con): I might be able to help the Secretary of State. The reason why the BBC is having such problems is that its remit has grown like Topsy, way beyond anything in the charter. It has to learn to cut its coat according to its cloth like everybody else. There is a limit to how much we can allow the BBC to expand, and it has gone beyond that limit.

Andy Burnham: I take it that support for racing is off the agenda if the hon. Gentleman has his way. Hon. Members are entitled to their views, but I happen to

believe that the BBC gives good value. I well remember that, a few years ago, Opposition Members and others said that the BBC should not invest in online and new media services. However, today the BBC website is an important resource for people throughout the country, providing accurate information about activities and events in this place and beyond.

Several hon. Members *rose—*

Andy Burnham: I will make progress before giving way.

My right hon. Friend the Member for Dulwich and West Norwood (Tessa Jowell), the then Secretary of State for Culture, Media and Sport, struck precisely that careful balance between the interests of the BBC and those of licence fee payers when she set out to the House the current six-year settlement—annual nominal increases in the licence fee of 3 per cent. for the first two years; 2 per cent. in years 3, 4 and 5, and between 0 per cent. and 2 per cent. in the final year.

In the first two years—2007-08 and 2008-09—the licence fee increased by 3 per cent. Let me remind the House that the retail prices index was 4.3 per cent. and the consumer prices index was 2.3 per cent. in 2007. In 2008, RPI was 4 per cent. and CPI was 3.6 per cent. For the past two years, the BBC's funding increases have, on the whole, been below the prevailing rate of inflation. That is an important context for today's debate.

On the logic of the motion that the shadow Secretary of State and the Leader of the Opposition have tabled, we might have expected a bid to uprate the BBC's position in the past two years, but I do not recall any clamour to do that. It is right not to clamour, because it is not sensible to look at any one year in isolation. However, the motion effectively asks us to do that.

Pete Wishart (Perth and North Perthshire) (SNP): What does the Secretary of State say to Scottish licence fee payers, who face the increases although BBC commissions in Scotland come nowhere close to a population share?

Andy Burnham: I have visited Pacific Quay in Glasgow a few times. It is a major investment by the BBC, at the heart of a developing creative sector in that part of the city. There are clear commitments, which I will outline, about increasing programme spend in Scotland. However, the motion would jeopardise that.

Mr. Sheerman: I believe Labour Members share my view that the BBC is a fantastic organisation, and we will not vote for the motion. However, we are not pushovers, and when we see some of the current affairs coverage, which slavishly follows the print media rather than setting the news agenda, we get a little unhappy.

Andy Burnham: I am aware that colleagues in all parties are concerned about aspects of what the BBC does, and it is right and proper that they should present those concerns today. It is also right for the BBC to acknowledge and respond to public concerns. However, I agree with my hon. Friend's overall point—the BBC remains good value for money, and enhances our democracy and life in this country.

Philip Davies *rose—*

Mark Pritchard (The Wrekin) (Con) *rose—*

Andy Burnham: I will make some progress now, but I shall give way to both hon. Members before I finish speaking.

Today we are debating a 2 per cent. increase for the BBC. I recognise our responsibility to licence fee payers, particularly in these difficult times. However, the interests of licence fee payers do not revolve solely around cost. The quality of what they receive in return is also crucial. Overall, the BBC remains good value for money, although, as has been said, on some matters it needs to respond to changing public moods and changing times.

We need to take care, however, not to damage or destabilise one of the great British institutions, which is respected and revered around the world. I therefore profoundly disagree with the premise of the debate that the Leader of the Opposition has initiated today. His position is wrong in principle and in practice.

First, let me deal with principle. Let us be clear: the Conservative party today challenges the basis on which the BBC has been funded for decades. Multi-year funding deals are important, not only for the planning stability that they bring, but because they protect editorial independence and act as a bulwark against undue political interference.

The Leader of the Opposition said that his party

"would freeze the BBC licence fee for one year,"

and that it

"needs to be looked at year-on-year…we would freeze it this year, review it in future years."

Let us make no mistake: the uncertainty that that would create would be disastrous for the BBC and, ultimately, for licence fee payers. Instigating annual funding settlements would fundamentally alter the BBC's character, independence and impartiality, its relationship to Parliament and its role in public life. Would any Government be properly challenged by the BBC when the corporation's fate was always under review and the corporation was engaged in almost never-ending debate with civil servants and Ministers about its funding?

Mr. Hunt *rose—*

Andy Burnham: I will give way to the hon. Gentleman, and I hope that he has a good answer to that point.

Mr. Hunt: Let me make it absolutely clear that the Secretary of State is distorting what the Leader of Opposition said. He did not say that we should move to annual settlements for the BBC, and that is not our party's position, as the Secretary of State knows perfectly well. The current settlement, which started in 2007, is a six-year settlement, but the amount by which it will rise in the sixth year is to be determined at a later date. If it is so important not to settle the licence fee every year, even though it is possible to determine the amount received in the sixth year at a later date, why, given the extraordinary economic circumstances of the past six months, is it not sensible to review the position in the third year as well?

Mr. Sheerman: On a point of order, Madam Deputy Speaker. The hon. Gentleman has made an extensive speech in the very short time available to us, and yet back he comes with an intervention that is longer than most speeches.

Madam Deputy Speaker: I have already made a plea to hon. Members to be brief with their interventions. The intervention was on a point of debate. The shadow Secretary of State was challenged and I gave him the opportunity to respond.

Andy Burnham: I get on well with the hon. Member for South-West Surrey, but I take great exception to his saying that I am distorting a comment made by the Leader of the Opposition, so I shall read it again. The Leader of the Opposition said that the licence fee

"needs to be looked at year-on-year".

Could the hon. Gentleman please tell me what I am distorting? That is the stated policy—year-on-year review of the licence fee—and he cannot wriggle out of it because he does not like the implications of such a statement for the BBC.

Sometimes, the old way of doing things should be swept away, as we have seen in recent days, and rightly so. But sometimes, the old ways have merit and should be kept. I thought the Conservative party understood that.

Mark Pritchard: I would like to declare an interest: I am a supporter of some parts of the BBC. Talking about old ways, does the Secretary of State agree that, to help his justification of the case for increasing the licence fee, it would be helpful if the BBC followed this Parliament in opening up its books, in particular that on the salaries of all its staff? Its staff are paid by the taxpayer, like every hon. Member in this place, so is it not about time that the BBC followed the lead of this Parliament and opened up its books to transparency and openness?

Andy Burnham: Perhaps I should have made the point to the hon. Member for South-West Surrey a moment ago that the chairman of the BBC Trust commented on that earlier today and said there had been a move towards greater transparency in recent times. However, I do not believe that the hon. Gentleman publishes all the salaries of his staff, and it is not necessarily right just to say that everything should be in the public domain. Let us have appropriate transparency and accountability. I do not necessarily disagree in principle, but let us ensure that things are done appropriately.

Paul Farrelly (Newcastle-under-Lyme) (Lab): It is important that the BBC does not get too big for its boots—indeed, the Select Committee on Culture, Media and Sport was recently critical of BBC Worldwide. The demands on the BBC are growing with, for instance, the current discussions about Channel 4's funding gap. What would be the effect on sensible business negotiations if the BBC's settlement was simply ripped up in the way proposed?

Andy Burnham: My hon. Friend makes a powerful point and I will deal with precisely that issue now. I said that the Conservatives were wrong in principle, but they are wrong in practice, too. As well as causing a loss of independence, annual funding would take away the stability and certainty that a broadcaster needs to operate successfully. The BBC would lose its capacity to plan for the long term, commission the highest quality content and invest in the technologies of the future, such as the iPlayer, which so many of us benefit from and enjoy.

Mr. Graham Stuart (Beverley and Holderness) (Con): Will the Secretary of State give way?

Andy Burnham: I must make progress.

More specifically, the cuts that the hon. Member for South-West Surrey is today calling for could have the direct effect of damaging programme making, draining funding from the creative economy at a time when other revenue sources are drying up and undermining the successful delivery of projects of importance to the future of this country.

Let me remind the House that, within the funding settlement agreed in 2007, the BBC has already made major efficiencies and is mid-way through a programme to save a total of £1.9 billion during the current licence fee period via an annual efficiency target of 3 per cent. Pay and bonuses for senior managers have been frozen for 18 months. Posts have been reduced by 7,200 since 2005, and there are a further 1,200 to go as part of further savings.

Alongside this, the BBC was charged with delivering changes of critical importance. First, out of funds in the six-year settlement, it was asked to play a crucial role in the national digital switchover project by providing practical help, through the help scheme, to ensure that the most vulnerable and disadvantaged in our community can make the switch.

Secondly, over the next two years, the BBC is relocating 2,500 staff to MediaCity in Salford, helping to form the first purpose-built media community in the UK, and permanently rebalancing media power in this country away from the capital and into the regions. This will bring huge benefits to the economy in the north-west, estimated at £1.5 billion and 15,500 jobs.

Two further asks of the BBC have emerged since the current licence fee was settled. In response to calls from colleagues in this House, the BBC Trust has committed the BBC to making significant increases in its programme making in Scotland and Wales so that, by 2016, 50 per cent. of network productions will be made outside London.

David Cairns: My right hon. Friend is a great champion of broadcasting in the nations and regions. He has already mentioned the £192 million studio at Pacific Quay in Glasgow, the finest studio of its type in Europe. Is he aware that the BBC is responsible for 85 per cent. of all TV production across the whole of Scotland, and that original production from Scotland for the networks is increasing after years of going down? Would he like to speculate on the impact that a big cut in the licence fee would have on the progress that we have seen over the past couple of years?

Andy Burnham: My hon. Friend makes an important point. Having visited a couple of times, I know that there is a developing, but quite fragile, creative economy in that part of Scotland. There is a tendency to claim that this is all about bloated BBC pay and executives, but a point that is often missed is that much of the money goes to independent producers and small start-up creative businesses in Scotland, as my hon. Friend and I saw when we visited. That is a crucial source of funding that would be severely missed if it were to be reined in.

A further ask has emerged since the licence fee settlement was reached, and it is perhaps the most important of all. The media industry has changed profoundly during that time and continues to change at great speed. As a result, and as I have said before, it is vital that the BBC step forward to play a bigger role as a partner and an enabler of other public service content, and I welcome the moves it has made in this direction. This is firmly in the public interest, as it helps to sustain programmes that the public value. According to the hon. Member for South-West Surrey's logic, if commercial TV is shrinking, the BBC must shrink too. My argument is that the BBC should put a helping hand under other parts of the system that are struggling, so as to maintain the content that the public enjoy, value and depend on. That is the fundamental misunderstanding in his remarks today.

Mr. Stuart *rose—*

Mr. Cash *rose—*

Andy Burnham: I have given way to the hon. Member for Stone (Mr. Cash) once already, and I want to make some progress. I will give way to some of his hon. Friends before I finish.

All four of these major undertakings—digital switchover, the move to Salford, programmes in the nations, and the BBC as partner—would be destabilised by this ill-conceived Tory attack. At a time when our commercial broadcasters are facing economic difficulties, this work only serves to underline the importance of a properly funded BBC as the backbone of our creative economy and the cornerstone of public service broadcasting. Two months ago, we saw a prime example of this with the memorandum of understanding between the BBC and ITV plc to enter into news gathering and production partnerships that will deliver cost savings rising to an estimated £7 million by 2016 in the provision of regional news in England and Wales on ITV.

Mr. Redwood: The Secretary of State says that the BBC makes provision for the nations and regions, but when will he and the BBC understand that England is a country and that it wishes to be recognised?

David Cairns: What country does he think Salford is in?

Andy Burnham: I do not know how often the right hon. Gentleman travels north of Watford, but I can tell him that Salford, which is most certainly in England, is about to benefit from a major investment in the creative economy of the north-west. If the right hon. Gentleman paid us in the north a visit once or twice, he might learn something.

Mr. Redwood: The right hon. Gentleman is deliberately misconstruing what I said. The point is that in its content and production the BBC does not recognise England; it balkanises us into regions, which people do not like.

Andy Burnham: The right hon. Gentleman has made his point and there is no need to reply to it. I shall begin to conclude my remarks.

In recent years, we have seen how central the BBC is to this country's global prominence in innovation in the creative sector. The iPlayer has been a phenomenal success—one that we need to see replicated and its benefits shared across the creative sector as a whole. We cannot expect the BBC to play that role unless it has stability and certainty at its core.

Mr. Stuart: I am extremely grateful to the Secretary of State, who is being most kind in finally giving way to me. He keeps saying that the BBC must have certainty in order to develop its offerings for the future, but I put it to him that the commercial sector—whether it be publishing, which competes, or broadcasting—has to make do with the income that comes its way. It is coping with greatly reduced incomes at the moment, yet it sees the BBC being given absolute guarantees, which is a monopoly being solidified. That is why my hon. Friend the Member for South-West Surrey (Mr. Hunt) is right to suggest that the BBC should share the pain with the rest of the British economy.

Andy Burnham: The BBC fulfils a different role; it is not a commercial broadcaster. It is there to provide content that the commercial sector would not provide. It is there to invest in new and emerging talent and to take risks on different types of content. It is there to provide local radio of a depth and quality that the commercial sector could never reach.

Mr. Stuart: On a point of order, Madam Deputy Speaker. I apologise for failing to declare an interest. As a director and shareholder in a publishing company, I feel that it would be right for me to do so.

Madam Deputy Speaker: The hon. Gentleman's comments will now be on the record.

Andy Burnham: I am glad they are.

To conclude, let us be clear what today's debate is about. It is about posturing and getting easy and cheap headlines for the Conservative party. It is traditional BBC bashing—yes, it may have been done with a light touch, a smile and no tie, but it is BBC bashing none the less.

Mr. Hunt *rose—*

Mr. Stuart *rose—*

Madam Deputy Speaker: Order. It is obvious that the Secretary of State is no longer prepared to give way.

Andy Burnham: When in January 2007, my right hon. Friend the Member for Dulwich and West Norwood introduced the BBC settlement that we are debating today, she introduced a fair, realistic and well thought through settlement. She did so in order to provide a platform of stability and strength in a period of flux and change, and she did so on the basis of the best possible combination of independent advice, high-quality research and public debate. It was a settlement with a vision for the future of the BBC and its role. Now is not the time to rip up that settlement or to be thinking of taking money out of the system and risk destabilising not just the BBC, but our creative sector as a whole.

Mr. Hunt *rose—*

Andy Burnham: I will give way one last time, but then I am going to finish.

Mr. Hunt: The Secretary of State described our motion as an ill-conceived Tory attack, so can he tell me why early-day motion 1047, which asks for a freeze in the licence fee, was signed by more hon. Members from his own party than by Conservative Members?

Andy Burnham: The hon. Gentleman has brought a motion before the House today and he is asking us to vote on the licence fee. He is a member of the Tory Front-Bench team, so he represents Conservative party policy. I suggest that when a Conservative Front-Bench Member brings such a motion before the House, it indicates to those outside precisely how he and his Front-Bench colleagues think. I say again that this is an attack on the BBC led by the Leader of the Opposition, and which the hon. Gentleman has had to carry out today. I can see his discomfort in having to do so.

The licence fee is an investment in Britain's digital future. It is bringing jobs to the north-west, programme making to the regions and nations, and building our digital infrastructure. It is the prime source of investment in one of Britain's abiding strengths—our creativity. Given a choice of investment or cuts, we know where the Tory party usually stands. I urge the House to vote against the motion.

Several hon. Members *rose—*

Madam Deputy Speaker: Order. Mr. Speaker imposed a 12-minute limit on Back-Bench speeches. So that I can—I hope—accommodate everyone who wishes to speak, I shall now reduce the limit to seven minutes.

5.25 pm

Mr. Don Foster (Bath) (LD): For once, I am delighted to follow the Secretary of State.

In my view, the Tory proposal is a dangerous, badly timed and, frankly, pathetic gimmick. Although, as the Secretary of State has said, the BBC is rightly the envy of the world, the whole House would acknowledge that it does not always get it right. I have been very critical of a number of its actions, which in recent times have included the aggressive approach to licence fee collection, the slow reaction of management over the Ross-Brand affair, the phone-in scandals, the excessive expenditure on taxis, aeroplanes and even Christmas parties, and the over-the-top payments to some presenters and so-called top talent. Despite that, however, I value the BBC and I value the values for which it stands.

Introducing the debate, the hon. Member for South-West Surrey (Mr. Hunt) said that it had come at a time when there was a huge debate about trust in politicians. He is right, but let me remind him that trust in the BBC has never been greater. A recent poll by the BBC Trust showed that 85 per cent. of the British people support the BBC, up from 70 per cent. two years ago. I think that we obtain phenomenally good value from the BBC. For 39p a day, licence-holding households receive 10 TV channels, some with high definition, 10 UK-wide radio stations, 46 national and regional radio services, interactive services on BBCi, the huge benefits of the iPlayer and, in bbc.co.uk, a website that gets 17.5 million unique hits every week. I think that that is pretty good value for money. The BBC also provides high-quality, UK-produced, impartial broadcast content. I believe that it is vital to our democracy, to our sense of national identity, and to the success of our creative industries.

Last night, in an interesting and somewhat provocative speech, the chairman of the BBC Trust, Sir Michael Lyons, argued that the way in which people think about the BBC is different from the way in which they think about commodities. The hon. Gentleman's approach seems to be that they just think about commodities, but they do not. As Sir Michael said, the British people see themselves as shareholders in the BBC, and therefore have a vested interest in its long-term future. The Tory proposal ignores that relationship, and crucially—as the Secretary of State said—it ignores the vital independence of the BBC from Government.

As we have heard, the planned increase is part of a six-year settlement. Not only is the length of that settlement critical to the BBC's ability to plan ahead, but it underpins the BBC's editorial independence. Voting against the order and for the Tory proposal would set a dangerous precedent whereby the licence fee settlement could be redrawn each year, year on year—as the Tories' leader has said—according to political whim. It would represent a fundamental and undesirable shift in the relationship between the BBC and Parliament. In short, the motion is highly dangerous, and prompts the question "Will the BBC, and especially its independence, be safe in Conservative hands?"

It is no wonder that, on Monday this week, *The Guardian* quoted an unnamed Tory source as saying:

"This could be the first meaningful salvo in what could be an explosive battle between a Conservative government and the BBC."

In the same article, the hon. Member for Maldon and East Chelmsford (Mr. Whittingdale), the Chairman of the Select Committee on Culture, Media and Sport, is quoted as saying that today's vote would "send a message" to the BBC. I look forward to hearing what message he thinks it will send.

Mr. Hunt: Can the hon. Gentleman explain why, if the Tory proposal is so dangerous, two members of his party's Front Bench supported early-day motion 1047? It asks for a freeze in the licence fee, which is exactly what we are asking for today.

Mr. Foster: I suspect that we shall have to see whether, after those two hon. Members have read the *Hansard* report of the debate, their names remain attached to the early-day motion. However, I hope that I may be able to persuade the hon. Gentleman.

The hon. Gentleman thinks he has scored a point, but let us address what he has said. He has said that his proposal represents a £68 million cut in the BBC budget. I hope he will stand up and intervene on me to explain where that figure of £68 million comes from, because I have had it checked by the BBC finance department. It says that if it is a one-off cut, it will actually be £75 million, but, unless he is proposing that in subsequent years there be a way above inflation-busting increase to get the BBC back on track, the cumulative impact of his proposal will actually be a cut of £325 million.

Mr. Hunt: The hon. Gentleman asks me to suggest ways in which that £68 million can be found. We have talked about the taxi bill. What about the £108 million spent on imported programming, much of which could be viewed on the commercial channels if it was not being shown on the BBC?

Mr. Foster: I wish I had not given way to the hon. Gentleman because I asked him a clear question: where does his figure of £68 million come from, as it is incorrectly calculated? A one-off cut would be £75 million, and carried through to the end of the licence period the cut would amount to £325 million. A cut of that magnitude must be considered in the context of what is happening within the BBC. The Secretary of State has already referred to that, but we must recall that, since 2001, the BBC has already made cumulative savings of £2.2 billion, 7,200 posts have gone since 2005, and it already has plans in place for a further 15 per cent. of efficiency savings amounting to a cut of £1.9 billion by the end of the licence period, during which a further 1,200 posts will go. We also already know that pay and bonuses for senior managers have been frozen for 18 months, licence fee collection costs have been reduced by £32 million, and spending on top talent has been reduced—and the list goes on.

The hon. Gentleman said, however, that the BBC has to do what all other businesses have to do: cope with the impact of the recession. Because he has done his research, he should be aware that, in addition to all the planned cuts, the BBC now has to cope with a reduction in anticipated income because the number of new households is lower than was expected so there will be fewer new licences and because the money it will get from the sale of property in White City has massively reduced as a result of the impact of the recession on the property market. Those factors combined mean that the BBC has to find a further £400 million in cuts because of the recession.

The idea that the BBC is swimming in cash and can make additional savings at the drop of a hat is, therefore, out of date. It is unprepared for the retrospective cut that the Tories are asking for. The Tories have to say which services should be cut, too: local radio services, or the children's channel, or the parliamentary channel, or a national radio station or two? Perhaps still more importantly, what damage would the cut do to the creative industries?

Mr. Cash *rose—*

Mr. Foster: I will give way to the hon. Gentleman shortly, if he wishes to intervene then. We know that the BBC's activities put £5 billion per annum into the creative industries. It has already been pointed out that the other broadcasters are reducing their expenditure. If there is a further BBC cut, that will have a direct impact on the creative economy.

This is a dangerous proposal that would undermine the independence of the BBC and that would, by failing to take into account recent and planned efficiency savings, put programmes and services at risk. It is also badly timed. This is a retrospective cut, and no mention has been made of the cost that would be incurred in implementing it retrospectively. Again, I have received advice, and I have been told it would be in the order of £4.3 million.

Finally, this really is pathetic, because if all the Tories can do in this recession is offer to each household in the land the princely sum of £3—less than 1p a day—people will see through that for what it is. The public do not want the BBC to be damaged or its independence to be threatened, and they will see this as a cheap gimmick. By using the BBC as a political football, the Tories have scored an own goal. It is absolutely clear that the BBC will not be safe in Conservative hands.

5.34 pm

Mr. John Grogan (Selby) (Lab): I have not signed the early-day motion in question, and I rise briefly to support the Government and oppose the Opposition motion. First, I wish to deal with the argument made by the Conservative Front-Bench team that advertising has declined for commercial broadcasters and thus, by implication, that the BBC is becoming too dominant in the market. It is important to be accurate with the figures. The amount of the licence fee money that is spent on BBC television programmes is about £2.5 billion, which is roughly what will be raised this year by the traditional terrestrial commercial broadcasters in advertising income—the ratio is about 50:50; the BBC's figure could be a little higher than that of commercial broadcasters, or vice versa. Obviously, the BBC does not spend all its licence fee income on television, because it supports radio and online services too.

That argument from the Conservatives seemed to me to belong to 20 or 25 years ago, because it completely neglected the fact that a great deal of broadcasting income these days comes from subscription TV. I believe that BSkyB has a subscription income of about £3.7 billion, and the figure for Virgin—Richard Branson's company—is about £600 million, so a total subscription income of well over £4 billion, in addition to the advertising income for commercial broadcasting, has to be considered. The BBC is a much smaller player than it was 10 or 20 years ago, and it is not in any danger of becoming dominant in the market. Indeed, 10 years ago, people were fearful as to whether the BBC would have relevance, given that competition. As Front Benchers have recognised, the BBC has responded well to that competition: BBC 1 remains the most watched TV channel in the nation; BBC radio still attracts about 50 per cent. of the radio listenership throughout the country; and BBC Online is looked at by at least half the population on a regular basis.

There are two reasons why it is important that the BBC's licence fee is determined over a long period, not a short one—they have been mentioned but they are worth repeating even though they are both matters of common sense. I hope that in the coming days, or perhaps later today, the official Opposition will clarify whether they seek an annual review of the BBC's licence fee, as some of their Back Benchers—

Mr. Hunt *indicated dissent.*

Mr. Grogan: I am encouraged by some of the gestures coming from those on the Opposition Front Bench suggesting that that is not the case, because it would be a big worry if it were.

There are two reasons why the BBC needs long-term funding, the first of which relates to its independence, which should not be taken for granted. It has been

[Mr. Grogan]

established over 80 years of BBC history and, as the Secretary of State said, it would be problem if the BBC director-general had to troop into the Treasury on an annual basis and, depending on what the controversy of the moment was, had to speak in the press, tailor his argument and so on. Would Jeremy Paxman be quite so aggressive to us all and would the "Today" programme be quite so pressing of the day's issues if that were the situation? Over time, what would happen to that independence? It should be valued—there is no point in having the BBC and in having the licence fee if that independence is not preserved—because it is crucial, not only to news coverage, but to the BBC's entire output.

Mr. John Whittingdale (Maldon and East Chelmsford) (Con): Is the hon. Gentleman suggesting that in the run-up to the previous BBC settlement, the BBC was, in some way, restrained in its criticism of the Government? I do not believe that his Front-Bench team would feel that that was the case at the time of Hutton.

Mr. Grogan: This is a question of balance, and of whether we should have the review once every six or seven years, or once a year. An annual review would clearly mean that the process is ongoing; there would never be a time when the BBC licence fee would not be under debate. We should be talking about relatively short periods, when the charter is reviewed, whereby we decide whether we want the BBC to continue or not, then decide what the licence fee should be and then let the BBC get on with doing its job.

We rightly make huge demands of the BBC, because of its privilege in getting the licence fee. Some of those have been mentioned, and they concern not only top quality content or maintaining standards. When the BBC falls short of those standards, it causes controversy because of the affection in which it is held. The demands also relate to how in this licence fee settlement, as has been said, we are asking the BBC to engage as never before with the nations and—as the right hon. Member for Wokingham (Mr. Redwood) has left, I believe that I can say this—with the regions of England too. The BBC is doing that in an unprecedented way. A third of BBC output will come from the regions by 2016, whereas only a quarter does so now. In Scotland, Northern Ireland and Wales, the figure will triple to some 17 or 18 per cent. of output. The partnerships that we are rightly demanding of the BBC—to advance digital radio, to preserve regional news and to get involved in all sorts of technological developments—mean that we have to ensure that it has a predictable income.

The last settlement was quite tough, and it has fallen below inflation for the last couple of years, as the Secretary of State said. The BBC has to cut its cloth according to its means, but it must have predictability.

This debate is a key indicator of the attitude of a future Conservative Government—should that ever come about—to many issues. Like the Secretary of State, on broadcasting I trust the instincts of the Conservative Front Bench and the Leader of the Opposition, who has often said that he admires the BBC as a great British institution, but those sentiments are clearly not shared by all Conservative Members.

Interestingly, it is not only on this issue that red meat is being offered. For example, I understand that it is now Conservative policy to get rid of the traditional British rule that television news should be impartial. We might end up with a domestic version of Fox News, and that would be a big change. If that were combined with calling in the director-general of the BBC once a year—I am glad that the Opposition Front-Bench spokesman has confirmed that that is not the plan, and I hope that it remains the case—broadcasting in this nation, which is valued by many people, could be under threat. That would affect not only the BBC, but commercial public service broadcasters and it would be to the detriment of the nation.

I hope that the House will endorse the current BBC licence fee and back the tremendous plans for production in the regions, top quality content and the development of new technology to which the BBC is committed.

5.42 pm

Mr. John Whittingdale (Maldon and East Chelmsford) (Con): I warmly congratulate my hon. Friend the Member for South-West Surrey (Mr. Hunt) on initiating this debate on the licence fee. If ever there was a time when it was right to ask again whether the licence fee should continue to increase, it is now. My hon. Friend set out some of the background to the increase in the fee against the rate of inflation, but the BBC's income is determined not just by the level of the licence fee, but the number of households that pay it, which also has been going up. As a result, the BBC has enjoyed perpetual income increases, year on year, at a time when the rest of the media sector is facing its worst crisis for 50 years.

The media are affected by the recession in the same way as every other industry. As many people who have been in business will know, one of the first casualties in a recession is advertising spend, and there has been a significant drop in advertising expenditure across the board. On top of that, we are seeing a fundamental structural change in people's consumption of media. More and more people consume media online, and as they move from traditional media outlets advertisers are following them. The result is that every commercial operator is under greater pressure than ever before. ITV has moved from children's programming and regional programming, and it has now pulled out of arts programming with the ending of "The South Bank Show". It has also cut drama. Channel 4 has identified a £150 million gap in its funding. Channel 5 is struggling to survive. Every commercial radio station is now considering its economic prospects and wondering whether it will still be in business in a year's time. As we know, local newspapers are going out of business every week.

All those sectors face competition from the BBC, and that has always been a matter for concern, but the disparity between the amount available to commercial media and that available to the BBC has now become enormous, and it is distorting the market. For the first time, the BBC's income will exceed the total advertising revenue of the entire commercial sector. That gap will grow to more than £1 billion.

Philip Davies: Does my hon. Friend agree that, as opposed to the BBC press release masquerading as the Liberal Democrat spokesman's speech, even if the motion were to be passed today, that would not comprise a cut

in BBC expenditure? The motion would simply result in the BBC's not being given a further increase in funding. It is nothing to do with a cut to the BBC's funding, anyway.

Mr. Whittingdale: My hon. Friend is absolutely right. The Conservatives are entirely familiar with the claim that there will be cuts when in fact we are talking about a slightly reduced increase in expenditure.

Andy Burnham: The hon. Gentleman is of course absolutely right to describe the pressure on established media businesses, but, given that, will the public get the quality of media they deserve if the licence fee is cut? How can the public in this country get the quality of media they deserve and that democracy needs if the licence fee is to be cut?

Mr. Whittingdale: We simply cannot ignore the environment in which the BBC is operating. That is not to say that the BBC does not do masses of things that are essential. However, my question is whether it needs £3.6 billion to do them. The BBC will always point to its comedy, drama, children's television, regional television and its religion, arts and education coverage. However, just because the BBC produced "Cranford", "Life in Cold Blood" or "Panorama" does not necessarily justify £3.6 billion. We have to ask whether we need all the channels that the BBC produces. BBC 3 has cost more than £500 million since it was set up, and to be honest I do not believe that the amount of product that has appeared on BBC 3 justifies that amount.

The Secretary of State said that "The BBC is there to provide content that the commercial sector would not". I entirely agree, but too often the BBC is providing content that looks very similar, if not wholly identical, to the content that the commercial sector provides. One has to ask whether it is justified for the BBC to go on paying the amount that it does in recruiting talent, top salaries, competing against commercial providers and, as my hon. Friend the Member for South-West Surrey said, bidding against commercial television to acquire imported American television or to acquire Hollywood movies—in that case, the only beneficiaries are the Hollywood studios.

The BBC does not need all the money it receives and, in the longer term, we need to be having a bigger debate necessarily about whether the BBC needs this amount or that amount, but about how we can sustain public service broadcasting in this country. There is a desperate crisis, and it is essential that the BBC is not left as the sole provider of public service broadcasting. If we are to sustain plurality, we must support commercial providers' continuing to provide public service programming. That might well need public support, and the obvious source for that is the licence fee.

Is it more in the interests of the public and the viewing public in this country that we should go on sustaining BBC 3 or yet another American import, or should we be using that money to ensure that regional news does not just appear on the BBC but continues to be broadcast on ITV? Should there be other providers of children's programming outside the BBC? I welcome that debate, which Lord Carter is currently conducting, but those points have to be taken into account in this debate.

There is very little time, but I want to finish by saying that I am profoundly disturbed by the comments made by the chairman of the BBC Trust, which was set up to be different from the board of governors. It was supposed to be an arm's length regulator, yet increasingly the chairman of the trust appears to be a champion of the BBC. When he suggests that it was somehow wrong for the Opposition to table this motion today, I have to say that he is straying on to political territory, which is very dangerous. He is also questioning the right of Parliament to determine the appropriate level of funding for the BBC. Of course Parliament should not interfere in the BBC's editorial independence, but debating the right amount of public money to go to the BBC is not interfering in editorial independence. It is a function of this House. If the chairman of the trust is suggesting that we should not be having this debate, I believe that he is in severe danger of overstepping the mark. I hope that he will think very carefully before continuing to make that argument.

5.49 pm

Mr. Austin Mitchell (Great Grimsby) (Lab): The Opposition's pathetic and opportunistic proposal tells us more about the intellectual decline of the Conservative party, and of its Front-Bench team in particular, than it does about the crucial problem of communications—that is, how we maintain and defend the quality of public service broadcasting in this country. The motion before us does nothing at all about that.

I expected to see the hon. Member for Maldon and East Chelmsford (Mr. Whittingdale) sitting and squirming with embarrassment through the deluge of rubbish poured on us by his Front Bench spokesman. The Opposition's agenda has been revealed to be top-slicing the BBC's licence fee—that is the unstated purpose of the motion—and the fact that he at least had the courage to make that specific merely demonstrates that the intellectual rot has affected even him.

Philip Davies: Will the hon. Gentleman give way?

Mr. Mitchell: I always give way to Shipley.

Philip Davies: And I am very grateful too, but does the hon. Gentleman agree that top-slicing was recommended by the Select Committee as a whole? He will not have failed to notice that the Committee has a Labour majority.

Mr. Mitchell: I do not want to embark on top-slicing, and neither does the National Union of Journalists or anyone with a real concern for public service broadcasting. Once top-slicing starts, it never stops. If it starts, we shall end up with what happened when I was in New Zealand. There, the licence fee was frozen and never increased, with the result that demand for commercials to be broadcast on the public service broadcasting channel kept on growing.

The motion shows that today's Conservative party has very little noblesse and damn all oblige. The spirit of Willie Whitelaw, a man who was generous to the BBC and to public service broadcasting, is frankly dead. The Opposition are clearly obsessed with the cost of everything, but care little for a valued institution such as the BBC. When the Tory Front-Bench spokesman

[Mr. Austin Mitchell]

made his speech, he was surrounded by the boot boys of the Tory party, but most of them have left to do their boot work somewhere else. His was an intellectually feeble argument, and I am pleased to see that the Tory grandees are not participating in it.

The BBC has its faults, and we could go on about them at length. I wish that I had been paid the sort of salary that Jonathan Ross gets—I used to present a programme called "24 Hours A Day" and I was worth it—but there is no need to go on about the BBC's faults, as all big organisations have them. Freezing or cutting the annual licence fee increase would secure only pathetic savings and, once we embarked on such a process, it would never stop. What would happen next year, or the year after? Another cut would be proposed.

The motion shows that the Tory party is reneging on the licence fee, which has been the basis for the financing of public service television over the years. It has been ring-fenced to the BBC to provide quality in public broadcasting through culture programmes, children's programmes and regional services. The latter are very important in Yorkshire, and the BBC provides all the services from which ITV is pulling out. Are the Opposition arguing that, because ITV is cutting its public service obligations, we should force the BBC to do the same? Is that the essence of their argument—that, because ITV has had to make sacrifices, we should impose sacrifices on the BBC?

That is totally illogical. The BBC is the bastion and guardian of public service television in this country. Are the Opposition suggesting that the money saved on the licence fee should go to ITV, or are they proposing these savage cuts just to make the BBC show the same sacrifice as ITV? If so, that argument is illogical.

Mr. Edward Vaizey (Wantage) (Con): The argument is that the money should go back to the licence fee payer—the taxpayer.

Mr. Mitchell: Well, that would be a very generous donation to everybody. That would make no difference to most people's cost of living. It is a futile gesture—and one that the Conservatives will want to repeat next year. We cannot suddenly impose such a cut in the third year of a six-year settlement. It was far from a generous settlement—it led to redundancies at the BBC when it was reached—but the BBC is working on the basis of it. The organisation needs stability. It is implementing a decision to make efficiency savings of 2 per cent. a year, and is doing quite well in that respect; the process is producing more redundancies than I would like. The BBC needs stability to plan and organise its resources for the long term, and the six-year settlement gives it that stability.

The Opposition suddenly want to take back that settlement. They want to interfere and stop it. That is crazy; it is just illogical. One would not run a sensible business in that fashion. The measure would mean the immediate loss of £75 million to the BBC. By 2012-13, the cumulative loss would be £325 million. Where, according to the Opposition, should those economies come from? Should they come from children's programmes, or from cutting BBC 3 or BBC 4? Should they come from cutting out local radio altogether? That would save £100 million; that is just £25 million more than the cut that would need to be made in the first year under the proposal. Should we close down Radios 1, 2 and 3? Is that what the Opposition are saying? Where will the economies come from to produce the cut? There is no case for it, and there is every argument against it. The Opposition's proposals are just a piece of opportunistic vandalism, which, as I say, shows the sad decline in the Tory party. They are a foretaste of what is undoubtedly to come, as the Tories re-screen their magnum opus, "Carry on Cutting"—cut, slash and burn.

5.56 pm

Mr. William Cash (Stone) (Con): In an intervention on my party's Front-Bench spokesman, I raised the question of the BBC's accounts, for an important reason. A number of us, including the Chairman of the Public Accounts Committee and the hon. Member for Maldon and East Chelmsford (Mr. Whittingdale), who is the Chairman of the Culture, Media and Sport Committee, have raised the matter time and again. All the arguments that we heard, including those of the Liberal spokesman, the hon. Member for Bath (Mr. Foster)—he apparently got his arguments from the finance director of the BBC—and all the arguments about the extent to which we are talking about value for money ultimately depend on whether we can see the accounts. I do not need to repeat the point; if we do not have a proper method of referring the accounts to the Public Accounts Committee, a lot of the analysis in this debate is completely worthless, because we do not really know.

In the same way, in-house productions are a cosy contractual arrangement, in many instances. That means that we do not really know whether they are sufficiently competitive with independent producers. I understand that "Panorama"—I hope that I am not wrong—has 40 programmes a year, of which 30 are in-house. If we are to have a thriving, competitive television and radio industry, it really does matter that we have accurate figures on how the various organisations operate in competition with one another.

I agree with my hon. Friend about the "Today" programme and the remarks made by the chairman of the BBC Trust today. Sarah Montague performed an interesting and important service today. It is the first time I have heard a presenter on any BBC programme raise the question of pay, expenses and allowances in the BBC. I am afraid that the Minister did not deal with that point. He quoted what the chairman of the trust said. I heard what the chairman said, and I have it written down. He referred to the trustees' expenses, and, I think, to the board. He did not deal with the whole BBC employment structure; that is very important. I pay tribute to Sarah Montague for asking the questions that she did, and to the people who were no doubt behind her, who ensured not only that the questions were asked, but that she challenged the chairman of the trust when he tried to duck the issue.

My hon. Friend is right. I have written extensively to Mark Thompson and before that to Michael Grade, and I have had a series of meetings with directors-general over the past 10 or 12 years or more. I have written to them on many, many occasions about the way in

which the BBC functions in terms of impartiality and bias, but I have never had the kind of replies that I would have expected.

I believe in the BBC. It is an enormously important concept and it does an enormous amount of good, but it must operate on the basis of proper impartiality and accuracy. I am afraid that when one looks at the guidelines and then at the charter, it is evident that the guidelines are largely written for the benefit of getting the BBC to be able to control the conduct of editorial policy. The charter is much clearer. It refers to the question of impartiality in relation to public policy. Frequently we find ourselves caught up in the argument about whether the BBC is partial or impartial, according to party policy. That is not the issue. There are many subjects on which it is essential that the BBC should focus impartially on public policy, not merely party policy.

We are about to move forward in an extensive and necessary reform of Parliament. Our Parliament has become a sham and it is essential that we address the problems ourselves. It is essential that we look at the BBC in the same light. It is important that the BBC provides from within itself the processes of regulation and self-regulation to ensure that we get what the BBC is capable of producing. It has been and it can be a first-class organisation. I strongly believe that we need a system of enforcement of the BBC's obligations in relation to impartiality and inaccuracy. That is important for the BBC, as Sarah Montague made clear this morning. It is essential for the BBC as a whole, from the director-general downwards.

There has been a severe lack of impartiality on a very big issue that is before the electorate—the European question. There has been a failure to address that—*[Interruption.]* As my hon. Friend the Member for Shipley (Philip Davies) says, the BBC has admitted that. I have the papers and correspondence that I have had with the BBC on that subject. It is important for this good reason: if we are to reform our Parliament, we must ensure that we return power where it belongs.

The BBC has more power and influence in many respects—probably in most respects—than Parliament. The best way to keep a secret is to make a speech in the House of Commons. The BBC's presenters and interviewers can ask questions and supplementaries, and they can do things that we cannot do, but we are elected. I am sure they understand that, but I wish they would demonstrate it rather more and make sure that they are as impartial as we believe they should be, and as we try to be in this place.

6.4 pm

Mr. Rob Wilson (Reading, East) (Con): I am a supporter of the BBC and value its history. I had intended to spend some time talking about the great contribution that the BBC has made to this country and the world over many years. That was until I heard Sir Michael Lyons this morning on the radio, so I will take all that good stuff as read. On Radio 4 he suggested that if Parliament stopped the rise in the licence fee, it was a recipe for curbing the independence of the BBC. What absolute nonsense. It strays dangerously into politics. My hon. Friend the Member for Stone (Mr. Cash) was right about that, and Sir Michael should have stayed well away from the issue, because the public no longer trust the BBC rigorously to enforce balance as it once did and was once famous for. The latest reported indiscretions involve the complaints that the BBC Trust upheld about the accuracy and bias of Jeremy Bowen in an article that he published marking the 40th anniversary of the six-day war. The trust said that Bowen

"should have done more to explain that there were alternative views on the subject which had some weight".

That breach of impartiality guidelines underlines the BBC's failure in recent years to stop its innate liberal bias from turning into unbalanced reporting. The BBC's pro-metropolitan, liberal attitude is well documented. Some of the most significant work on the topic was compiled by ex-BBC producer Antony Jay for the Centre for Policy Studies. In his pamphlet entitled, "Confessions of a Reformed BBC Producer", he describes the tribal-like mentality of BBC employees. Jay claims that BBC staff worked and socialised with people who have the same experiences and believe in the same principles, naturally reinforcing their pre-existing prejudices. Jay confessed:

"We so rarely encountered any coherent opposing arguments that we took our group-think as the views of all right-thinking people."

More recently, Andrew Marr famously described the BBC as not "impartial or neutral", arguing that it had a "cultural liberal bias" due to the type of people who were attracted to work there.

The European elections in June represent a particularly difficult challenge for the BBC: licence fee payers expect the BBC not only to give a fair hearing for the major political parties, but to report impartially on the debate between European integrationists and Eurosceptics. So far, it has been a challenge too far. An internal report for the BBC in 2005 found that its news suffered from an "institutional mindset" that led to a

"reluctance to question pro-EU assumptions".

It said that the BBC journalists are ignorant of how the EU works and have failed to show how much of British policy originates in Brussels, and it criticised managers who

"appear insufficiently self-critical about standards of impartiality".

The report concluded that

"the BBC is getting it wrong, and our main conclusion is that urgent action is required to put this right".

Unfortunately, urgent action has not been forthcoming. Another internal investigation in 2007 accused the BBC of trendy left-wing bias and stated that it was guilty of omitting opinions that were

"off limits in terms of a liberal-minded comfort zone".

The report noted that the BBC had come late to several important issues, including Euroscepticism and immigration.

The BBC's liberal obsession with multiculturalism means that it has become completely out of touch with large swathes of the country. The corporation has effectively censured the topics that people care about, because of its culture of uber-political correctness. That is also why the BBC gives a fairer hearing to trendy left-wing organisations such as Amnesty International and Liberty yet treats spokespeople for the Countryside Alliance and Migrationwatch UK as eccentric bores.

Mr. David Anderson (Blaydon) (Lab): Hear, hear!

Mr. Wilson: Thank you very much.

[Mr. Rob Wilson]

The BBC continues to demonstrate scant regard for balance and decency. At the heart of the issue, I fear, is the lack of willpower on the part of BBC senior executives to stand up to its high-profile broadcasters and performers. The BBC cares more about its high-profile and well-paid employees than about the people who actually pay their wages. That is why my constituents, like my colleagues, will not accept willingly an increase in this TV tax.

Several hon. Members *rose*—

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I have a difficulty, because the Secretary of State would like to make a short reply and the hon. Member for South-West Surrey (Mr. Hunt) is entitled to have the last word; perhaps, though, he is not interested in having it.

Philip Davies (Shipley) (Con): May I have two minutes?

Mr. Deputy Speaker: Mr. Davies can have one minute, and I will allow the balance to the Secretary of State.

6.9 pm

Philip Davies (Shipley) (Con): I am sure that one minute is about as much as people will be able to stomach from me anyway; your judgment is wise, Mr. Deputy Speaker.

The issue before us is whether the BBC needs an increase in funding. I have been prompted to speak because of the appalling mathematics that have been on show in the House, particularly from the hon. Members for Great Grimsby (Mr. Mitchell) and for Bath (Mr. Foster). The issue is not about making a cut to the BBC's income, but about not giving the BBC an increase. When somebody's pay is frozen, it is frozen, not cut—they have just not been given an increase. The BBC's problem is that it sees no increase as a cut, because it has become so feather-bedded by the licence fee and the taxpayer. It has become totally out of touch with the economic reality faced by everybody else.

I should like to make a particular point before I conclude. The BBC is supposed to be for the whole country, but recently, for example, it made a decision about horse racing, which is a sport that cuts across the social divide like nothing else. The BBC is trying to abandon such projects to go for the high-profile stuff; it completely lacks a good sense of priorities. It should concentrate on things that the British people as a whole want. The issue is about priorities. The BBC does not need all this increase, and that is why I will support the motion.

6.11 pm

Andy Burnham: With the leave of the House, Mr. Deputy Speaker, I should like to make a few brief comments in conclusion. It has been an excellent debate. The hon. Member for Bath (Mr. Foster) made an excellent speech, and said two things with which I profoundly agree. He said that the BBC does not always get things right; he was right to say that, and it is right for it to be acknowledged. He also said that the BBC was not safe in Tory hands, and some of the views emanating from the Conservative Benches this afternoon made that point abundantly clear to anybody who cared to pay attention. The argument from those Members was that the rest of the media industry was under pressure, so the BBC should be under pressure—the quality of all the media must go down. That is an awful argument.

There was a revealing moment when the hon. Member for South-West Surrey (Mr. Hunt) was asked where the money would be found. The hon. Gentleman went over the line that we should never cross. He started saying that he would make cuts to the number of imported programmes; he said that he might offer up "The Wire". That was a very revealing moment about Tory meddling in the BBC.

My hon. Friend the Member for Selby (Mr. Grogan), chair of the all-party BBC group, said that Tory policy on broadcasting is about scrapping impartiality in non-public service broadcasting news. It is also about allowing product placement. That strategy would see the quality of TV news and broadcasting go right downhill, and the public do not want that. The Tories' real policy is to cut the licence fee and top-slice—

6.13 pm

One and a half hours having elapsed since the commencement of proceedings on the motion, the Deputy Speaker put the Question (Standing Orders Nos. 16(1) and 17(2) and Order, 18 May).

The House proceeded to a Division.

Mr. Deputy Speaker: I ask the Serjeant at Arms to investigate the delay in the Aye Lobby.

The House having divided: Ayes 156, Noes 334.

Division No. 140] **[6.13 pm**

AYES

Afriyie, Adam
Ainsworth, Mr. Peter
Amess, Mr. David
Ancram, rh Mr. Michael
Atkinson, Mr. Peter
Bacon, Mr. Richard
Baldry, Tony
Baron, Mr. John
Bellingham, Mr. Henry
Benyon, Mr. Richard
Bercow, John
Blunt, Mr. Crispin
Bone, Mr. Peter
Boswell, Mr. Tim
Brazier, Mr. Julian
Browning, Angela
Burns, Mr. Simon
Burt, Alistair
Cameron, rh Mr. David
Carswell, Mr. Douglas
Cash, Mr. William
Clark, Greg
Clarke, rh Mr. Kenneth
Clifton-Brown, Mr. Geoffrey
Cormack, Sir Patrick
Cox, Mr. Geoffrey
Curry, rh Mr. David
Davies, David T.C. *(Monmouth)*
Davies, Philip
Davis, rh David
Djanogly, Mr. Jonathan
Dorrell, rh Mr. Stephen
Dorries, Nadine
Duddridge, James
Duncan, Alan
Duncan Smith, rh Mr. Iain
Dunne, Mr. Philip
Ellwood, Mr. Tobias
Evans, Mr. Nigel
Evennett, Mr. David
Fabricant, Michael
Field, Mr. Mark
Fox, Dr. Liam
Francois, Mr. Mark
Fraser, Christopher
Gale, Mr. Roger
Gauke, Mr. David
Gibb, Mr. Nick
Gillan, Mrs. Cheryl
Goodman, Mr. Paul
Goodwill, Mr. Robert
Gray, Mr. James
Green, Damian
Grieve, Mr. Dominic
Hague, rh Mr. William
Hammond, Mr. Philip
Hammond, Stephen
Hands, Mr. Greg
Harper, Mr. Mark
Hayes, Mr. John
Heald, Mr. Oliver

Heathcoat-Amory, rh Mr. David
Hendry, Charles
Herbert, Nick
Hoban, Mr. Mark
Hogg, rh Mr. Douglas
Hollobone, Mr. Philip
Holloway, Mr. Adam
Horam, Mr. John
Hosie, Stewart
Howarth, Mr. Gerald
Howell, John
Hunt, Mr. Jeremy
Jack, rh Mr. Michael
Jackson, Mr. Stewart
Jenkin, Mr. Bernard
Jones, Mr. David
Kawczynski, Daniel
Key, Robert
Knight, rh Mr. Greg
Laing, Mrs. Eleanor
Lait, Mrs. Jacqui
Lancaster, Mr. Mark
Leigh, Mr. Edward
Letwin, rh Mr. Oliver
Lewis, Dr. Julian
Lidington, Mr. David
Lilley, rh Mr. Peter
Loughton, Tim
Mackay, rh Mr. Andrew
MacNeil, Mr. Angus
Main, Anne
Maples, Mr. John
Mason, John
Maude, rh Mr. Francis
McIntosh, Miss Anne
McLoughlin, rh Mr. Patrick
Miller, Mrs. Maria
Milton, Anne
Mitchell, Mr. Andrew
Moss, Mr. Malcolm
Murrison, Dr. Andrew
Neill, Robert
Newmark, Mr. Brooks
O'Brien, Mr. Stephen
Osborne, Mr. George
Ottaway, Richard
Paice, Mr. James
Paterson, Mr. Owen
Penning, Mike
Penrose, John
Pickles, Mr. Eric
Prisk, Mr. Mark
Pritchard, Mark
Randall, Mr. John
Redwood, rh Mr. John
Robathan, Mr. Andrew
Robertson, Angus
Robertson, Hugh
Robertson, Mr. Laurence
Rosindell, Andrew
Scott, Mr. Lee
Selous, Andrew
Simmonds, Mark
Simpson, Mr. Keith
Spicer, Sir Michael
Spink, Bob
Spring, Mr. Richard
Stanley, rh Sir John
Streeter, Mr. Gary
Stuart, Mr. Graham
Swayne, Mr. Desmond
Swire, Mr. Hugo
Syms, Mr. Robert
Tapsell, Sir Peter
Taylor, Mr. Ian
Timpson, Mr. Edward
Tredinnick, David
Turner, Mr. Andrew
Vaizey, Mr. Edward
Vara, Mr. Shailesh
Villiers, Mrs. Theresa
Walker, Mr. Charles
Walter, Mr. Robert
Waterson, Mr. Nigel
Watkinson, Angela
Weir, Mr. Mike
Whittingdale, Mr. John
Widdecombe, rh Miss Ann
Willetts, Mr. David
Wilshire, Mr. David
Wilson, Mr. Rob
Winterton, Ann
Winterton, Sir Nicholas
Wishart, Pete
Wright, Jeremy
Young, rh Sir George

Tellers for the Ayes:
Mr. Stephen Crabb and Bill Wiggin

NOES

Abbott, Ms Diane
Ainsworth, rh Mr. Bob
Alexander, rh Mr. Douglas
Allen, Mr. Graham
Anderson, Mr. David
Armstrong, rh Hilary
Austin, Mr. Ian
Austin, John
Baker, Norman
Balls, rh Ed
Banks, Gordon
Barlow, Ms Celia
Barrett, John
Barron, rh Mr. Kevin
Battle, rh John
Beckett, rh Margaret
Begg, Miss Anne
Beith, rh Sir Alan
Benn, rh Hilary
Benton, Mr. Joe
Berry, Roger
Betts, Mr. Clive
Blackman, Liz
Blackman-Woods, Dr. Roberta
Blunkett, rh Mr. David
Borrow, Mr. David S.
Bradshaw, Mr. Ben
Brake, Tom
Brennan, Kevin
Brown, Lyn
Brown, rh Mr. Nicholas
Brown, Mr. Russell
Browne, rh Des
Browne, Mr. Jeremy
Bruce, rh Malcolm
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, rh Andy
Burstow, Mr. Paul
Burt, Lorely
Butler, Ms Dawn
Byers, rh Mr. Stephen
Cable, Dr. Vincent
Caborn, rh Mr. Richard
Cairns, David
Campbell, Mr. Alan
Campbell, rh Sir Menzies
Campbell, Mr. Ronnie
Carmichael, Mr. Alistair
Caton, Mr. Martin
Cawsey, Mr. Ian
Chapman, Ben
Clapham, Mr. Michael
Clark, Paul
Clarke, rh Mr. Charles
Clarke, rh Mr. Tom
Clegg, rh Mr. Nick
Clelland, Mr. David
Clwyd, rh Ann
Coaker, Mr. Vernon
Coffey, Ann
Cohen, Harry
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr. David
Creagh, Mary
Cruddas, Jon
Cryer, Mrs. Ann
Cummings, John
Cunningham, Mr. Jim
Cunningham, Tony
David, Mr. Wayne
Davidson, Mr. Ian
Davies, Mr. Dai
Dean, Mrs. Janet
Denham, rh Mr. John
Devine, Mr. Jim
Dhanda, Mr. Parmjit
Dismore, Mr. Andrew
Dobson, rh Frank
Donohoe, Mr. Brian H.
Doran, Mr. Frank
Dowd, Jim
Drew, Mr. David
Eagle, Angela
Eagle, Maria
Ellman, Mrs. Louise
Engel, Natascha
Etherington, Bill
Farrelly, Paul
Featherstone, Lynne
Fisher, Mark
Fitzpatrick, Jim
Flello, Mr. Robert
Flint, rh Caroline
Flynn, Paul
Follett, Barbara
Foster, Mr. Don
Foster, Mr. Michael *(Worcester)*
Foster, Michael Jabez *(Hastings and Rye)*
Francis, Dr. Hywel
Gapes, Mike
Gardiner, Barry
George, Andrew
George, rh Mr. Bruce
Gibson, Dr. Ian
Gidley, Sandra
Gilroy, Linda
Goggins, Paul
Goldsworthy, Julia
Goodman, Helen
Griffith, Nia
Griffiths, Nigel
Grogan, Mr. John
Gwynne, Andrew
Hain, rh Mr. Peter
Hall, Mr. Mike
Hall, Patrick
Hamilton, Mr. David
Hancock, Mr. Mike
Hanson, rh Mr. David
Harman, rh Ms Harriet
Harris, Dr. Evan
Harris, Mr. Tom
Harvey, Nick
Havard, Mr. Dai
Healey, rh John
Heath, Mr. David
Hemming, John
Hendrick, Mr. Mark
Hepburn, Mr. Stephen
Heppell, Mr. John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, rh Keith
Hodgson, Mrs. Sharon
Holmes, Paul
Hoon, rh Mr. Geoffrey
Hope, Phil
Horwood, Martin
Howarth, David
Howarth, rh Mr. George
Howells, rh Dr. Kim
Hughes, rh Beverley
Hughes, Simon
Huhne, Chris
Humble, Mrs. Joan
Hunter, Mark
Iddon, Dr. Brian
Illsley, Mr. Eric
Ingram, rh Mr. Adam
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs. Siân C.
Johnson, rh Alan
Johnson, Ms Diana R.
Jones, Helen
Jones, Mr. Kevan
Jones, Lynne
Jones, Mr. Martyn
Jowell, rh Tessa
Joyce, Mr. Eric
Kaufman, rh Sir Gerald
Keen, Alan
Keen, Ann
Keetch, Mr. Paul
Kelly, rh Ruth
Kennedy, rh Mr. Charles
Kennedy, rh Jane
Kidney, Mr. David
Kilfoyle, Mr. Peter
Knight, rh Jim
Kramer, Susan
Kumar, Dr. Ashok

Ladyman, Dr. Stephen
Lammy, rh Mr. David
Laws, Mr. David
Laxton, Mr. Bob
Lazarowicz, Mark
Leech, Mr. John
Lepper, David
Levitt, Tom
Lewis, Mr. Ivan
Linton, Martin
Lloyd, Tony
Lucas, Ian
Mackinlay, Andrew
MacShane, rh Mr. Denis
Mactaggart, Fiona
Mahmood, Mr. Khalid
Malik, Mr. Shahid
Marris, Rob
Marsden, Mr. Gordon
Marshall-Andrews, Mr. Robert
Martlew, Mr. Eric
McAvoy, rh Mr. Thomas
McCabe, Steve
McCafferty, Chris
McCarthy, Kerry
McCarthy-Fry, Sarah
McCartney, rh Mr. Ian
McDonagh, Siobhain
McDonnell, John
McGovern, Mr. Jim
McKechin, Ann
McKenna, Rosemary
McNulty, rh Mr. Tony
Meacher, rh Mr. Michael
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Mr. Austin
Moffatt, Laura
Mole, Chris
Moon, Mrs. Madeleine
Moore, Mr. Michael
Morden, Jessica
Morgan, Julie
Mountford, Kali
Mullin, Mr. Chris
Munn, Meg
Murphy, rh Mr. Jim
Naysmith, Dr. Doug
O'Hara, Mr. Edward
Olner, Mr. Bill
Osborne, Sandra
Owen, Albert
Pearson, Ian
Pelling, Mr. Andrew
Plaskitt, Mr. James
Pound, Stephen
Prentice, Bridget
Prentice, Mr. Gordon
Prescott, rh Mr. John
Price, Adam
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Mr. Ken
Purnell, rh James
Raynsford, rh Mr. Nick
Reed, Mr. Andy
Reed, Mr. Jamie
Reid, Mr. Alan
Rennie, Willie
Riordan, Mrs. Linda
Rogerson, Dan
Rooney, Mr. Terry
Roy, Mr. Frank
Roy, Lindsay
Ruane, Chris
Ruddock, Joan
Russell, Bob
Salter, Martin
Sanders, Mr. Adrian
Sarwar, Mr. Mohammad
Seabeck, Alison
Shaw, Jonathan
Sheerman, Mr. Barry
Sheridan, Jim
Short, rh Clare
Simon, Mr. Siôn
Simpson, Alan
Singh, Mr. Marsha
Skinner, Mr. Dennis
Slaughter, Mr. Andy
Smith, rh Mr. Andrew
Smith, Ms Angela C. *(Sheffield, Hillsborough)*
Smith, Angela E. *(Basildon)*
Smith, Geraldine
Smith, rh Jacqui
Smith, Sir Robert
Snelgrove, Anne
Soulsby, Sir Peter
Southworth, Helen
Spellar, rh Mr. John
Starkey, Dr. Phyllis
Strang, rh Dr. Gavin
Straw, rh Mr. Jack
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Mr. Gerry
Swinson, Jo
Tami, Mark
Taylor, Ms Dari
Taylor, David
Taylor, Matthew
Teather, Sarah
Thomas, Mr. Gareth
Thornberry, Emily
Thurso, John
Timms, rh Mr. Stephen
Tipping, Paddy
Todd, Mr. Mark
Touhig, rh Mr. Don
Trickett, Jon
Truswell, Mr. Paul
Turner, Dr. Desmond
Turner, Mr. Neil
Twigg, Derek
Ussher, Kitty
Vaz, rh Keith
Vis, Dr. Rudi
Walley, Joan
Waltho, Lynda
Ward, Claire
Wareing, Mr. Robert N.
Watson, Mr. Tom
Watts, Mr. Dave
Webb, Steve
Whitehead, Dr. Alan
Wicks, rh Malcolm
Williams, rh Mr. Alan
Williams, Mrs. Betty
Williams, Mark
Williams, Mr. Roger
Williams, Stephen
Willis, Mr. Phil
Wilson, Phil
Winnick, Mr. David
Winterton, rh Ms Rosie
Wood, Mike
Woolas, Mr. Phil
Wright, David
Wright, Mr. Iain
Wright, Dr. Tony
Wyatt, Derek
Younger-Ross, Richard

Tellers for the Noes:
Barbara Keeley and Mr. Bob Blizzard

Question accordingly negatived.

6.30 pm

Mr. Crispin Blunt (Reigate) (Con): On a point of order, Mr. Deputy Speaker. There are now at least 25 flags of a proscribed terrorist organisation flying over Parliament square. You will have heard numerous points of order about the obstruction, expense and conduct of the Tamil demonstration. Although I understand that decisions about the conduct of public order are an operational matter for the police, the message being sent out about our tolerance of terrorism is a wider policy matter of importance to us all. I would invite you, as a matter of urgency, to communicate to the relevant authorities the view that the unimpeded and open support of a terrorist organisation in front of Parliament sends the most unhelpful wider message about the conduct of our counter-terrorist strategy.

Mr. Deputy Speaker (Sir Alan Haselhurst): I am grateful to the hon. Gentleman for giving me notice that he was going to raise that point of order, which I am sure will be of concern to the whole House. Mr. Speaker has expressed his own concerns about what is happening in Parliament square and all its implications, but as the hon. Gentleman knows, we do not have the full scope of authority to deal with the situation. However, I am grateful to him for putting the latest situation on the record, and I am sure that the relevant authorities will take note.

PETITIONS

Economic and Voting Scales

6.31 pm

Sir Gerald Kaufman (Manchester, Gorton) (Lab): I wish to present a petition in the name of my constituent, Mr. Martin Burke.

The petition states:

The Petition of Mr. Martin Burke,

Declares that Mr. Martin Burke of 'Elizabeth Regina Love' has written to several Members of the Commons and Lords individually and collectively in the past three years and now wishes to introduce himself and address the Commons as a whole;

Further declares that Mr. Burke worked on his own initiative since 2005 and made a contribution to the resolution of several national and international emergencies: 7/7; Northern Ireland; Iraq; Afghanistan; entrenching democracy in Pakistan; Darfur; the Burma cyclone; the North Korea nuclear crisis; the Royal Navy prisoners in Iran; the Lebanon War 2006; the development of the Palestinian state; relations with Russia, Zimbabwe, Gaza and Sri Lanka, and with others;

Further declares that prior to 'Elizabeth Regina Love' (est. 2004) Mr. Burke carried out fundamental work in the field of Economics and Mathematics, discovering and defining a new mathematical

object in 1997, the General Economic Measurement Scale, simple illustrations of which were prepared for the Bank of England in 2005; notes that until this time the science of Economics did not have a defined measurement scale; further notes that an eminent academic confirmed no prior literature in 2006; further notes that the General Democratic Voting Scale was defined in 2007; further notes that these objects can be seen at www.eheartr.com and have been accepted by the British Library; further notes that the symbol for 'Elizabeth Regina Love' is by invitation of the Lord Chamberlain on behalf of the Queen; further notes that Mr. Burke works independently and on his own initiative and this is his petition; and further notes that these objects have not previously been reported in *Hansard*.

The Petitioner therefore requests that the House of Commons bears in mind the General Economic Measurement Scale and the General Democratic Voting Scale in its work on the current challenges facing the country and in its future law making, and uses them in its thinking, whatever the consequences to the petitioner of the small parts played by him in the above declared events; and the petitioner further requests that the House accepts these objects for inclusion in the House of Commons Library where Members can see them.

And the Petitioner remains, etc.

[P000370]

Schools (Yorkshire)

6.34 pm

Ms Dari Taylor (Stockton, South) (Lab): I beg leave to present to the House a petition signed by 6,000 residents, the majority of whom are parents of young children, and who live in Ingleby Barwick, a residential area in my constituency. They are requesting that the Government locate the rebuilding of Egglescliffe school in the Preston Park area of Stockton-on-Tees, so that the school will serve the two communities of Ingleby Barwick and Egglescliffe, delivering excellent education to all children.

The petition states:

The Petition of residents of Barwick, and others,

Declares that providing a secondary school of 900 places in or on the periphery of Barwick would offer choice and diversity to the parents and children of Ingleby Barwick, improve standards of education for children, and would allow children to be educated locally within their town; believes that this could be achieved by moving the secondary school currently based in Egglescliffe to Preston (within the Borough of Stockton-on-Tees) so that children from both areas could attend the school.

The Petitioners therefore request that the House of Commons urges the Government to support the request made by parents to move the secondary school currently based in Egglescliffe to Preston (within the Borough of Stockton-on-Tees) so that children from both areas could attend the school.

And the Petitioners remain, etc.

[P000372]

Roads (Cheshire)

6.35 pm

Mr. Mike Hall (Weaver Vale) (Lab): This petition relates to a road proposal being brought forward by Cheshire West and Chester local authority to link the Winnington urban village to the A556. The proposed road will pass through the Hartford part of my constituency and through a conservation area. If this had been a planning application, it would have been refused. However, because it is a road scheme, it is being permitted to go ahead. Unfortunately, the work started on Monday. This petition has been collected by the Hartford civic society and contains more than 800 names.

To the House of Commons:

The Petition of residents of Hartford, and others:

The proposed slip road to be built at Bradburns Lane and Chester Road will destroy a triangular grassed area with an ancient fountain, leading to the irreversible loss of a major village feature; further declares that the proposals ignore the area's status as a designated conservation area; believes that the slip road will offer no benefit to Hartford residents and that it would only marginally improve traffic flow from Winnington Urban Village; further believes that the slip road would be a waste of £500,000 of public money; and supports the Hartford Civic Society, the Parish Council and the Borough Conservation Manager in their opposition to the proposed slip road.

The Petitioners therefore request that the House of Commons urges the Government to take whatever action possible to prevent the construction of the slip road at Bradburns Lane and Chester Road.

And the Petitioners remain, etc.

[P000374]

Clatterbridge Centre for Oncology

Motion made, and Question proposed, That this House do now adjourn.—*(Mr. Frank Roy.)*

6.36 pm

Ben Chapman (Wirral, South) (Lab): I am delighted to have secured this debate on the Clatterbridge Centre for Oncology. It is an immensely valuable institution and a source of pride to the local community, but I fear that it is none the less under a degree of threat. My right hon. Friend the Member for Birkenhead (Mr. Field) would have liked to be here, but was unable to be. He has asked me to say that he supports my campaign to prevent moves that could damage the services provided at the CCO. My hon. Friend the Member for Wirral, West (Stephen Hesford) has been similarly supportive throughout the campaign and in this context.

Stephen Hesford (Wirral, West) (Lab): I congratulate my hon. Friend on securing this important debate. May I remind him of a meeting that we had with the Under-Secretary of State for Health, my hon. Friend the Member for Brentford and Isleworth (Ann Keen), whom I am pleased to see in her place tonight? Does he remember that that meeting was not wholly positive? Is that one of the reasons he feels the need to bring the matter before the House of Commons? May I urge him to continue his work in this regard?

Ben Chapman: I am grateful to my hon. Friend. I well remember that meeting with the Minister. Of course, she was listening then, as I hope she will do tonight to the points that we are about to make.

Max, the son of my hon. Friend the Member for Alyn and Deeside (Mark Tami), was given radiotherapy treatment at Clatterbridge prior to having a bone marrow transplant, and my hon. Friend—whom I am delighted to see here—is unstinting in his praise for the services provided there.

I want to say a few words about the history, which illustrates the CCO's long-standing contribution to cancer services in Britain and to its locality. The centre's roots date back over a century to the Liverpool hospital for cancer and diseases of the skin, which was established in 1862. In 1882, the hospital moved to a new site and was renamed the Radium Institute. The first Roentgen ray apparatus was purchased in 1901 and the centre gradually developed into one of the two major radiotherapy centres in the north-west of England. The centre has been at Clatterbridge since the early 1950s. It has provided chemotherapy since the 1970s, and CCO consultants were among the first to use multiple-drug chemotherapy. Today, the centre is thriving. It became a foundation trust hospital in 2006. Patient numbers are continually rising, with an average of 50 treated on each accelerator every day. Over 7,000 new patients are registered at the hospital each year.

The CCO has received significant investment in recent years and is now one of the best-equipped radiotherapy centres in Britain. Facilities include nine linear accelerators, which I am going to call "linacs", a cobalt unit, superficial and orthovoltage X-ray machines, two simulators, two scanners, tomography simulators and so forth. The centre places great emphasis on research and development, regularly participating in national and international clinical trails. It employs 650 staff, most of whom live locally. Any diminution of services would thus be damaging not just to the hospital but to the community.

In addition to the CCO's importance locally and to patients, it is recognised at national level as an outstanding NHS foundation trust. The Healthcare Commission rated it as excellent for quality and use of resources; and Monitor awarded the CCO green for governance and the provision of mandatory services, and gave it 5—the highest possible mark—for financial viability. It is in excellent financial shape.

The quality of the treatment provided is matched by the service delivery record. There is no waiting time for chemotherapy at the CCO, with 66 per cent. delivered in outreach clinics—the highest rate in the country. That is important for the comfort and convenience of patients.

Mr. Peter Kilfoyle (Liverpool, Walton) (Lab): I know what a redoubtable defender and advocate my hon. Friend is of Clatterbridge hospital and the fine services it provides. That is to his credit, but will he say a little more about the plans for outreach across other hospitals in the region? I know that both he and I support that outreach in order to ensure that the excellent services currently provided get to a wider audience.

Ben Chapman: I am grateful, as ever, to my hon. Friend, who takes a considerable and continuing interest in this subject. I will of course deal with the issue he raises as I develop my speech.

Despite the CCO's impressive record in the provision of services and its importance locally and nationally, its future is to a degree under threat. The crux of the issue is that the Merseyside and Cheshire Cancer Network has put forward proposals for two satellite sites with linacs used in radiotherapy treatment. One satellite at Aintree, to be run as a CCO operation, has been agreed and no one contests that it will make an important contribution to providing accessible services for those living in and around Liverpool. However, I am not sure that the case has been made—my hon. Friend may well disagree with me on this point—for a second satellite at the Royal Liverpool hospital, only 5 miles from Aintree. Let me say a little more about this.

What are the reasons put forward in favour of these proposals? I am told that the two satellites are necessary to

"meet demand for these services north of the River Mersey, as this area has some of the highest cancer death rates in the country".

It is assumed that the establishment of a second satellite only 5 miles from the first will inevitably improve cancer outcomes in Liverpool and satisfy unmet demand. Clinical opinion at the CCO, however, states that patients from the region, and particularly in Liverpool, already receive the best treatments available and that the outcomes following diagnosis are similar to the national rate. In fact, the cancer reform strategy and the north-west cancer plan both argue that late diagnosis is the major contributing factor to poor cancer survival rates. There is no evidence to suggest that providing more non-surgical oncology services in a given area—in this case, in Liverpool city centre—would have a direct impact on survival rates. Improved screening programmes and public awareness campaigns are considered more likely to make a difference.

A related argument presented in favour of a second satellite at the Royal is that Clatterbridge is too far away for patients in Liverpool and that more non-surgical oncology services, over and above those planned for Aintree, are necessary to improve access. I am not wholly convinced that cancer services cannot be accessed within a reasonable travel period by people in Liverpool, or more generally in the Cheshire and Merseyside area that the CCO covers. The cancer reform strategy recommends that travel times to services should not exceed 45 minutes, and 92 per cent. of CCO patients travel by car, ambulance or taxi and are able to obtain their treatments within that time—and in many cases more quickly. When the Aintree site is fully functioning, times will be even shorter.

I want to emphasise that I accept the need for some non-surgical oncology services to be provided at a satellite in Liverpool. Along with the CCO and others involved, I very much support the establishment of the site at Aintree, which the CCO will provide. However, in that light, it is very difficult to see why we need a second site only five miles away. Projections suggest that the Aintree site will provide enough linacs to meet demand until 2017, so the second satellite will lead to overcapacity. Resources, which are always finite, will be hard pressed in the current economic climate; and it seems to me that overcapacity in Liverpool across the two sites will inevitably lead to a reduction of services at the CCO.

Furthermore, even if it could be proved that there is a need for additional linacs beyond those already provided at the CCO and at the Aintree satellite, that would not necessarily provide an argument for the establishment of a second site. Surely it would be logical and cost-effective to increase the number of linacs at Aintree. I am told that the site could incorporate that, and it would prevent the expenditure involved in building another site.

All this must be seen in the context of wider proposals for relocating the CCO to Liverpool, which are outlined in the Baker review. There is now general agreement that such a move, which would cost approximately £150 million, is inconceivable in the current economic climate, and it has been put on the back burner for at least the next five years. However, the chairman of Cheshire and Merseyside strategic health authority has confirmed that it is the "direction of travel" towards 2020.

That bothers me. I challenge the fundamental assumption that the primary centre for non-surgical oncology services in the region should necessarily be in Liverpool. The existing Clatterbridge location is liked by patients, it ain't broke, it is a pleasant environment and, as I have said, it makes an important contribution to the local community. To move it would involve unnecessary and unwise expenditure, and in my view the idea has no obvious merit. Furthermore, proposals to move the centre seem to reflect a city-centric point of view. In fact, the CCO serves Cheshire and Merseyside and, as we have just heard, part of north Wales—Alyn and Deeside—and in that sense it is centrally located.

The case that the Royal is a desirable location for these services rests on two central arguments. The first is that it would allow cancer services to be in close physical proximity to acute facilities. Although I see the merits of that argument, it does not necessarily provide a reason for the centre to be moved to Liverpool. The CCO is about 15 minutes' drive from Arrowe Park Hospital. It is also developing its own high-dependency unit to support patients who become acutely ill during their treatment at the centre.

Secondly, it has been argued that the Royal location has advantages in terms of its academic links. However, the first satellite is to be built on the campus of the University Hospitals Aintree NHS Foundation Trust, which enjoys the same status as the Royal in terms of well-established academic links with Liverpool university. It seems to me that there is some confusion between academic status and proximity to the university itself. Moreover, the CCO is committed to developing its academic links and research. I am not convinced that the case for relocation at the Royal has been fully demonstrated either by the arguments about its acute facilities or by those about its academic links.

As I have said, for the time being there are no clear plans for a full-scale relocation, but I fear that, in the short term, the creation of a second satellite may constitute a piecemeal development, which the Cancer Network, the Royal and PCTs hope will eventually lead to the establishment of a cancer centre at the Royal. The second satellite was originally suggested in the context of relocation of the whole centre, in the light of the Baker report. It does not make sense on its own merits. However, the Cancer Network and PCTs preferred to push on regardless, apparently on the primary basis that if the money was available, why not?

This raises important question about how decisions are made about cancer services in the region. I am deeply concerned that PCTs, which have the power to determine the expenditure of large amounts of money—for instance, on the establishment of the proposed satellites—are, in my experience, only notionally accountable and often, I am afraid, profligate. They have not consulted me or other local Members of Parliament—or as far as I am aware, others—about the current round of proposals. If the PCTs are only notionally accountable, the Cancer Network is wholly unaccountable. Although it can only make recommendations rather than decisions, the PCTs do not appear to have probed its proposals sufficiently before endorsing them.

There is a clear need for cancer services in the region to be viewed on a strategic basis. Resources must be allocated and services located in a logical and transparent way, based on an assessment of the current and future needs of all local people and on expert advice.

I have described the CCO as a centre of excellence, and as such it is worth protecting for a number of reasons. It houses an impressive concentration of services and expertise, and continues to develop, improve and carry out research. As such, it is in a strong position to attract investment. In the current economic climate, funding will of course be scarce. Public money must be used even more wisely and cautiously than usual. If services are salami-sliced away from Clatterbridge with no clear plan, and cancer services in Merseyside are spread across multiple sites, no one institution in the area will draw the substantial funding that will be required in future years. Furthermore, if services are gradually moved from Clatterbridge, eroding the critical mass, the centre may well suffer a loss of confidence. It will fail to attract the best qualified staff, and it may start to decline.

[Ben Chapman]

I suspect that the Minister will reply to me on the basis of drafts provided by the strategic health authority and the Cancer Network. However, in none of the correspondence that I have received from either of those organisations is there any evidence that they have taken account of the views of the CCO, or, indeed, of the concerns expressed by me and my hon. Friend the Member for Wirral, West. Can the Minister assure me that she will take account of them in her response, and may I tell her that although what is proposed is euphemistically presented merely as a long-term "direction of travel", in my view it is a wrong direction for which the case remains unproven and the costs very large?

6.50 pm

The Parliamentary Under-Secretary of State for Health (Ann Keen): I congratulate my hon. Friend the Member for Wirral, South (Ben Chapman) on securing the debate. He has shown an acute interest in the welfare of his local health services, and in particular the cancer services, and I commend him for the dedication with which he serves the needs of his constituents. I am also pleased that my hon. Friends the Members for Wirral, West (Stephen Hesford), for Alyn and Deeside (Mark Tami) and for Liverpool, Walton (Mr. Kilfoyle) are present.

On 3 December 2007, the Government launched the cancer reform strategy, which sets out plans to improve further and develop cancer services across England over the next five years. It includes measures to improve cancer prevention, speed up the diagnosis and treatment of cancer, reduce inequalities, ensure that care is delivered in the most appropriate settings, and ensure that patients can access effective new treatments quickly. I am sure that we all can remember that at the time when our Labour Government came to power, patients with cancer were having to wait for many months, and sometimes a year or more, for treatment. The latest published data show that 93.9 per cent. of patients diagnosed with cancer start their treatment at the Clatterbridge Centre for Oncology within 62 days of referral from their GP. That represents remarkable progress, and I commend the efforts of the staff in making it possible, backed, of course, by the financial commitment of the Government. We must not be complacent, however, and we must do more to achieve even more progress.

I have listened carefully to the arguments of my hon. Friend the Member for Wirral, South in support of the CCO. I am informed, as was stated at our meeting, that the Merseyside and Cheshire Cancer Network undertook on behalf of local NHS organisations a review of how and where patients in the area who require cancer treatment might receive it in future. Its purpose was to ensure that the aspirations of our Government's cancer reform strategy are achieved locally.

The current situation in Merseyside is that most patients who require cancer treatment and who live north of the River Mersey travel to the CCO for that treatment. I am also advised—this is very worrying—that residents living north of the River Mersey experience the highest rate of cancer deaths in the locality. Indeed, the figures are some of the highest nationally.

Ben Chapman: If it is the case that a higher level of cancer deaths are suffered north of the river, would that not best be tackled by early diagnosis? I have seen no evidence that the travel time makes that statistic at all difficult.

Ann Keen: I hope that, as my speech progresses, we will come to a greater understanding of that issue.

I should restate that these are among the highest figures nationally, and currently these patients north of the Mersey, who make up 67 per cent. of the Mersey and Cheshire Cancer Network, face longer journey times to the CCO for treatment that may last only a matter of minutes. The review therefore made several recommendations. One of them was to look at the possibility of relocating some services from the CCO to the Royal Liverpool university hospital.

I am advised, and I understand that my hon. Friend has been too, that there is no immediate proposal to relocate the Clatterbridge centre to Liverpool in the foreseeable future. There is a recommendation to that effect by 2020, but that would require the development and approval of a formal business case, and full public consultation. I understand that the strategic outline case for these proposals will not even be complete until 2010-11.

At this stage, I should also point out that the configuration of services is a matter for the NHS locally. I am also happy to restate that no decisions on these proposals have been taken. It would therefore be totally inappropriate for me to intervene in this locally driven process or to comment on the options available. However, I am assured that any potential relocation will be subject to due diligence, and that the process will be objective, transparent and robust and will take account of all stakeholders.

Stephen Hesford: My hon. Friend rightly says that if no decision has been taken and there remains an interest in the process of reaching any decision, it might be premature for her to intervene, but surely in order for that process to give consideration to the right principles and the right issues she can take an oversight view. When one is talking about potentially spending £150 million of public money in the wrong direction—my hon. Friend the Member for Wirral, South (Ben Chapman) says that this is the wrong direction—surely that is a matter for her to examine and have a view on.

Ann Keen: I thank my hon. Friend for the intervention because it gives us the opportunity to state again, as was made clear at our recent meeting in the Department of Health, that we should get involved in the process and that hon. Members must be involved in it. The cancer strategy and the cancer team were present at the meeting. I commend those present, as Members of Parliament for the area, for continuing to push for their constituents—that is what we expect them to do in this House—but at the same time they must have regard for local decision making, the way in which the consultation will be drawn up and how it is difficult at this moment for me to intervene in any way other than the way in which I am trying to help tonight.

I understand that these proposals were agreed in spring 2008 by all eight commissioning primary care trust boards. Again, this will facilitate access to treatment

for patients who endure some of the worst cancer outcomes in the country. We must commend PCTs in Cheshire and Merseyside for taking steps to address these issues. I must stress that these proposals concern providing additional radiotherapy services in the Merseyside area to meet the demand that I have outlined. I am assured that those additional services do not represent any removal of services from the Clatterbridge centre. In addition, I am informed there will be no job losses as a result of any of these proposals.

Ben Chapman: I apologise for intervening again, and I shall try not to do so again. Even if there is a case for transferring resource from Clatterbridge to Liverpool, such a move must reduce the critical mass at Clatterbridge. In any event, if such an approach is being taken, is there a case for having two facilities 5 miles apart—one at Aintree, where there is ample resource, and another elsewhere?

Ann Keen: The interventions are not a problem, because we have some time available to us. I know that this debate is important to hon. Members, and I welcome the opportunity to try to give reassurance wherever I can. Academic scientists and others are putting forward shocking figures to us that would lead hon. Members to develop their thoughts in that way.

I must say again that I am assured that these additional services do not represent any removal of services from the Clatterbridge centre. This package of developments will, in fact, require significant increases in the oncology work force. Today's technology makes it possible to deliver most radiotherapy treatment close to where patients live. As typical radiotherapy treatments are delivered over a period of several days or weeks, it is beneficial to the patient to have to travel as little as possible to access this vital treatment—

7 pm

Motion lapsed (Standing Order No. 9(3)).

Motion made, and Question proposed, That this House do now adjourn.—*(Mr. Frank Roy.)*

Ann Keen: I understand that a typical patient may make 15 daily visits to a radiotherapy unit during their treatment. I am informed that, based on optimum travel times for patients, the Aintree hospital in the north of the city was the preferred option. That will be a £15 million investment and will be funded and owned by the Clatterbridge centre, as well as operated by its specialist doctors, physicists and radiographers. I understand that the groundworks for a new building at Aintree hospital—I have noted that my hon. Friend the Member for Liverpool, Walton is in his place—are already underway, and that completion is planned by the end of 2010.

Mr. Kilfoyle: For the avoidance of any confusion among people who may or may not read *Hansard*, can the Minister confirm that two separate issues are under consideration? The first is about the extension of services to Aintree hospital in my constituency, which my hon. Friend the Member for Wirral, South (Ben Chapman) welcomes, as do I. The second debate is about what will happen down the track, but the current arrangements for Aintree hospital are welcomed by all parties.

Ann Keen: I am happy to reinforce that statement.

More action is needed to address the provision of radiotherapy services for residents north of the Mersey. I remind my hon. Friend the Member for Wirral, South that clinical reports, such as the one produced by Dr. Cottier of the national cancer services analysis team review, suggest that the majority—67 per cent.—of cancer sufferers requiring treatment live north of the Mersey. The additional services at Aintree are currently estimated to provide only 30 per cent. of the population needs from the north of the Mersey, and the remaining 70 per cent. will still need to travel to Clatterbridge for their treatment, typically on numerous occasions.

I am also informed that population and disease trend analysis suggests that demand for radiotherapy in Merseyside will rise by 26 per cent. by 2016, from a 2006 baseline. It is for these reasons that the Royal Liverpool University hospital has been identified as the preferred second location for additional radiotherapy services. I am informed that this proposal was put forward after considering the need for greater alignment of associated clinical services and specialist multidisciplinary teams for cancer. I also understand that the proposal has the potential to improve the strength of cancer research in Merseyside and Cheshire by developing closer links with the university of Liverpool and its Cancer Research UK centre, which, as my hon. Friend will agree, is an enormously valuable prospect.

Ben Chapman: I am taking advantage of the Minister's kindness in allowing me to intervene again.

I cannot see why all those advantages cannot be gained by an extension of the location at Aintree, which has similar links to the University teaching hospital in Liverpool. I am just not persuaded that the case has been made for two locations. By all means let us provide better services for people north of the river, but why on two sites?

Ann Keen: I accept my hon. Friend's reluctance to accept my argument during this debate. I feel confident that the argument will continue outside the Chamber. I ask him to look at the figures and to accept that the link with the university of Liverpool and its Cancer Research UK centre is, as I am sure he will agree, an enormously valuable possibility.

I am aware that Cheshire and Merseyside primary care trusts, with support from the cancer network, are in the process of developing a specification for the additional radiotherapy units. I have been informed that the latest position is that Cheshire and Merseyside PCTs will consider the proposal of additional radiotherapy provision north of the Mersey at Aintree and the Royal at their next round of board meetings in June of this year. It is important to note that this review, when fully implemented, will lead to a substantial investment in non-surgical oncology, as some £30 million is being invested to bring new radiotherapy treatment facilities north of the Mersey.

However, it is equally important that services are improved for Wirral and western Cheshire patients at the Clatterbridge Centre for Oncology. It is crucial that any improvement builds on the current excellent performance and services offered to all patients by this specialist cancer trust, which was scored excellent for both quality of services and use of resources by the Healthcare Commission in 2007-08.

[Ann Keen]

I am assured that the proposal to tender the radiotherapy service at the Royal Liverpool hospital will be in line with national competition policy and NHS cancer commissioning guidance. I am informed that although the detail is yet to be concluded, it is likely that potential providers will be invited to put forward proposals that identify how they would source capital and what implications that would have for unit costs and tariff. Clearly, the tendering process will be a "commercial in confidence" exercise, and it would be inappropriate for me to comment further. However, I hope that the Clatterbridge centre will be able to tender for that additional capacity in due course.

I am confident that my hon. Friend will continue to champion and support health services and, in particular, cancer services in his constituency—as will all those who have spoken in tonight's debate—and I encourage him to engage with the local organisations throughout the planning stages. The past 10 years have witnessed real progress in cancer services nationally. I hope that the proposals that he has brought to our attention today will make a real and tangible difference to the people of Merseyside. I know that the prevention of inequalities and the work that has to take place to reduce those figures and that worrying trend are also part of our work as Members of Parliament and as Ministers. I want to express my best wishes to all those involved in the process of achieving those aims.

Question put and agreed to.

7.7 pm

House adjourned.

House of Commons

Thursday 21 May 2009

The House met at half-past Ten o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

ENVIRONMENT, FOOD AND RURAL AFFAIRS

The Secretary of State was asked—

Agricultural Labour

1. **Mr. John Whittingdale** (Maldon and East Chelmsford) (Con): What recent discussions he has had on the availability of agricultural labour; and if he will make a statement. [276574]

The Minister of State, Department for Environment, Food and Rural Affairs (Jane Kennedy): May I say on behalf of those who come to Prayers that it is a little disconcerting to have the blinds run up and down during them, particularly as we need all the help we can get these days and Prayers are quite important?

At the end of last year, in response to concerns expressed by the industry about shortages of seasonal labour, the Government announced a 5,000 increase in the seasonal agricultural workers scheme quota for 2009. I am pleased that we were also recently able to address swiftly some practical problems that could have arisen affecting the availability of sheep shearers. I am grateful for the assistance of my Home Office colleagues, and the hon. Gentleman will know that we meet representatives of farmers regularly on all sorts of subjects.

Mr. Whittingdale: I welcome the measures that the Minister refers to, but she will be aware that many people, particularly in the horticultural and fruit growing industries, depend heavily on the seasonal agricultural workers scheme and are concerned about what will happen when Bulgaria and Romania become full members of the European Union. Will she consider extending the scheme to other countries to ensure that there remains a flow of seasonal workers for those very important industries?

Jane Kennedy: I am grateful to the hon. Gentleman for raising the matter. We are being advised that there is more confidence among farmers and growers this year that they will have sufficient labour for seasonal fruit and vegetable harvesting, largely due to the economic climate in which they are operating. However, I can assure him that we keep the situation under close review. Indeed, all being well, my noble Friend Lord Hunt of Kings Heath will meet my hon. Friend the Minister for Borders and Immigration in the week after the recess.

Common Agricultural Policy

2. **Mr. Peter Bone** (Wellingborough) (Con): What recent assessment he has made of progress in reforming the common agricultural policy. [276575]

The Secretary of State for Environment, Food and Rural Affairs (Hilary Benn): The CAP health check was a useful step forward. It removed about half the remaining production-coupled payments, doubled the amount of EU funding transferred to rural and environmental support, reduced levels of intervention, cut prices for consumers and gave farmers greater freedom. We will continue to press for further reform in the forthcoming EU budget review.

Mr. Bone: I am grateful to the Secretary of State for that response, but in December 2005 Tony Blair said that our EU contributions were linked to reforming the CAP. Last year, our contribution to the EU was £3 billion, and next year it will be £6.5 billion—an incredible increase of 117 per cent. We have seen no reform in the CAP and a massive increase in our contributions. Is not the EU again fleecing the British people to prop up French farmers?

Hilary Benn: I do not agree that there has been no reform of the CAP. If the hon. Gentleman cares to go back 30 years or so, he will see that 80-plus per cent. of the EU budget went on the CAP, and it is currently about 41 or 42 per cent. That has happened only because of the process of reform, for which successive British Governments have pressed very strongly. As he will be only too well aware, the process of change requires agreement across a range of member states, not all of which share our views about the need to press for further reform.

Mr. David Drew (Stroud) (Lab/Co-op): As a regular critic of the CAP, I have to say that if we did not have it, we would now have to invent it. The simple fact is that we need to produce more food in this country and western Europe. We are facing a crisis, and we cannot pretend otherwise. Having spent all this time trying to remove production subsidies, are the Government willing at least to consider ways in which we can reform the CAP to encourage not just the big farmers but all manner of farmers and food producers, so that food is a high priority in our economy and that of the rest of Europe?

Hilary Benn: I agree that the task of feeding the world's growing population is very important for us. That is why I have said that it is important that we have a strong, thriving British agricultural sector producing as much food as it can. However, one has to recognise that one consequence of the CAP has been that it has undermined the incentive for farmers in other parts of the world, particularly in developing countries, to produce their own food, because the big surpluses that were produced in the past were then dumped on their markets. That is why getting rid of export subsidies remains a really important task, not least through the Doha negotiations, so that farmers in those countries have an incentive to get production up. It is a big task for the global agricultural industry, and UK farming will need to play its part.

Sir Nicholas Winterton (Macclesfield) (Con): My hon. Friend the Member for Wellingborough (Mr. Bone) mentioned the particular figure for our contribution to the European agricultural policy. I will mention a bigger figure. In the past 10 years, we have contributed more than £120 billion to the European Union. Following the question from the hon. Member for Stroud (Mr. Drew), is it not time that the common agricultural policy and the UK Government's endeavours were directed more at helping United Kingdom farmers, rather than allowing a still substantial sum of money to go to relatively inefficient farmers in other countries in the European Union, not least France?

Hilary Benn: We put a substantial amount of money into the British agricultural industry through the common agricultural policy. One of the changes that we have made is to shift the balance from production support to supporting farmers for environmentally sustainable farming. The success of agri-environment schemes in the past 21 years, partly in fixing some of the damage that the common agricultural policy at its height created, not least grubbing up hedgerows, is a step in the right direction. In future, we will have to balance the need to grow much more food with the need to do so in a much more environmentally sustainable way because, in the end, soil and water are the raw materials on which food production depends.

Tim Farron (Westmorland and Lonsdale) (LD): Like many hon. Members here, I recently signed an early-day motion that celebrated the 10th anniversary of the national minimum wage, but 15,000 farmers in this country earn less than £10,000 a year—less than the national minimum wage. Yet we have a farm payments system underneath the common agricultural policy that rewards many wealthy estates that do not need the money and wastes £7 million a year on making small payments of sometimes as little as 70p to people who, with all due respect, are not farmers. Does the Secretary of State agree that the CAP needs to be reformed to ensure that farm payments go to the farmers who need it and are often critically underpaid?

Hilary Benn: I agree with the hon. Gentleman about very small payments. As he knows, we are currently consulting on how we might change the system in the light of the CAP health check to make some changes that make it easier for farmers—for example, giving farmers in future the right to decide when they go on to waterlogged soil as opposed to Secretary of States' having to sign a bit of paper to say that they can do it. Farmers know best how to deal with their soil.

On minimum payments, the consultation is asking what should be the hectarage threshold. I encourage everyone who has a view to respond because very small payments clearly add to the Rural Payments Agency's work load, and it is right that we support that body. I will be able to tell the House later about progress in getting this year's payments out.

Nick Herbert (Arundel and South Downs) (Con): What confidence can we have in the Government's ability to fight Britain's corner on CAP reform? Why did Britain not fight harder against the absurd and costly proposals for electronic sheep tagging? The Secretary of State left it to Hungary to put the issue on the agenda at a recent Agriculture Council. He says that the current labelling rules on food are nonsense and need to change, but he will not introduce a compulsory scheme to stop British consumers being misled and our farmers being let down. When will the Government stand up for Britain's interests in Europe?

Hilary Benn: The hon. Gentleman should look back at what has happened on the electronic identification of sheep. We were the first country to raise the matter in the Council—I did it. He refers to the subsequent discussion in the Agriculture Council, at which my right hon. Friend the Minister of State was present. I am glad to say that we showed leadership in arguing that the cost of what was agreed in 2003 outweighs the benefits, which now flow. The UK has led the way in trying to get changes in the scheme's implementation because I recognise the burden that it will place on sheep farmers. If it had not been for our efforts, we would be in an even more difficult position. As the hon. Gentlemen knows only too well, to change the regulation, we need sufficient member states to share the view that the British Government have expressed for some time.

Nick Herbert: Frankly, Britain's farmers will be dismayed that the Secretary of State thinks that he got a good deal for them on sheep tagging. The proposal is absurd, costly and unnecessary. He said earlier that the CAP health check was a useful step forward, but at the time he said that it was a missed opportunity. He certainly missed an opportunity by failing to send a Minister to a crucial summit when the proposals were first discussed. French and German Ministers were there, but not ours. He complains about the pesticides directive now, but when it was voted through Britain abstained. Ministerial hand wringing does nothing to help British farmers. If he cannot do better to defend British interests, is it not time to stand aside and make way for a Government who will?

Hilary Benn: That has been a rather familiar theme this week. The hon. Gentleman raises the pesticides directive, but no European Union country has done more to argue against it than the United Kingdom. We did the impact assessment, through the pesticides safety directorate. We have been leading the fight against the pesticides directive. In the end, it went to the European Parliament, because although there are bits of the directive that we agree with, the bit that we do not agree with is the total uncertainty about what pesticides will be available to treat, for example, diseases that affect wheat. There are bits that represent progress and bits that do not. The Government's view on the bits that do not represent progress has been clear: we will not vote for that part of the directive, because we should not be asked to sign up to proposals in Europe when, frankly, nobody can say what they will mean in practice for farmers who are using pesticides to try to grow more food.

Zero-grazing

3. **Robert Key** (Salisbury) (Con): What assessment he has made of the effect on animal health of zero-grazing. [276576]

The Minister of State, Department for Environment, Food and Rural Affairs (Jane Kennedy): The permanent housing of cattle is an emerging farming system in the UK. We are funding a three-year research project with the Scottish Agricultural College to investigate the

management and welfare of continuously housed dairy cows. The study will include a comparison of the health of cows in continuously housed systems with that of those in summer grazing systems.

Robert Key: That is good news, but does the Minister agree that the fiercer the supermarket wars and the lower the price of milk to farmers and consumers, the greater the pressure on the dairy industry to reduce costs by going for zero-grazing? Does she also agree that fears about the animal welfare implications of zero-grazing are not misplaced when herd sizes can be up to 1,000 cattle at a time, which makes zero-grazing the only option for feeding? That remains a matter of great concern. Meanwhile, the British dairy herd continues to decline.

Jane Kennedy: I agree that the dairy sector is under intense pressure at the moment. I also agree with the hon. Gentleman's general comments about the concern that exists about the welfare of cattle in those systems, but I do not accept that the zero-grazing of cattle is inherently cruel or unacceptable. It is important to recognise that poor standards of animal health and welfare can exist in intensive farming and less intensive systems. The most significant influence on the health and welfare of livestock is the skills and experience of the stock keeper and the support that that individual gets, as I have seen for myself on a number of farms where livestock has been farmed extensively and intensively.

David Taylor (North-West Leicestershire) (Lab/Co-op): I greatly respect and have regular contact with the NFU, which has mounted a vigorous rebuttal of criticisms of zero-grazing. Nevertheless, is not a greater and greater proportion of the national herd being zero-grazed for a longer period of the year? As the years have gone by, has not further intensification of stock breeding and husbandry been associated with greater and more frequent outbreaks of disease?

Jane Kennedy: Before we categorise the dairy sector as predominantly continuously housed, let me point out that the industry estimates that about 5 per cent. of herds have some cattle that are housed all year round. Dairy cattle are already ordinarily kept indoors during the winter when conditions are unsuitable for them to go outside. My hon. Friend is right to raise that concern, as is the hon. Member for Salisbury (Robert Key). We are working with the industry, through the Dairy Supply Chain Forum, to ensure that we maximise the opportunities for the dairy sector and give whatever assistance we can, as it goes through this difficult period in pricing. I note that production increased marginally in April this year, compared with April last year. However, there is so much volatility that we cannot rely on one month's figures.

Sir Patrick Cormack (South Staffordshire) (Con): I thank the Minister for her reasoned and moderate approach, but would she accept, first, that our dairy industry is of fundamental importance to our food economy and, secondly, that year-round zero-grazing is totally unnatural and really not acceptable?

Jane Kennedy: I accept the concerns that have been raised, but I am reluctant to pass judgment on farmers who are delivering high standards of animal health and welfare in some intensive farming systems, including those involving continuously housed dairy cows. We need to get the results of the study we are undertaking with our Scottish partners, so that we can understand the impact of the trend on the health of animals. Intuitively, I agree with the hon. Gentleman, but we need some evidence before we perhaps bring about regulatory changes that might impact on an industry already wrestling with difficult challenges.

Biodiversity Duty

4. **Mr. Roger Williams** (Brecon and Radnorshire) (LD): What recent progress has been made in his Department's review of the effect of the biodiversity duty provided for in the Natural Environment and Rural Communities Act 2006. [276578]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Huw Irranca-Davies): I am pleased to report progress to the hon. Gentleman and to the House on this matter. We have commissioned a study by Entec of how public authorities have responded to the biodiversity duty since it came into force. It will comprise a large-scale study of public bodies this summer, followed by interviews with a smaller sample of bodies, and views from other stakeholders. We expect it to report in November.

Mr. Williams: Up-to-date, accurate information on threatened species is required if we are to prioritise action, including information not only on threatened species such as the lady's slipper orchid and the ghost orchid, but even on species such as the lapwing and cuckoo, which are not threatened but are reducing in number. I do not know whether the Minister has heard a cuckoo yet, but I certainly have not. The Joint Nature Conservation Committee has previously published and funded red data books, but it no longer seems to do that work, presumably because it does not have the resources. What plans do the Government have to ensure that those vital books are published and kept up to date?

Huw Irranca-Davies: I will not respond directly to the cuckoo question, but I will look at this issue and will happily discuss it with the hon. Gentleman further. The review will provide useful information and evidence to help us understand how the duty is being implemented and how to inform further action. Having that report in November will allow us to give a proper response. The review will allow us not only to see what is happening, but to raise the profile of the importance of implementing action on biodiversity across the UK.

Miss Anne McIntosh (Vale of York) (Con): Will not the Government miss nine out of their 10 biodiversity targets to be achieved by next year? The Secretary of State has just said that the UK should not sign up to commitments from Europe before we know what impact that would have on the United Kingdom. Rather than reset these targets, as the Government have said in response to a question from my hon. Friend the Member for Arundel and South Downs (Nick Herbert), would it not be better to admit that the targets were misplaced in the first place?

Huw Irranca-Davies: No, no, no. I know that the hon. Lady has genuine concerns about this, but the wide variety of stakeholders engaged in this issue recognise that the targets we set were ambitious, possibly beyond

our reach. As we head to 2010 and look at resetting them, it is important that they are not only stretching and ambitious, but realistic and achievable. It is right that we have driven towards achieving those targets and that the UK leads the way in tackling biodiversity issues. Far from there being nothing but gloom, we should not forget that 88 per cent. of our sites of special scientific interest are now in favourable or improving condition, compared with 57 per cent. in 2003, and that our UK biodiversity action plan is driving the way forward.

Tony Lloyd (Manchester, Central) (Lab): Will my hon. Friend acknowledge the importance of biodiversity for pollinators, particularly the honey bee, and the important role that increasing biodiversity will have in maintaining and increasing the health of the honey bee? Let me ask a rather more difficult question. Will the majority of the £10 million funding for pollinators be devoted to research on honey bees, rather than to the whole range of pollinators?

Huw Irranca-Davies: We expect a significant proportion to go towards honey bees. It depends on the analysis that is currently being done, as we need to make decisions on the best available evidence. We certainly share the feeling that the health of the honey bee population is a significant indicator of biodiversity and, by implication, of our own quality of life.

Common Land

5. **Mr. Barry Sheerman** (Huddersfield) (Lab/Co-op): What recent representations he has received on his Department's policy on common land in England. [276579]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Huw Irranca-Davies): My officials have regular meetings with stakeholders representing common land. Indeed, my hon. Friend and I share an interest in areas that we know well, including Fairwood common on the Gower and other areas in my constituency. The national common land stakeholder group will hold a meeting on 18 June, which more than 30 organisations have been invited to attend. We have also received a number of representations in response to our plans on the implementation of the Commons Act 2006.

Mr. Sheerman: In the 30 years that you, Mr. Speaker, and I have been in this House, I have learned that you are as passionate about Robbie Burns as I am about John Clare. John Clare was forced to work on the enclosures that took the English common land away from the English common people. Since 1870, half of the common land that was left at that time has been lost. What are we doing to preserve common land? Why cannot we do the same as the Scots and start to take our common land back and give it over to community use and to the common people?

Huw Irranca-Davies: My hon. Friend has been a ceaseless advocate of common land and of the work of John Clare. The Commons Act 2006 represented a big step forward and, by October 2012, we will have turned the clock back a little in my hon. Friend's constituency by enabling many of the commons that were refused registration under the Commons Registration Act 1965 to be given a fresh chance for registration. I know that he will take that opportunity to encourage his constituents to make representations in this regard. I share his lament, however, and I can do no more than say:

"O words are poor receipts for what time hath stole away,
The ancient pulpit trees and the play.
When for school oer Little Field with its brook and wooden brig,
Where I swaggered like a man though I was not half so big".

Those are the words of John Clare.

Richard Ottaway (Croydon, South) (Con): On behalf of the House, may I thank the Minister for his contribution to poetry week?

Mr. Andrew Robathan (Blaby) (Con): Encore!

Richard Ottaway: Will the deputy Chief Whip just shut up? This is the luxury of a half-empty House.

An illustration of the good use of common land is to be found uniquely in Croydon, where, under 19th century legislation, the Corporation of London took over the ownership and management of common land. I hasten to emphasise that I have no complaint about that arrangement, but its defect is that accountability for the running of the land lies with the council, while the users have no recourse to the ballot box if a problem arises, as it has in the past. When the Minister looks into the effectiveness of the 2006 Act, will he take that fact into account and try to assess how that democratic defect can be addressed?

Huw Irranca-Davies: The hon. Gentleman raises a very good point, and I shall be more than happy to meet him to discuss this matter further and to see whether we can do anything. Perhaps we can share a cup of coffee in the Tea Room—*[Interruption.]* And a what?

Mr. Robathan: And a poem!

Pig Industry

6. **Paddy Tipping** (Sherwood) (Lab): What recent discussions he has had with representatives of the farming sector on the future of the English pig industry. [276580]

The Minister of State, Department for Environment, Food and Rural Affairs (Jane Kennedy): I met Mr. Stuart Houston, the chairman of the National Pig Association, at Morrisons' new abattoir in Spalding, which I was privileged to open last week. We discussed the progress of the pigmeat supply chain taskforce, whose first meeting my right hon. Friend the Secretary of State opened on 18 March 2009. The taskforce brings together key representatives from all sectors in the pigmeat supply chain, and I have subsequently spoken with several taskforce members.

Paddy Tipping: Has the Minister seen the figure that suggests that 60 per cent. of imported pigmeat does not meet the same animal welfare standards as the pigmeat produced here? Rather than complaining about costs, should we not use this to our advantage and work with producers and retailers to achieve better labelling and to promote the best pigmeat in Europe?

Jane Kennedy: I entirely agree. There is ample evidence that British consumers actively choose products that have been raised to higher welfare standards. For example, sales of free range eggs continue to grow, even in the challenging economic climate in which we find ourselves. One of the sub-groups of the taskforce that we have established will examine the role of labelling and investigate the progress that we could make through greater transparency to ensure that British consumers are not misled by labels that allow produce raised to lower welfare standards being passed off as British.

Mr. Graham Stuart (Beverley and Holderness) (Con): Holderness in my constituency has historically been the home of pig farming in England but, like most of the country, it has seen a collapse in production over the past 12 years. Pig farmers in my constituency will welcome what the Minister has just said about labelling, but they are frustrated that this has taken so long. We have a taskforce now, but it has been clear for a long time that meat from abroad that does not meet our welfare standards can none the less, after having a bit of work done to it, be sold as British meat. We must ensure that we reduce the regulations for our farmers so that their high-welfare meat can be properly labelled and thus attract the higher price that it deserves.

Jane Kennedy: I entirely agree with the hon. Gentleman, and I have met a probably quite significant number of his constituents who have made that very point. That is why the work of this taskforce will be very important. I note his lament that we did not get working sooner than we did, but I assure him that the taskforce is very focused on bringing about practical outcomes that will materially assist pig farmers to counter the damaging imports of products that are then passed off as British products.

Mr. Richard Benyon (Newbury) (Con): I refer hon. Members to my entry in the register. The Government have been promising this for 10 years. At the Oxford farming conference in January, the Secretary of State said:

"A pork pie made in Britain from Danish pork can legitimately be labelled as a British pork pie. That's a nonsense, and it needs to change."

He went on to say that discussions with supermarkets were taking place and that a voluntary agreement would be made. We know, because the supermarkets have said it, that there is no voluntary agreement in sight. For all the Minister's talk of taskforces and meetings, we know that this is just more talk and no action. Is it not time that the Government took another look at our honest food campaign and adopted it today?

Jane Kennedy: I have followed the campaign with interest and I welcome the fact that it is raising the profile of British produce and expressing concerns about the potential for British customers to be misled. I do not feel challenged by it in the way the hon. Gentleman might hope, however, because I believe that the actions we are taking will lead to real proposals that will bring about material differences for the pig sector. What we have to do is work not just with pig farmers but with the whole supply chain so that each part of the chain, including British consumers, takes on board its responsibilities to ensure that where choice is exercised, it works to the benefit of British farmers.

Bovine Tuberculosis

7. **Mr. Michael Jack** (Fylde) (Con): What recent steps his Department has taken to combat the spread of bovine tuberculosis; and if he will make a statement. [276581]

The Secretary of State for Environment, Food and Rural Affairs (Hilary Benn): The TB eradication group was set up in November 2008 to make recommendations on a plan to reduce bovine TB in England and move towards eventual eradication. Alongside our current control measures, we are developing vaccines for cattle and wildlife through research and the development of the badger vaccine deployment project.

Mr. Jack: I thank the Secretary of State for his courteous answer. He will be aware of the continuing and mounting concern at the spread of bovine TB—and not just within the cattle population. Last year, for example, 119 cases of the disease were found in animals as widespread as cats, dogs, alpacas and goats. In view of the Secretary of State's reply, particularly on vaccination, will he tell me whether he has yet reached a conclusion? What will happen when diseased badgers are captured in the course of the vaccination process? Has he found a way of testing those animals to dispatch those that clearly have bovine TB?

Hilary Benn: The right hon. Gentleman's point about the emergence of the disease in other animals might be partly explained by the fact that bovine TB was made a notifiable disease only in 2006; we do not know the full extent of its incidence previously, so one would expect more reporting in view of that change. Secondly, it remains the case—despite best efforts—that there is no reliable in-field test, which answers the right hon. Gentleman's question about badgers with TB. Clearly, however, one thing that will have to be looked at in developing the deployment project is how to deal with the problem he raised, which he has discussed with me previously. Identifying in the field a badger with TB, as opposed to one without it, is not quite as easy as some argue.

Mr. David Heath (Somerton and Frome) (LD): There can be nothing more distressing to a dairy farmer than seeing the destruction of a herd as a result of positive testing for TB. That is made even worse, however, when asymptomatic cattle tested positive solely on the basis of the gamma interferon test, and the Department refuses to allow a confirmatory test to establish whether the cattle have TB but simply goes ahead with the destruction of the cattle. How can that possibly be sensible for public health policy or, indeed, given that compensation has to be paid, for the Exchequer?

Hilary Benn: I understand, as do all hon. Members, the traumatic impact that bovine TB has on farmers with affected stock. The gamma interferon test is a valuable addition to our armoury in attempting to deal with this disease. The skin test and the gamma interferon test have different qualities and it is right that we should use the latter alongside the former. It is not always the case that lesions can be found post mortem, but that does not mean that the animals do not have TB. There is a difference in the specificity and the sensitivity of the

two tests. I have looked carefully at the issue and I think that the gamma interferon test should be part of the armoury, but I understand completely farmers' feelings when apparently healthy animals are culled.

Topical Questions

T1. [276594] **David Taylor** (North-West Leicestershire) (Lab/Co-op): If he will make a statement on his departmental responsibilities.

The Secretary of State for Environment, Food and Rural Affairs (Hilary Benn): The Department's responsibility is to enable us all to live within our environmental means. The Rural Payments Agency has now made full single payment scheme payments to more than 102,000 farmers. That represents 96.2 per cent. of total claims and 96.5 per cent. of the total fund. The RPA is working to make the remaining payments as soon as possible.

David Taylor: There have long been pre-stunning requirements for animals slaughtered for food, but exemptions have been made for religious slaughter, mainly affecting halal and the slaughter of lambs. Will the Minister come to a meeting that I have organised after the recess to view a video produced by EBLEX—the English Beef and Lamb Executive—that shows the effects of such slaughter? It cannot be allowed to continue and we must end those exemptions. It is cruel, unacceptable and antediluvian. We must make progress on this issue, and I hope that the Minister will be able to attend the meeting that I have organised.

The Minister of State, Department for Environment, Food and Rural Affairs (Jane Kennedy): I will be happy—perhaps that is not the right word—to come to the meeting and view the video, although I shall do so with a sinking heart. My visit to an abattoir for pigs and cattle last week sharpened my awareness of the issues. We have a long tradition of religious tolerance, which has led to the exemptions that my hon. Friend mentions, but I will come to the meeting and I will talk with him about diary arrangements. I am aware that this is an issue of acute concern across the UK.

Mr. Speaker: Order. We only have 10 minutes for topical questions, so questions and replies need to be brief.

T2. [276595] **Mr. Peter Bone** (Wellingborough) (Con): In the golden age of Prime Minister Blair, back in June 2005, he said that the EU rebate was directly linked to common agricultural policy reform. That was four years ago. Does the Secretary of State really believe that that has been achieved?

Hilary Benn: As I indicated in answer to the hon. Gentleman's earlier question, we continue to work hard to try to reform the CAP. There is a wider debate about the size of the European Union budget, and that will come up again when the next financial perspectives are debated. As always, the Government will seek to achieve the most effective expenditure of EU funding, and there will be a discussion about the contribution of different EU member states.

T3. [276596] **John Barrett** (Edinburgh, West) (LD): The Secretary of State will be aware of the millions of pounds that the scrap metal industry has invested to recycle scrapped cars efficiently, but that industry's certificate of destruction is not acceptable under the Government's new scrappage scheme, so it cannot play its part in increasing the number of cars recycled. Will he or his Ministers meet representatives of the industry to see how they can increase the volume of cars being recycled?

Jane Kennedy: I am grateful to the hon. Gentleman for raising that problem. I am happy to meet him and representatives of the industry, as he suggests.

T5. [276598] **Mr. Barry Sheerman** (Huddersfield) (Lab/Co-op): Will my right hon. Friend meet me and Jody Scheckter, the former Formula 1 racing champion, who has a sustainable farm at Laverstoke park in Hampshire? He is trying to get an anaerobic digester, as well as composting to the finest level, but he cannot get an anaerobic digester in this country and is on a two-year waiting list to get one from Germany.

Jane Kennedy: I am surprised that he cannot get one. I would be very interested to know the reasons for it being blocked. It is clearly a new technology—actually, it is not that new—that we have to embrace and we are seeking to encourage it at every level. I would be delighted to talk to my hon. Friend and possibly to visit the farmer whom he talked about.

T4. [276597] **Ann Winterton** (Congleton) (Con): How has New Zealand been able to reduce over a 10-year period the number of TB-infected herds from levels similar to our own to being close to TB-free?

Hilary Benn: Each country has taken a different approach, but if the hon. Lady is raising the issue of culling, I noted with interest the recent remarks of the Opposition spokesperson on this subject. I was slightly disappointed that what he put out made no reference at all to the 10-year study that involved culling 11,000 badgers and the conclusions of the independent scientific group report. If we are going to deal with this problem, as we are all determined to do, we must have regard to the evidence about what works and what does not work. What we are seeking to do, in particular by developing vaccines, is to find an effective method of dealing with the problem. As the independent scientific group study in the UK reported—the study was carried out over 10 years—culling has been shown not to meaningfully contribute to the control of bovine TB.

T6. [276599] **Mary Creagh** (Wakefield) (Lab): Hon. Members will remember the tragic death of Archie-Lee Hirst, who was savaged to death by his family rottweiler over the Christmas holidays in 2007-08. Has my right hon. Friend had a chance to look at the private Member's Bill promoted by our hon. Friend the Member for Sheffield, Hillsborough (Ms Smith) with the support of the Communication Workers Union and the Royal Society for the Prevention of Cruelty to Animals? It aims to make owners responsible for keeping their dogs under control even on private property. Will my right hon. Friend make a statement on that?

Jane Kennedy: I met our hon. Friend the Member for Sheffield, Hillsborough (Ms Smith) and representatives of the CWU earlier this week. I am studying both her Bill and the Bill that is being debated in the other place. I appreciate the public concern, but a raft of measures is already in place. We need better enforcement and we are encouraging greater enforcement. I do not have a closed mind on either Bill and I am studying them carefully.

Mr. Michael Jack (Fylde) (Con): It has emerged in the last 48 hours that one of my constituents has removed 50 ft of sand dunes in St. Anne's to improve the view from his house. It turns out that that is a legal act and, from inquiries with English Heritage, it seems that it does not have any powers to deal with this removal of an important coastal feature, with all its impact on biodiversity. Will the Secretary of State have early discussions with English Heritage to rectify this problem?

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Huw Irranca-Davies): This matter has come to my attention and I am pleased that the right hon. Gentleman has raised it. We do not know the full particulars of the story, because it has only come to our attention within the past 24 to 36 hours. I am more than happy to investigate and to speak to the necessary bodies and authorities to get to the bottom of this and to see the best way forward. We all share his concern for the protection of one of our most valuable resources—the natural environment.

Mr. Dennis Skinner (Bolsover) (Lab): Now that it appears that my right hon. Friend is going to deal with Jody Scheckter's problem with his anaerobic digester, there is a farmer in my constituency—I will not give his name, but I have already written to her about the matter—who wants some help, too. His only claim to fame in the sporting field, compared with that of Jody Scheckter, is that he has a grandson who is a national hunt jockey. Can she help?

Jane Kennedy: Irrespective of the sporting prowess of those who are seeking to establish anaerobic digestion on their premises, I am working very hard with DEFRA officials and the regional development organisations that are responsible for channelling the funding for such projects to ensure that they get exactly the help that my hon. Friend seeks.

T8. [276601] **Andrew Rosindell** (Romford) (Con): The Secretary of State may be aware that we are soon to launch the friends of the River Rom group in Romford. It will be a community organisation of local activists working to enhance and restore pride in our local river, from which our town gets its name. What support does the Department give to groups working in the local community to ensure that rivers are properly looked after and maintained, and restored to their former glory?

Hilary Benn: I am absolutely delighted to hear that the hon. Gentleman's local community is taking that initiative. We need a lot more like it, and I would give such schemes every encouragement. My hon. Friend the Under-Secretary is looking at what further practical assistance we might be able to give, but the fact that local communities are taking such a close interest in our rivers and looking after such a vital resource is evidence of a growing awareness of the contribution that biodiversity and water make to our society. The more people take an interest, the better chance we have that rivers will be better looked after and that further improvements in water quality will result.

SOLICITOR-GENERAL

The Solicitor-General was asked:—

Human Trafficking

1. **Mr. Anthony Steen** (Totnes) (Con): What assessment she has made of the effectiveness of the Crown Prosecution Service in bringing prosecutions in cases of alleged human trafficking offences. [276602]

4. **Mr. Peter Bone** (Wellingborough) (Con): What her most recent assessment is of the effectiveness of the Crown Prosecution Service in prosecuting cases of alleged human trafficking. [276605]

The Solicitor-General (Vera Baird): The provisions of the Council of Europe convention improve training and guidance to front-line law enforcement officers and increase our ability to identify victims and bring more cases to justice. As more cases are investigated by the police, the CPS can improve the numbers of cases that are prosecuted. The figures for trafficking prosecutions over the past three years are as follows: 40 in 2006-07, 87 in 2007-08, and 114 in 2008-09.

Mr. Steen: In spite of the wholly unjustifiable attack on me by *The Daily Telegraph* that has resulted in my standing down at the next election, I want to reassure the House that I will continue to fight against the evils of human trafficking as long as I am here.

Is the Solicitor-General aware of the sentences given recently to two traffickers in Devon convicted of trafficking a 19-year-old girl from the Czech Republic? The judge gave one of them one year for running a brothel, and the other a year for trafficking and a year for running a brothel, even though the brothel had been running the trade with the Czech Republic for many years and in spite of the fact that the maximum sentence for trafficking is 14 years. Will the Solicitor-General therefore increase the training offered to judges—including Crown Court judges—as many have little experience of human trafficking cases or of the horrors of human trafficking for the young people concerned? The effect on victims is devastating, so can she ensure that traffickers are punished appropriately? One year is not enough.

The Solicitor-General: We shall miss the hon. Gentleman enormously when he stands down. He has taken a powerful interest in this issue, and he has a lot to be proud of in the work that he has done in driving our agenda forward. I think that he may have raised the case to which he refers with other Ministers, and we have treated his inquiry as a request for me to consider whether the sentence may have been unduly lenient. I have sent for the papers, because the time expires very soon, and they should be with me today. If the case is referred, the Court of Appeal is likely to give some general guidance about the right approach for judges.

Mr. Bone: I too should like to pay tribute to my hon. Friend the Member for Totnes (Mr. Steen) for the way in which he chairs the all-party group on human trafficking and for keeping the matter to the fore. I also pay tribute to the Solicitor-General for what she has done, but does she agree that many in the CPS think that the law on human trafficking is so badly drafted that it is extremely difficult to get prosecutions? Would it be worth revisiting that law to see whether it could be better drafted?

The Solicitor-General: I am not so sure that there is a recognition that the law is badly drafted, as the hon. Gentleman suggests, but of course we keep it under review as we go along. We implemented the terms of the convention only in April, and the national referral mechanism is being put in place now, which means that we have a way to go in increasing our understanding. Clearly, we will look at sentences if they are not proving adequate in the meantime, but prosecution levels do seem to be improving. I think that I am right in saying that the Director of Public Prosecutions is going to the all-party trafficking group in June, and the hon. Gentleman will be able to ask him detailed questions then.

Keith Vaz (Leicester, East) (Lab): May I join the Solicitor-General in paying tribute to the enormous work that the hon. Member for Totnes (Mr. Steen) has done? No one has done more than he has in raising this issue, and that is why the Home Affairs Committee asked him to be a special adviser for our recent report on human trafficking. In that report, we called for an increase in funding for the Metropolitan police's human trafficking unit, because we cannot prosecute the perpetrators unless we catch them.

The Government, as we know, were ceasing funding for that unit. Yesterday, the Prime Minister, in answer to me, said that funding was going to be increased. Is this new money that is to be made available to the unit? If it is, that is a very good news story.

Mr. Speaker: Order. May I appeal to the House? I have a duty to get down the Order Paper, and I cannot do that if there are many speeches encompassed in questions.

The Solicitor-General: I have to be honest; I cannot tell my right hon. Friend whether it is new money or not, but I also heard what the Prime Minister said and it is obviously a welcome change of mind. I think we are starting to resource anti-trafficking better and better. We have recently given some more money to the POPPY project, which looks after victims of trafficking, and the UK Human Trafficking Centre is reasonably well resourced now and is becoming increasingly effective, so I think that we are funding more in the right direction now.

Sir Nicholas Winterton (Macclesfield) (Con): The Solicitor-General will know that many of the young women who are being trafficked and abused come from eastern Europe. What help are we getting from the Governments of the countries in eastern Europe, perhaps to prevent these young women from coming here, as a result of which they are trafficked and abused? Surely the countries of origin could give us some help.

The Solicitor-General: Yes, I know that the UK Human Trafficking Centre is establishing a network of contacts in all the relevant countries from which the preponderance of victims comes. As with many other crimes, such as those involving drugs mules, we have gone out to the original locations and persuaded people there that it is a very bad idea to behave in that way. I believe that we will have an analogous approach to countries from which a lot of victims of trafficking are now coming here.

Mr. Jonathan Djanogly (Huntingdon) (Con): I also acknowledge the great efforts for a long time of my hon. Friend the Member for Totnes (Mr. Steen) in acting against this evil trade.

I return to the question asked by the right hon. Member for Leicester, East (Keith Vaz). Having listened to what the Prime Minister said yesterday, I think the Solicitor-General will understand that it was more than just a question of money. The Prime Minister said, effectively, that the Government would not be shutting down the Metropolitan police's human trafficking centre, but in November 2008 the Home Office stated that it would be closing it down. Why, again, is one arm of Government saying one thing and the other arm of Government saying another? What is the position, please?

The Solicitor-General: The position is as the Prime Minister has made very clear, and there is nothing to add to that. The hon. Gentleman always wastes his opportunities at this question session. What is clear is that a decision was taken in November, and now we are in May and reconsideration is being given to that position, very clearly, very properly and very sensibly. Actually the hon. Gentleman should be praising us, not trying to cause difficulties.

Victim and Witness Support

2. **Hugh Bayley** (City of York) (Lab): What steps the Crown Prosecution Service is taking in co-operation with other agencies to improve support for victims and witnesses in the court system. [276603]

The Solicitor-General: There are now 150 joint police and Crown Prosecution Service witness care units, whose role is to provide support to victims and witnesses in the criminal justice system. The recently published "Joint Thematic Review of Victim and Witness Experiences in the Criminal Justice System" found that about 80 per cent. of victims and witnesses are satisfied with their experience of the justice system.

Hugh Bayley: When constituents complain to me about drug dealers in their neighbourhood, they are often scared to give evidence because they fear reprisals. What reassurance can my hon. and learned Friend give them that they will be kept safe if they appear in court, and remain safe when they go back to their homes, if they give evidence against drug dealers?

The Solicitor-General: My hon. Friend raises a most important point. A priority is to provide consistent, multi-agency support to people who are courageous enough to come forward. Of course, the police lead on that. That support enables intimidated witnesses to remain safely in their community, if we can build structures around them, but it is not impossible to move someone if that is essential. At court, special measures have been

introduced to help vulnerable and intimidated witnesses, such as giving evidence from behind screens, and being able to testify by television link from a place that could be some distance away from the court. About a third of witnesses would not have been willing or able to give evidence if those measures had not been available; that seems to be testimony that they are working quite well.

David Howarth (Cambridge) (LD): The Solicitor-General will recall that the witness and victim experience survey last year said that two thirds of victims in cases where the offender pleaded guilty at court did not realise that that had happened. One third of those victims actually thought that their offender had been let off completely. What is the Crown Prosecution Service doing to correct that situation? Does the Solicitor-General agree that one of the many advantages of restorative justice, on which the Government still seem to be dragging their feet, is that as part of the process, the victim always knows what has happened to the offender, because the victim takes part in deciding what should happen to the offender?

The Solicitor-General: There is no dragging of feet on restorative justice. The hon. Gentleman must be aware of a number of pilots that are ongoing. The witness and victim experience survey came out, as the hon. Gentleman said, last year. Of course, everybody learns lessons from the surveys; that is their purpose. The CPS now has joint witness care units with the police. One of the roles of those units is to keep the public involved in what is happening in a case. I am confident that when we look at the next WAVE survey, we will find a significant improvement.

Tony Lloyd (Manchester, Central) (Lab): What can my hon. and learned Friend do to assist victims in extremely complicated cases, often where extreme violence has been used, that take an awful long time to be dealt with by the CPS and to get to court? That puts the victim at risk, and it really is justice denied if justice is delayed for as long as it sometimes is in such cases.

The Solicitor-General: I am not sure that the CPS is rightly pinpointed as a significant cause of delay in the criminal justice system. There are listing problems and quite long tailbacks at many Crown courts. That capacity issue is more likely, in my view, to be a cause of delay than the CPS. All the practical measures to which I have already referred are, of course, available in such cases, and there is a very good system now in which police officers attach themselves to a victim, particularly when the victim has undergone a traumatic experience. They ensure that all the counselling that is necessary is made available to the victim, and basically try to support them through the process, so that however long it takes, the victim always has a friend with them. That will improve outcomes, and also make people feel that the justice system cares about them.

Cohabitation Bill

5. **Mary Creagh** (Wakefield) (Lab): If she will make an estimate of the potential effect on the Law Officers' Department's budgets of implementing the proposals of the Cohabitation Bill. [276607]

The Solicitor-General: The Government are not aware of any impact on the Law Officers' departmental budget as a result of the implementation of the Cohabitation Bill, which I understand is wholly about the post-relationship organisation of finances, and does not really touch on the Law Officers' functions.

Mary Creagh: I thank my hon. and learned Friend for that reply. I am delighted to hear that the proposal will not have any impact on her Department's budget, but may I ask her to emphasise to our right hon. and hon. Friends in the Ministry of Justice that the Cohabitation Bill, which is being supported by Lord Lester in the other place and by me, has as its aim and intention a fairer distribution of family income, and the prevention of women and their children being left destitute at the end of a family relationship? She has a long history as a champion of people's rights, and I hope that I can count on her in pursuing that cause.

The Solicitor-General: Flattery will get my hon. Friend everywhere, so I will readily pledge support for her measure, but it does not, in truth, affect our Department at all. Of course, if I have an opportunity, I will make sure that Ministry of Justice Ministers understand that she has my support.

Rape

6. **Julie Morgan** (Cardiff, North) (Lab): What steps the Crown Prosecution Service is taking to increase rape conviction rates. [276610]

The Solicitor-General: Joint guidance—the first of its kind—for police and prosecutors about investigating and prosecuting rape has been introduced. The Association of Chief Police Officers-Crown Prosecution Service team is visiting all police forces and CPS areas, reinforcing ongoing CPS performance monitoring.

Julie Morgan: Does my hon. and learned Friend agree that the development of sexual abuse referral centres, such as the one that we now have in Cardiff, in which legal agencies, health and caring professions can all work together, are likely to result in an increase in the conviction rate?

The Solicitor-General: Yes, I agree. In Cleveland, we have a sexual assault referral centre and a system of independent sexual violence advisers who befriend and support complainants. It is imperative that there is good co-operation, as there is in Cleveland, between the police, led by Chief Constable Sean Price and the chair of the police authority, Dave McLuckie, who both ensure that we have a top-quality SARC, and the Crown Prosecution Service, so that rape complainants can have, as it were, all-through support and be passed when necessary from sympathetic hand to sympathetic hand. We have quite good results in Cleveland on relative levels of rape conviction, and my hon. Friend is absolutely right—the way to improve them is to increase the number of SARCs, as we are doing, and to ensure that the good practice in her area and in mine is spread nationally.

ROYAL ASSENT

Mr. Speaker: I have to notify the House, in accordance with the Royal Assent Act 1967, that Her Majesty has signified her Royal Assent to the following Act:

Industry and Exports (Financial Support) Act 2009.

Business of the House

11.31 am

Alan Duncan (Rutland and Melton) (Con): May I ask the Leader of the House to give us the forthcoming business?

The Leader of the House of Commons (Ms Harriet Harman): The business for next week will be as follows. *[Interruption.]* The business for next week will be Members of Parliament engaging with their constituents. The business for the week beginning 1 June will be as follows:

MONDAY 1 JUNE—Second Reading of the Local Democracy, Economic Development and Construction Bill [*Lords*].

TUESDAY 2 JUNE—Second Reading of the Borders, Citizenship and Immigration Bill [*Lords*].

WEDNESDAY 3 JUNE—There will be a general debate on stroke services, following which the Chairman of Ways and Means has named opposed private business for consideration.

THURSDAY 4 JUNE—Topical debate: subject to be announced, followed by a general debate on defence in the world.

The provisional business for the week commencing 8 June will include:

MONDAY 8 JUNE—Second Reading of the Health Bill [*Lords*].

I would also like to inform the House that the business in Westminster Hall for 4, 11 and 18 June will be:

THURSDAY 4 JUNE—A debate on road safety.

THURSDAY 11 JUNE—A debate on the report from the Home Affairs Committee entitled "Policing for the 21st century".

THURSDAY 18 JUNE—A debate on the report from the Environmental Audit Committee on personal carbon trading.

Alan Duncan: May I thank the right hon. and learned Lady for giving us the business for the week after next and thereafter? May I also say that the House will be pleased that the Home Secretary is to make a statement on the Government's decision on the Gurkhas? Many will wait with serious interest to hear what she will say shortly.

I think that all Members recognise that the events of the past few weeks have profoundly shaken the House. The outpouring of fury that we have witnessed has been almost like a spring revolution, but I believe it is a hope shared by all of us that it will make us think deeply about how this place works and provide us with the opportunity to begin a new chapter for Parliament. Does the right hon. and learned Lady agree that even if we succeed in sorting out some of our immediate problems, there is a much deeper malaise in our system of politics that needs to be addressed, and we need to discuss that in the House. The truth is that the House has been sidelined for years; it struggles to keep pace with the speed of events; in its primary duty of scrutinising the Executive, it often fails; law is rammed on to the statute book through a vexatious use of timetabling; and too few people, both inside and outside, have faith in, or

even understand, its processes. With the public clamour for reform now at its loudest for years, will the right hon. and learned Lady agree to an extensive series of debates so that some of the most serious and thorough arguments can be aired inside the House, not just outside it?

My understanding of the outcome of meetings held recently to discuss the policing of the vicinity of Parliament is that what is required to cut through the legal muddle that governs this is a short Bill that will abolish bits of the Serious Organised Crime and Police Act 2005 and then submit Parliament square and the vicinity once again to the power of a perhaps amended public order Act. Will the right hon. and learned Lady make a statement urgently on her plans to take action and tell the House when and how she might introduce the necessary legislation to solve this continuing problem?

Will the right hon. and learned Lady reflect on the timing of the defence debate, which at the moment is scheduled for 4 June, which is the day of the local and European elections? Surely it cannot be right that on the day that the nation's attention is directed to the polling booth, the House is expected to debate all the serious challenges that face us, from conflict in Afghanistan to piracy off Somalia. Does she not agree that it is unacceptable to downgrade defence matters in this way? May I respectfully ask her to consider whether she can reschedule that debate?

May we also have a statement on what appears to be the mismatch between the Government's claims and the actual facts surrounding the potential purchase of Eurofighter Typhoon jets for the RAF? That was spun by the Prime Minister as a done deal for the United Kingdom, but it has since become clear that not only is there no firm commitment for a third batch of the aircraft, but there are also huge question marks over the ensuing support costs. I have raised before the unwillingness of Ministers to provide the House with a statement on the Government's delay of the carrier programme, and once again it does rather seem that the Secretary of State for Defence is declining to come to the House to face serious questions on a procurement issue of such vital strategic significance. May we now be assured that he will do so?

On the subject of procurement, may we have a debate or a statement on the Government's guidance on procurement decisions and policy for the 2012 Olympics? One of the benefits of having the Olympics in London is that large contracts are up for grabs that many businesses can rightly try to take advantage of. We appreciate that there are European tendering rules, but is the right hon. and learned Lady aware that some small British firms have been prevented even from bidding for contracts following the constricted tendering criteria established by the Government? Does she not agree that it is unfortunate that, in the middle of the worst recession that this country has seen for decades, some small and medium-sized enterprises feel excluded from what should be a significant and merited commercial opportunity?

May I take this opportunity to offer you, Mr. Speaker, the right hon. and learned Lady and the House a happy—I should say happier—Whitsun recess? Perhaps we need to remember—the Deputy Leader of the House is an expert on these matters—that we are meant to be celebrating the descent of the Holy Spirit in the form of tongues of fire and inspiration. We are all in need of a bit of inspiration at the moment, and perhaps as a result we can all once again harness those flames to become apostles for a better working democracy.

Ms Harman: I thank the shadow Leader of the House for his comments. He referred to the statement on the Gurkhas, and although people may say that Parliament has no power, the Gurkhas debate and the vote of the House to which the Government are responding, is a significant example of the will of the House impressing itself on the Government.

Bearing in mind that there is a big debate in the country, the hon. Gentleman rightly asked when the House will have an opportunity to play its part in the important debate about how we rethink the relationship between Parliament and the people. Following on from all the action that has been taken and looking to the future, we will find opportunities for the House to debate those wider issues. But I would not want him or anyone else to lose sight of the important changes that have already been made. Looking back over the past 10 years, the people of Scotland have been given the right to choose whether they have their own Parliament and the right to elect their Parliament. The people of London have been given the right to have a mayor that they elect themselves.

People have been given the right to more information through the Freedom of Information Act 2000, and their rights have been given more protection through the Human Rights Act 1998. In the House, debates and questions are more up to date, because we have topical debates and topical questions. We should see the current situation as an opportunity to build on the progress that we have made; I do not think that we should say, "The whole system has not been improving and therefore we need to start afresh." We should rebuild the trust and confidence in Parliament that have been battered by the issue of allowances, and take this as an opportunity to make further progress. Parliament, as a whole, will need to be at the centre of those debates, and I shall ensure that we make that time available.

The hon. Gentleman talked about the policing of Parliament square, and he will know that, last week, Mr. Speaker convened a meeting of all responsible authorities. The Government stand ready to take any action that arises from the meeting not only to assist the right to demonstrate but to enable freedom of movement in the square for tourists, passers-by and, indeed, parliamentarians.

The hon. Gentleman asked about a number of defence issues, Eurofighter among them. We have Defence questions on the Monday that we return from the recess, we had a defence procurement debate recently and, as he pointed out, there will be a defence debate during the week that we return. The day in question is a sitting day, and it is always difficult when the House is sitting and the nation is voting in elections to a body other than Parliament. The forthcoming elections are important, so we did not seek to put on whipped business. That was not done with any disrespect to the important issues of defence, and there will be future opportunities to debate defence, which we know is always an important consideration for the House.

On the question of the Olympics, I shall refer the hon. Gentleman's points to the Minister for the Olympics. The hon. Gentleman is right to say that capital investment from the public sector provides important commercial

[Ms Harman]

opportunities, and that is why we believe that Conservative party proposals to cut public capital investment would create problems because there would be a great deal fewer commercial opportunities all round.

Angela E. Smith (Basildon) (Lab/Co-op): On 30 April, Mr. Speaker, you gave me the opportunity to have a debate on the Adjournment of the House, after Visteon closed its three UK manufacturing plants, leaving workers in Basildon, Enfield and Belfast with no jobs, no redundancy settlement and fearful for their pensions. May I update you, Mr. Speaker? Following the debate that you allowed, a campaign by Unite and help from the Ford motor company, those workers now have their redundancy settlements and, on Monday this week, were able to leave the picket lines having achieved their aims on being made redundant.

Following my research into the issue, however, it became clear that the company's closure had nothing at all to do with the recession; it had never, ever made a profit. Indeed, it has come to light that companies are using the recession as a way of changing the terms and conditions of their staff, even when those firms have not been affected by the recession. Will the Leader of the House join me in raising that issue with all Ministers? Furthermore, does she think it an appropriate matter that the House should debate?

Ms Harman: I shall raise my hon. Friend's comments with my right hon. and noble Friend the Secretary of State for Business, Enterprise and Regulatory Reform. I pay tribute to her work in defending those who worked at Visteon in her constituency. When companies face difficult times, whether because of the recession or for any reason, it is important that they work closely with the trade unions, which represent the workers whose fate is obviously tied up with that of the company. I pay tribute to Unite and its work in protecting the Visteon workers. We, of course, have created a wider package of assistance for the automotive industry, as well as introduced provisions to allow all companies to defer their tax to help with cash flow, provided tax credits for those on short-time working and support for apprenticeships.

Mr. David Heath (Somerton and Frome) (LD): May I also welcome in anticipation the Home Secretary's statement on the Gurkhas? I hope that it will say what we all hope it will say: that the Government accept the will of the House. I look forward to a similar statement eventually on Equitable Life, so that we repay that debt of honour, too.

I am glad that the hon. Member for Basildon (Angela E. Smith) raised economic issues in her constituency, because while we concentrate on what we are doing in this House we must not forget that there is an awful recession going on out there. People are losing their jobs, houses and livelihoods; we must make space for deliberations on that important issue.

Given the difficulties that we have all had in recent weeks, may I express my thanks to all the staff, families and spouses of Members of Parliament? They are getting criticism that is often entirely unjustified in respect of the MP with whom they are associated, and they are having to deal with abusive letters and phone calls. They have no part in what Members of this House have done, and we owe them a debt of thanks.

Mrs. Eleanor Laing (Epping Forest) (Con): Or what Members have not done.

Mr. Heath: That is absolutely right; I thought that I had made that plain.

I echo what the shadow Leader of the House said about the opportunity that we now have to do something of greater importance for the House; I hope that we will set aside time to do it in the next few weeks. We have a light legislative programme. We have the opportunity to debate what the right hon. and learned Lady herself said yesterday was set to change and strengthen our democracy. That means that we need to look at how we do things in the House. For example, 99 clauses of the Policing and Crime Bill were never debated. That is not the way to scrutinise legislation. We must find ways to use our time effectively and rebalance the relationship between the House and the Executive. We must find time to debate the changing of our constitutional arrangements, because there is unfinished business. The right hon. and learned Lady says that things have been done, and that is true. However, there is the unfinished business of House of Lords reform, party funding and the size of both Houses. We need to debate those issues.

Lastly, we need time to change our democratic processes, reinforce accountability and make the House more representative of the people whom we serve. If we use our time in that way, the country will realise that the House still has relevance and a determination to change for the better.

Ms Harman: This morning, people will have heard from both sides of the House that we all agree that the allowances situation should be sorted out right away and that we should seize the opportunity to strengthen the role of Parliament in our democracy. That makes this a very important moment. It is important to deal with the problems, but we also have this moment of opportunity, which we should seize on behalf of the House.

The hon. Gentleman said, airily, that we have had a light legislative programme, but that is not the case. I have just announced the Second Reading of the Local Democracy, Economic Development and Construction Bill and of the Borders, Citizenship and Immigration Bill. Furthermore, the Health Bill has been announced this week, and we have just discussed the Policing and Crime Bill and the Equality Bill. I do not think it right to say that there is a light legislative programme; we are debating and scrutinising important issues.

I associate myself with the hon. Gentleman's comments about House of Commons staff and the families of Members. Everybody wants us to sort the situation out and everybody will be glad when we have. The hon. Gentleman talked about Equitable Life. As he will know, earlier this week there was a debate on Equitable Life; the Minister updated the House on where we are in respect of action on that issue. I refer the hon. Gentleman to the *Hansard* report of that debate.

Patrick Hall (Bedford) (Lab): On the reform of parliamentary allowances, my right hon. and learned Friend has often repeated that we do not want the House to be filled only with the rich—or, I would add, only with the sponsored. Does she agree that at some point soon, when, hopefully, things calm down, we

might all benefit from reflecting on one of the initiatives announced in Mr. Speaker's statement on Monday? I am thinking of the cap on mortgage interest rate and rental claims at £1,250 per month, with the intention that that be reduced in future. Does that not risk putting staying overnight in London beyond the reach of most people, thereby putting off the chances of citizens of this country who wish to become Members of the House?

Ms Harman: Two very important points arise from what my hon. Friend says. First, we all regard the constituency link as extremely important. When people are elected to represent their constituency, they need to be able to keep in close touch with their constituency and also to work in the House of Commons, which means that they need to be able to live in two places at once. The constituency link is very important, and the Kelly committee will strongly bear that in mind. I should add that there is an opportunity for all individual Members to give evidence to Sir Christopher Kelly and the Committee on Standards in Public Life.

My hon. Friend also reinforces the point that we do not want to turn the clock back to previous centuries when more or less only landowners and the landed gentry were in Parliament. We do not want to have a Parliament just for millionaires: we need to ensure that we have our own equivalent of "From Log Cabin to White House" and that anybody can come into the House of Commons.

Mr. Peter Lilley (Hitchin and Harpenden) (Con): Will the Leader of the House grant us an early debate on how we can curtail the powers of local councils to fulfil the house building targets by seeking planning permission to build in the territory of other local authorities? That possibility arises in my constituency, where Luton and South Bedfordshire council is planning to meet its housing totals by building houses in my constituency. To make matters worse, it plans to do so in the most beautiful area known as, eponymously and anatomically, Lilley Bottom.

Ms Harman: Perhaps the right hon. Gentleman can raise that directly with the Secretary of State for Communities and Local Government during the Second Reading of the Local Democracy, Economic Development and Construction Bill on Monday 1 June.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): Does my right hon. and learned Friend realise that this is the 30th anniversary of the introduction of Select Committees? Ten years ago, when Lord Sheldon, as he now is, chaired the Liaison Committee, he introduced a piece of work called "Shifting the Balance", which tried to shift the balance away from the Executive and back to the legislature. Could we have an early debate on that topic? I speak as someone who tried to participate in last night's debate in the Chamber, when we saw once again the domination of the Front Benchers, who not only made long speeches but then intervened afterwards, with Back Benchers' contributions to the debate squeezed almost to nothing. Is it not about time that we had a shift in the balance of power in the Chamber?

Ms Harman: Everyone has agreed that one of the things that strengthens the role of Parliament is the work of Select Committees and that of hon. Members who chair them and play a part in them. I feel absolutely certain that as we look to strengthening people's confidence in how this House scrutinises the Executive, the role of Select Committees is set to be strengthened once again.

Sir Nicholas Winterton (Macclesfield) (Con): In supporting the shadow Leader of the House, the Liberal Democrat shadow Leader of the House and the hon. Member for Huddersfield (Mr. Sheerman), does the Leader of the House consider it to be the appropriate time to make this Parliament—this Palace of Westminster, particularly this House of Commons—more relevant? Is it not time that we looked again at programming, and at setting up a business committee of representative Back-Bench Members, who would be elected by this House, perhaps under the chairmanship of the Chairman of Ways and Means, as well as considered the merging of the Modernisation Committee with the Procedure Committee? That would make this House more powerful, give it credibility and increase its integrity.

Ms Harman: The hon. Gentleman and others are taking the opportunity to set forth the items that will need to be considered in more detail as we look to strengthen the House in future. No doubt the Procedure Committee and the work of the business managers will be considered as part of that process.

Siobhain McDonagh (Mitcham and Morden) (Lab): Today's edition of *The Times* reports that despite the desperate conditions in Sri Lanka, the last remaining independent organisation, the International Committee of the Red Cross, is leaving the country because it cannot get access to the refugee camps. About 300,000 civilians are injured, maimed and starving, and their Government are not allowing in international aid to help them. I appeal to my right hon. and learned Friend in terms of the issues on which she has concentrated in her political life. It is reported today that 25 per cent. of young mothers and those expecting children are seriously malnourished. Does she agree that we desperately need a debate in the House on that matter?

Ms Harman: I know that many of my hon. Friend's constituents are of Tamil origin. The House remains deeply concerned about this issue, which has been raised in the House on many occasions, including on 29 and 30 April and in May. We remain deeply concerned about current events, and our primary concern is the immediate humanitarian crisis. As she will know, on Sunday the Prime Minister announced an additional £5 million in humanitarian funding, which the Department for International Development will allocate to assist the civilians displaced in the continued fighting.

Mr. Alan Reid (Argyll and Bute) (LD): On Tuesday, Mr. Speaker, you granted yet another debate in Westminster Hall on Equitable Life. That debate, like previous debates, was full of Back Benchers from all parts of the House who supported the parliamentary ombudsman's proposals; the only person to defend the Government was the Minister who spoke at the end. In debating how to strengthen our democracy, can we consider a proposal that will allow items to get on to the agenda and provide for votes on issues that are of widespread concern and have support from Back Benchers across the House?

Ms Harman: Of course, there are already Opposition day debates, but yes, I am sure that that suggestion will be part of the wider debate.

Mr. David Anderson (Blaydon) (Lab): Yesterday a petition signed by 22,500 people was taken to No. 10 Downing street asking the Department of Health and the Government to set up a national centre for asbestos-related diseases. May we have a debate in this House about how we can improve the care given to people suffering from asbestos-related diseases, particularly those who have been criminally and negligently exposed to asbestos at work?

Ms Harman: Perhaps that should be the subject of a Westminster Hall debate. It is an important issue not only for the Department of Health but for ministerial colleagues with health and safety responsibilities at the Department for Business, Enterprise and Regulatory Reform. I will ask them to write to my hon. Friend.

Mr. Andrew Mackay (Bracknell) (Con): As the situation in Zimbabwe is still grave despite the power-sharing Government, and as there will be some very tricky, delicate decisions to be made on when is the appropriate time to increase aid, does the Leader of the House think that it would be a good idea for the Secretary of State for International Development to make a statement when we return after the recess?

Ms Harman: I will ask the Secretary of State to consider that proposition. I will also consider whether it might be a good idea to ask the Minister for Africa, Lord Malloch-Brown, to invite Members of this House to have an opportunity to be briefed by him. That would not be instead of a statement, but it is always useful for him to keep Members updated informally.

Ms Dari Taylor (Stockton, South) (Lab): Will the Leader of the House find Government time for a full and frank discussion on the activities of the banks? Like many Members of this House, I have been briefed by local businesses, and it is clear that banks are changing their lending policies—overnight overdrafts are costing more, and lending is being seriously reduced. I was briefed by a vehicle hire company in my constituency called Reflex and, quite frankly, if such banking activity continues, it will close that company. We need that company and other excellent companies to remain open, vibrant and employing at this time. The House needs to pool all its experience and discuss this issue, and the banks need to be seriously challenged by Government.

Ms Harman: I absolutely agree with my hon. Friend. She will know that the Treasury Committee has gone through these issues in great detail, and that the Prime Minister responded on this very point yesterday in Prime Minister's Question Time.

John Bercow (Buckingham) (Con): May I associate myself with calls from both sides of the House for a debate on the relationship between Parliament and the Executive?

May we please have a debate in Government time on the Floor of this House on special educational needs? Given that it is now almost three years since the then Education and Skills Committee, under the chairmanship of the hon. Member for Huddersfield (Mr. Sheerman), called for a breaking of the link between the assessment of need and the funding of provision, and, on top of that, that this year, at Government request, Ofsted is to conduct a detailed inquiry into the provision of education of children with SEN, is it not now timely for this House to consider how best to meet the needs of some of the most vulnerable children in our country?

Ms Harman: I shall take up the point that the hon. Gentleman makes. I take this opportunity to pay tribute to him for the work that he has done, which is not only important to his constituents but of concern to Members of all parties. I shall look for an opportunity to take those issues forward in the way that he suggests.

Derek Twigg (Halton) (Lab): On Saturday 20 June in London, there will be a march for justice for the Hillsborough victims and their families. The Home Secretary and the Culture Secretary have already said it is important that we get out information relating to the Hillsborough disaster, but of course the matter also affects other Departments. Will my right hon. and learned Friend use her good offices to remind other Departments of the statements made by the Culture Secretary and the Home Secretary about identifying information relating to the Hillsborough disaster and its aftermath and making it available as soon as possible?

Ms Harman: I will back up the point that my hon. Friend has made and take those issues to the relevant Departments. Perhaps he could let me know via my office which other Departments, in addition to those of the Home Secretary and the Culture Secretary, need to consider what information they can produce.

Mr. Bernard Jenkin (North Essex) (Con): There is an extremely controversial planning application in my constituency on the edge of the Dedham Vale area of outstanding natural beauty, which would have a severe impact on that area. Could time be found for us to debate the protection of areas of outstanding natural beauty, and is it possible that we could have a debate on how that particular application can be called in for a public inquiry?

Ms Harman: There were questions to Department for Environment, Food and Rural Affairs Ministers this morning, and the hon. Gentleman would probably have got a more global answer from them, but there will be Communities and Local Government questions coming up in the week we return from the recess.

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): May we have a debate on consumer rights? Companies such as ActionCOACH seduce people into parting with their savings or redundancy payments on the pretence that they will get large returns. That invariably does not happen, and many people lose significant amounts of money. Should companies such as ActionCOACH not have to be transparent about their claims of a proven track record of success and a reasonable return for investors?

Ms Harman: My hon. Friend is talking not about red tape or burdens on business but about essential protection for consumers, and I shall bring that matter to the attention of the Minister responsible for consumer affairs.

Mr. Graham Stuart (Beverley and Holderness) (Con): May we have an urgent debate on the process by which wind farm applications are approved? Everyone knows that the Government have failed in their promotion of renewables, but can it be right that they can routinely overturn the decisions of local councillors, parishes and people to oppose certain applications? Can she understand the anger and frustration of my constituents who see their local environment altered and their views ignored?

Ms Harman: There was a debate yesterday about how the House will handle the process of national policy statements, and there will be Energy and Climate Change questions the week the House returns, when I suggest the hon. Gentleman raise those points.

Dr. Brian Iddon (Bolton, South-East) (Lab): Yesterday, on the day after world hepatitis day, the Government made a written statement on Lord Archer's report about contaminated blood. Although I congratulate the Government on moving forward on this issue, what most angered the community that is interested in the subject yesterday was that the Government are still not prepared to match the modest compensation scheme that is available in the Irish Republic. To give us a chance to question Health Ministers, which we were unable to do yesterday, will my right hon. and learned Friend please give us a debate in Government time on contaminated blood?

Ms Harman: I think that may be a very appropriate subject for a Westminster Hall debate. I shall raise the matter with the Secretary of State for Health. As my hon. Friend mentioned, there was a written ministerial statement responding to Lord Archer's report. He will know that we have increased the amount of compensation for those who have been unfortunate enough to receive contaminated blood, and we have increased the amount of funding that goes to the important work of the Haemophilia Society. We will further review the situation in respect of those who have contracted hepatitis.

Mr. Julian Brazier (Canterbury) (Con): On the last day of term, may I appeal for a debate during the forthcoming term on prejudice against Christians in a growing proportion of the public services? On top of a string of incidents involving health service and local authority workers being penalised for offering to pray for people, for saying "God bless" to them and so on, the worst case of all must be that of the foster mother who had fostered a large number of children in care and provided a loving home for them, but who lost her job and with it her house because a 16-year-old girl she was fostering chose to convert to Christianity. May I urge the Leader of the House to consider this a worthy subject for a debate in the House?

Ms Harman: I shall refer the hon. Gentleman's point to the relevant Minister in the Department for Children, Schools and Families. This is really just a matter of basic good practice and common sense. There is nothing in any law or guidance that requires people to act daft.

Julie Morgan (Cardiff, North) (Lab): We have made considerable progress on allowances this week, but we still need a lot more debate about the different roles that Members have to fulfil, including having caring responsibilities for children—both men and women have those responsibilities—and for elderly parents. Can we not use this as an opportunity to consider the role of Members as a whole? Would not a way of strengthening democracy be to ensure that we have a range of people here who are able to bring their experiences to our debates?

Ms Harman: My hon. Friend is absolutely right. We must have in this House people such as herself, who know what it is to balance the responsibility of going to work and doing an important job with that of bringing up children and caring for elderly relatives. That is the situation for most families in our constituencies, and it is right that that should be reflected in the House. Any changes that we make must not undermine the ability of people with family responsibilities to play their part in the House. That is important, as are the constituency link, not having people doing second jobs and the point that we must not make this exclusively a millionaire's club.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): Does the Leader of the House realise that despite the Prime Minister's commitment to ensure that Parliament properly scrutinises the Executive, she risks going down in history as the Leader of the House under whom more clauses of Government Bills than ever have gone through without proper scrutiny by the House? That has been the case with the Human Fertilisation and Embryology Bill, the Apprenticeships, Skills, Children and Learning Bill, the Coroners and Justice Bill and now the Policing and Crime Bill—earlier this week 72 Government amendments to this last were not even reached and debated before being pushed through.

When several hon. Members raised this matter last week at business questions, the Leader of the House promised that there would be consultations and discussions about the programme motion so that we would not have the ridiculous situation that did indeed come about. We had 43 minutes to debate critical amendments on DNA and 29 minutes on gang violence, yet by all accounts there were no discussions or consultations beyond those with just the Conservative Front Benchers. How can we believe that she intends to do something about this if her Government cannot deliver on commitments that she makes to the House at business questions?

Ms Harman: I do not think that there were discussions only with those on the Conservative Front Bench. It might well be the case that even when there are discussions and consultations agreement cannot be reached, but that does not mean that those discussions were not had. Before the hon. Gentleman attributes to me my historic role as Leader of the House, I have to say that there is always difficulty in getting the balance right between different aspects of Government business and the House's debates. I shall check out whether he is right in his assertion. I point out that we had two very important, indeed historic, statements from you, Mr. Speaker, on the day of the debates on the Policing and Crime Bill.

Mary Creagh (Wakefield) (Lab): On 30 May 1929, women under the age of 30 were able to vote in a general election for the first time. May I ask my right hon. and learned Friend and all honourable colleagues

[Mary Creagh]

who will be involved in the debates on the reform of the House to reflect on the fact that, 80 years after that event, despite making up more than half the population, women still account for only a little over a fifth of the Members of this place?

In response to the hon. Member for Oxford, West and Abingdon (Dr. Harris), I would say that most ordinary people would think that a sitting that lasts 36 hours and goes through the night, with four hours for sleep, as happened on the Apprenticeships, Skills, Children and Learning Bill, constitutes thorough scrutiny.

Ms Harman: My hon. Friend is right to highlight the importance of the continued role of women in our democracy—not only in being allowed to vote but in being representatives in the House. That is why the Speaker's Conference and its proposals will be important, as will the Equality Bill, which allows all-women short lists to continue. I ask the official Opposition to reconsider their opposition to that measure.

Mr. Philip Hollobone (Kettering) (Con): To encourage recycling, many local authorities are issuing wheelie bins to their residents—sometimes one, two or three per household. However, in north Northamptonshire, there is a growing problem of their being set alight, with catastrophic and, sadly, fatal consequences. May we have a statement from the Prime Minister on how that growing menace can be tackled?

Ms Harman: It is important that councils work with the local community and the police to tackle antisocial behaviour. I remind the hon. Gentleman that there will be Communities and Local Government questions the week the House returns.

Mr. Peter Bone (Wellingborough) (Con): The Government are acting daft in closing a hospital out-patient facility in my constituency, and more than a quarter of the households in Rushden have written to me about the cut. I want to lead a mass demonstration about it on Parliament square. Will the Leader of the House issue a statement about when I can hold that mass demonstration?

Ms Harman: If the hon. Gentleman wants to hold a mass demonstration, or even a very small one, around Parliament, he needs to apply to the appropriate authorities. Perhaps he will join us in our support for increased investment in the health service. Far from a cut in investment, there will be a 5.3 per cent. increase this year. That is necessary investment for the future. When he is asked to support the Conservative party in cutting capital and revenue investment in our public services, I hope he will think again and join us.

Mr. Rob Wilson (Reading, East) (Con): The House should recognise the huge sacrifices that Pakistan is making now and will make in future to tackle extremism. Tens of thousands of lives have been lost. May we have a debate on what more the UK and the international community can do actively to support Pakistan and help it emerge as a stronger nation, including establishing a much improved trade agreement with the EU and rapid disbursement of the £12 million that the Prime Minister promised Pakistan to help with internally displaced people?

Ms Harman: The hon. Gentleman's points are important and I strongly agree that they affect not only those overseas but communities in this country. We have had the important Intelligence and Security Committee report, and the issue that he raises might be a good idea for a topical debate in the near future.

Gurkhas

12.13 pm

The Secretary of State for the Home Department (Jacqui Smith): With permission, Mr Speaker, I would like to make a statement on new settlement rights for former Gurkhas and their families.

As the House knows, all Gurkhas who retired after July 1997, when the Brigade was relocated to the UK from Hong Kong, are already eligible to settle here under current immigration rules. Since 2004, more than 6,000 Gurkhas and their families have done so.

On 29 April, hon. Members of all parties made clear their view that the Government should reconsider plans to increase by 10,000 the number of Gurkhas and family members who could come to the UK to live. As my hon. Friend the Minister for Borders and Immigration set out in his statement to the House that evening, we undertook to respect the will of the House and introduce revised proposals. I am most grateful to my hon. Friend for the work that he has led to deliver that commitment. I am also grateful to the members of the Home Affairs Committee and the Gurkhas' representatives, who have helped us to establish the basis for the proposals.

Our policy will be put into effect through guidance, which we will publish shortly, having first shared it in advance with the Select Committee and Gurkha representatives to seek their views.

Our new guidance will reflect the will of the House, while remaining affordable and consistent with our broader immigration policy. All former Gurkhas who retired before 1997 and who have served more than four years will now be eligible to apply for settlement in the UK.

Gurkha representatives have indicated that it will take time for former Gurkhas and their families to make their applications. I welcome the willingness of the representatives to set up a form of resettlement board to assist the process of their integration into British life.

On the basis of the figure of 10,000 to 15,000 main applicants that Gurkha representatives have suggested, I expect to be able to welcome them and their families over the course of the next two years. I am making resources available in the UK Border Agency to do that, and I am making it clear that there should be no time limit on those applications. The Select Committee has recommended that former Gurkhas should be entitled to bring with them their spouses and dependent children under the age of 18. I am pleased to accept that recommendation.

The 1,400 or so outstanding applications for settlement that are now being considered by the UK Border Agency will be processed on the basis of the policy I am announcing today. I have instructed the UK Border Agency to process all those cases, as a matter of urgency, by 11 June, but I expect to complete the work earlier.

The guidance recognises the unique nature of the service given to the UK by the Brigade of Gurkhas. It is offered to them on an exceptional basis.

I hope that the House will understand the importance of maintaining the distinction, upheld by the High Court, between Gurkhas who served before and after 1997. That is why I welcome the agreement of all parties to our discussions that there is no direct read-across between settlement and pension rights. As the Chairman of the Select Committee wrote in his letter to the Prime Minister on Tuesday,

"the question of equalising Gurkha pensions should not and need not be conflated with the debate about settlement".

On the basis of the measures I have set out today, I am proud now to be able to offer this country's welcome to all who have served in the Brigade of Gurkhas and who wish to apply to settle here. I am sure that all who come here will make the most of the opportunities of living and working in the UK.

I am delighted that we have now been able to agree—across Government, across the House and with the Gurkhas' representatives—new settlement rights, which all those who have served us so well so highly deserve. I commend the statement to the House.

Chris Grayling (Epsom and Ewell) (Con): This has been a great victory for a well run campaign, which publicly embarrassed Ministers and reminded us all of the role that the Gurkhas have played in helping to defend this country over the centuries. It is also a timely reminder of what the House can achieve when it stands up to the Executive and expresses its will about what should happen. We do not do that often enough.

First and foremost, this case was about basic decency. Many people from around the world have come to live in this country in the past decade. There was never a justification for denying that right to a group of people who have long lived in the nation's affections, and who have risked, and often given, their lives for its protection.

We have always been clear that those who risk their lives for this country should have the right to come and live in our country. It is just a shame that the Government had to be dragged kicking and screaming through the courts, at great cost to the taxpayer, then through the crowds of Gurkhas outside this place, before they finally accepted the inevitable. *[Interruption.]* The statement is also a tribute to the determined and effective campaign by Joanna Lumley to persuade Ministers to change their minds.

Does the Home Secretary now finally accept that it was a massive mistake not to listen when we told her to accept the court ruling and not fight it? *[Interruption.]* Can she provide the House with more detail about costs? A few weeks ago, the Prime Minister was putting forward almost doomsday financial forecasts about the cost to the British taxpayer of allowing the Gurkhas to settle here. *[Interruption.]*

Mr. Speaker: Order. Please allow the hon. Gentleman to be heard. This is important.

Chris Grayling: A few weeks ago, the Prime Minister presented almost doomsday financial forecasts about the cost to the British taxpayer of allowing the Gurkhas to settle here. Will the Home Secretary now confirm that those figures were wrong? What is her current forecast? What impact will today's announcement have on former members of the armed forces who come from other Commonwealth countries or, indeed, non-Commonwealth countries? What rights does she intend to offer them in future?

[Chris Grayling]

Let me give a clear commitment today to the Gurkhas and all those who have taken part in the campaign: you have won a great victory over this Government, but you have nothing to fear from a change of Government. If there is a Conservative Government after the next election, we will honour the agreement and ensure that the Gurkhas who want to come here are treated as honoured veterans of our armed forces, not as an unwelcome addition to the pressures on our immigration system.

Jacqui Smith: Well, I agree with the hon. Gentleman that there has been an effective campaign on the issue. I also agree that it is right for the Government to respect the will of the House, and that is what we are doing in bringing forward today's policy proposals.

I find it slightly more difficult to agree with the hon. Gentleman on his more party political points, not least because the policy that we are announcing today builds on our record as the first Government to provide settlement rights for the Gurkhas—something that was patently not done under the previous Conservative Government.

The hon. Gentleman talked about the court ruling. Let me make it clear to him that we did fulfil—and are fulfilling in today's policy—the court ruling from last year, which upheld the distinction between those Gurkhas who were discharged pre-1997 and those discharged post-1997. The policy that we are announcing today is in line with that court ruling, as has been everything we have done since.

The hon. Gentleman asked me about costs. We have been assisted on that by the work of the Select Committee on Home Affairs, alongside officials from across government and Gurkha representatives, on what they believe the actual numbers likely to want to apply will be. We accept the Committee's suggestion that the costs are more likely to be nearer £300 million to £400 million a year.

As for the hon. Gentleman's point about Commonwealth soldiers, as happened in the debate he appears to be suggesting a radical change with respect to their entitlement to come to this country, which would have significant costs across government. It is for the hon. Gentleman to say how he would implement that and how those costs would be dealt with. Although the scheme for Gurkhas is exceptional, I am confident that their settlement rights now correlate with those of Commonwealth soldiers. On that basis, I think that we are today bringing forward a fair policy.

Martin Salter (Reading, West) (Lab): In a month that has been appalling for the House of Commons and made many of us feel almost ashamed to be here, I want to say unequivocally that I am proud to be a Member of the House of Commons today. This has been a rare good day for Parliament. I invite the Home Secretary to pay tribute to the work of the all-party group on Gurkha rights, and in particular the hon. Member for Colchester (Bob Russell) and the long-time Gurkha campaigner, the right hon. Member for Maidstone and The Weald (Miss Widdecombe). Today is an example of Members of Parliament from across the House working with a brilliant and inspirational campaign out there in the country that touched the very core of the British sense of fair play and doing the right thing by people who are prepared to risk their lives for our country. I thank the Home Secretary and the Government for belatedly seeing the light.

Jacqui Smith: I am certainly willing to pay tribute both to my hon. Friend, who has worked hard to raise the issue of Gurkha settlement both with me and the Government, and in the House, and to the all-party group on Gurkha rights for its work, and in particular the hon. Member for Colchester (Bob Russell) and the right hon. Member for Maidstone and The Weald (Miss Widdecombe), as he said. The detailed work carried out by those representatives and by the Home Affairs Committee on reaching a common view on the likely numbers involved in settlement—and, therefore, the likely costs—has also been important in enabling us to move to today's policy announcement. I thank my hon. Friend and members of the Committee for facilitating that work.

Chris Huhne (Eastleigh) (LD): I am grateful to the Home Secretary for advance sight of her statement, which I welcome enormously. The Prime Minister and the Minister have finally listened to the will of the House and the will of the British public, which is devoutly to be wished for. The campaign has run for many years. Six years ago, the Gurkhas attended our conference in Harrogate. We have had two wars since the campaign began. It is only through the perseverance of that campaign and the continued pressing of the Government by hon. Members and those outside this place that the Gurkhas finally have justice.

Does the Home Secretary not realise that dither and delay on that scale only emphasises the gracelessness of the whole process and of the Government's decision? Given the simplicity of the principle involved—that the people who fight and die for this country should have the right to live in this country—surely she should reflect on whether the Government's moral arteries have been somewhat furred in the Government's failure to grapple with the issue. Why did it take so long to recognise the public backing for that fundamental principle and the important claim that the Gurkhas have on the hearts of the British people?

Jacqui Smith: I am slightly disappointed that the hon. Gentleman continues to conflate the situation of those Gurkhas who have been discharged post-1997, when it was this Government who provided for the settlement of those Gurkhas in 2004. We have been pleased to welcome 6,000 Gurkhas, plus their families, as part of that policy change since then. The principle is different, as the court recognised, for the exceptional scheme that we are now putting in place for those discharged pre-1997. The luxury of opposition is to be able to talk about the simplicity of principle. The responsibility of government is to take decisions that do the right thing in terms of our responsibilities to the country, the taxpayer and our immigration policy. That is what I believe we have done today.

Mr. George Howarth (Knowsley, North and Sefton, East) (Lab): I welcome my right hon. Friend's statement for two reasons. First, it recognises the unique debt of honour that this country owes the Gurkhas. Secondly, it recognises the unique status that that confers on them. Well done.

Jacqui Smith: I agree with my right hon. Friend. Throughout the arguments about how we put the policy into operation, I hope and I believe that there has never been any doubt from the Government or any hon. Member about our commitment and gratitude to the Gurkhas for the role that they have played in serving this country. Their unique place has enabled us to bring forward the exceptional scheme that we are announcing today.

Mr. Iain Duncan Smith (Chingford and Woodford Green) (Con): I say unreservedly that this is a fantastic day for hon. Members in all parts of the Chamber who have campaigned on this issue. I pay tribute to the Chairman of the Home Affairs Committee in particular, whose calm presence throughout has been welcomed in all parts of the House. One lesson for the Government may be that they have taken what was a good record on the Gurkhas—a record on which they should have been congratulated—and managed to throw it in the gutter in the course of their prevarication. We have had the invidious sight of the Minister for Borders and Immigration chasing around after Joanna Lumley—well, he can be forgiven for that; it was when he caught up with her that the damage was done; in future, perhaps he should chase after someone only if he has a good chat-up line.

As for the Government, let me congratulate them on finally doing the right thing. This is a great day for the House. In the midst of all the sleaze inquiries and everything else, this is one moment when MPs here can hold their heads up and say, "This is what we should've been doing every day of the week."

Jacqui Smith: The right hon. Gentleman is being slightly churlish about my ministerial colleagues, who have worked hard to get us to today's position. The Government's record on supporting the Gurkhas stands in contrast to that of the previous Government, as I have outlined. I am proud of what we have done, and I think that we are building on that record today.

Keith Vaz (Leicester, East) (Lab): I thank the Home Secretary for an excellent statement. I pay tribute to her, the Prime Minister and the Minister for Borders and Immigration for what they have done, especially over the past few days. The right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith) is absolutely right: this is a good day for Parliament, because Opposition parties were also part of the process, in informing the Government of what was happening. The seminar on Tuesday, at which people could sit down privately and work things out, was possible only because the Minister for Borders and Immigration invited us.

I have one final recommendation. I do not know what the Home Secretary's travel plans are, but may I suggest that she go to Kathmandu, along with my hon. Friend the Member for Reading, West (Martin Salter)—I do not know whether Joanna Lumley will be there—when those visas are issued to see the joy on the faces of those to whom she has given justice today and thank Joanna Lumley for the wonderful work that she has done?

Jacqui Smith: I certainly believe that, as my right hon. Friend has said, the work facilitated by the Home Affairs Committee on Tuesday, with the input of officials across Government, Gurkha representatives and members of the Committee, has been very important in providing us with the basis for the proposals, on which it has been possible to move forward today, confident that we can fulfil our duty to the Gurkhas in line with our responsibility to taxpayers and our broader immigration policy. I thank him for his leadership in bringing that forward.

I am always slightly wary of accepting invitations to travel anywhere with my hon. Friend the Member for Reading, West, great though he has been in this campaign.

Martin Salter: Why?

Jacqui Smith: I am getting myself into trouble, so I shall leave it there.

Mr. Paul Keetch (Hereford) (LD): This is, indeed, a very good day for the House and for the Brigade of Gurkhas. I recall working with the right hon. Member for Chingford and Woodford Green on this issue five or six years ago, when I spoke for my party on defence and he had the same responsibilities for the Conservative party. The Home Secretary will realise that Gurkhas have continued to fight and to die for this country during that period. Will she consider whether the dependants and families of those who served and were killed or died from old age, including a Victoria cross recipient just, I think, two weeks ago, should also be entitled to this welcome change? This is a very good day, not least because it is my birthday; it is good day for the Gurkhas, and the Home Secretary could make it even better by reconsidering those cases.

Jacqui Smith: Happy birthday to the hon. Gentleman; I am always keen to please. He makes an important point about the dependants and widows of Gurkhas. I hope that he will look carefully at the guidance that we are proposing, which makes it clear that the ability to settle should be open, within the policy, to those who were widowed when their Gurkha husbands were killed in active service. It also includes the discretion to take into consideration exceptional circumstances in respect of other widows and dependants.

Mike Gapes (Ilford, South) (Lab/Co-op): The Home Secretary has made a very welcome statement, but she has also said explicitly that this case is unique and exceptional. May I press her on the legal certainties of that uniqueness and exceptionality, given that many people in my constituency and elsewhere have relatives in other parts of the Commonwealth who may feel that they are not being treated equally?

Jacqui Smith: Certainly, since 1980, when the rules changed, people from the Commonwealth who served with the British Army have been entitled to settlement in a way that those who served with the Gurkhas were not entitled at that time. Today, we are effectively giving the pre-1997 Gurkhas an entitlement that they did not have, which is roughly equivalent to one that Commonwealth soldiers have had, after four years' active service, to apply for settlement in the UK within two years. We believe that there is legal justification for the exceptional basis of the scheme that we are introducing, and that view was shared by the Home Affairs Committee in its seminar on Tuesday.

Robert Key (Salisbury) (Con): I warmly applaud the Government's decision, which is good news indeed. Most of my constituents will be very happy about it, except for the members of the British National party who have put out a leaflet saying that all Gurkhas should go home, which is utterly disgraceful.

[Robert Key]

Will the Home Secretary clarify one point from her statement? She said that this policy applies to all former Gurkhas who retired before 1997. May I assume that she is referring to post-1947 Gurkhas—in other words, those who served with the British Army and not the Indian army?

Jacqui Smith: Yes, I confirm that we are talking about Gurkhas from post-1948, when the Brigade of Gurkhas became part of the British Army, rather than pre-1948 when it was, as the hon. Gentleman rightly says, part of the Indian army.

Mr. Parmjit Dhanda (Gloucester) (Lab): I very much welcome today's statement; the Government have without doubt made the right decision. However, is my right hon. Friend concerned, as I am, about all the other regiments, not least my grandfather's regiment, the Bengal Engineers, and those who fought in Malaysia, Singapore and Kenya, which never had a Joanna Lumley campaigning for them? The Government have made the right decision today, but, inevitably, there will be inconsistencies for others who have also given blood for king, queen and country over the years.

Jacqui Smith: I believe it is right that we have had the policy, which I have just outlined, for Commonwealth soldiers who served with the British army. For a long time that has meant that those who served for four years and applied within two years of the end of their service were able to get settlement in the UK, but that was not the situation for pre-1997 Gurkhas.

Mr. Roger Williams (Brecon and Radnorshire) (LD): It is indeed a good day for the House and for Gurkhas. The 120 Gurkhas who serve in the Mandalay company based at Derring Lines in Brecon will also be very pleased about this announcement, although their position was already safeguarded. Will the Secretary of State take on board the comments of my hon. Friend the Member for Hereford (Mr. Keetch) about extending the policy to the dependants of Gurkhas who have died but who would have qualified if they were still alive?

Jacqui Smith: I hope that I answered that when I responded to the hon. Member for Hereford's question, when I made it clear that the policy applies to widows whose husbands were killed in active service.

Mr. Russell Brown (Dumfries and Galloway) (Lab): As others have said, this policy will be welcomed right across the country and by those who served with Gurkha regiments. Have there been any discussions with the authorities in Nepal in recent weeks about the impact on the future of that nation of losing so many good people who might have been its lifeblood? I am sure that this policy will have some economic impact on that nation.

Jacqui Smith: I know that the Chairman of the Home Affairs Committee, my right hon. Friend the Member for Leicester, East (Keith Vaz), gave the Government of Nepal the opportunity to make any case that they wanted to make in Tuesday's discussion. They have not expressed concern about the change of policy, but it will remain this Government's position to provide development aid where appropriate, including to Nepal. That is an important part of our international responsibilities. Also, there will continue to be a growing element of remittances back to Nepal, which may well benefit that country.

Mr. Rob Wilson (Reading, East) (Con): May I join others in warmly welcoming the Home Secretary's statement, and pay tribute to everyone inside and outside the House who has been involved in the campaign? Will she assure the House that this announcement will not in any way affect the future of Gurkha regiments in the British Army?

Jacqui Smith: The Gurkhas play a very important part in the British Army and I am confident that they will continue to play that important role.

Ms Dari Taylor (Stockton, South) (Lab): This is indeed an excellent statement, but I remind my right hon. Friend that an enormous amount of distress was caused by the seeming ambivalence of the Government to a fighting force, the Gurkhas, which has given more, on more occasions, to the British armed forces than many whom we call friends. The statement is welcome, but will she reassure the House that the process that the Gurkhas and their families will enter into will not only be speedy, but ensure that they are treated with respect and dignity?

Jacqui Smith: I assure my hon. Friend that there has never been any such ambivalence from this Government or from the people of this country about the contribution that the Gurkhas have made to supporting this country's interests. The Government have a responsibility to find the right way to do the right thing, and that is what we have worked to achieve, alongside Gurkha representatives and across the Government. That is what I believe we have achieved today, and yes, I can give her a commitment that we have in place the resources to process the number of applications that Gurkha representatives believe will come forward. With the assistance that I hope the Gurkha representatives will provide—through the resettlement board that they have proposed, for example—I believe that those people will be able to arrive here, become integrated and play a full part in the life of this country. I am sure that that will be the case.

Lembit Öpik (Montgomeryshire) (LD): Of all the conflicts the Gurkhas had to fight, it is perhaps ironic that their longest battle was their fight to live in the country that they were willing to die for. Nevertheless, will the Home Secretary accept the gratitude of the many constituents of Montgomeryshire who have fully supported Joanna Lumley, the campaigners and the Gurkhas' right to achieve that goal? The Home Secretary has listened, and she has acted. In so doing, she has shown her Department and Parliament at their best.

Jacqui Smith: I thank the hon. Gentleman for that. I, too, give credit to Joanna Lumley. I know that the Minister for Borders and Immigration was able to meet her again yesterday to talk through our proposals. She has played a very important role, and I am pleased that Ministers across the Government have been willing to listen to her and to other campaigners.

Anne Snelgrove (South Swindon) (Lab): As secretary of the all-party group on Gurkhas, may I, on behalf of the 1,000 Gurkhas living in Swindon, thank the cross-departmental team that came up with this solution? Tomorrow, by sheer chance, I have a meeting with some of those Gurkhas. They will be asking me when the practical information will be published so that they and the Gurkhas who are not in this country can get on with their visa applications. Will my right hon. Friend give me an assurance that that information will be published quickly?

Jacqui Smith: This is most significant for those Gurkhas who are in Nepal. They will form the vast majority of those who will benefit from the announcement. The Ministry of Defence will ensure, through its contacts and its knowledge of where those Gurkhas are, that that information is disseminated to them as quickly as possible.

Dr. Evan Harris (Oxford, West and Abingdon) (LD): I welcome the Government's change of position over the past few weeks—and, indeed, that of the Conservative party over a rather longer time. What lessons do the Home Secretary and her Department feel they have learned from what has happened in recent weeks? Would she be willing to apply any lessons that she can think of to another situation in which the spirit of a court judgment needs to be complied with? A similar situation has arisen twice in respect of the highly skilled migrant programme, which is closely analogous with the Gurkhas' situation in terms of compliance with the spirit of that for which the court has asked.

Jacqui Smith: I have learned the lesson that, even when we comply with court rulings, that does not always satisfy campaigns. I have learned that we therefore need to be able to work across Government to ensure that we do the right thing. I think I have probably also learned the lesson that it is easier for those in opposition than it is for those in government to deliver change.

Derek Twigg (Halton) (Lab): I was delighted to have been the Minister to announce the new terms and conditions for the Gurkhas, particularly the pensions, which are now the same as for the rest of the British Army. However, although a Gurkha's pension provides a reasonably good income in Nepal, that would not be the case for a Gurkha living in this country. Obviously, many of the Gurkhas and their families who come to this country will work, but some will be unable to do so or will have reached retirement age. Will my right hon. Friend tell me whether those who are not working will be able to get the same benefits as the rest of the UK population in order to ensure that they have a decent income?

Jacqui Smith: Yes, I can give my hon. Friend the commitment that those Gurkhas who are coming to this country will be coming here to settle and they will therefore have the same entitlement to benefits as anybody in this country, including an entitlement to pension credit, in order to ensure that they have a reasonable level of income if they have retired. He is right to say that, notwithstanding the significant 50 per cent. increase in the Gurkha pension scheme over the past few years for those who were discharged from the Gurkhas pre-1997, there might still be some who will need to claim benefits when they arrive in this country, and that will be part of their entitlement.

Mr. Angus MacNeil (Na h-Eileanan an Iar) (SNP): On behalf of the Scottish National party and Plaid Cymru, I welcome the surrender of the Government in the face of the Gurkha-Lumley onslaught, as do many others inside and outside the House. The Government have eventually done the right thing, and they must be congratulated on it, but I wonder whether the Home Secretary regrets not doing this earlier.

Jacqui Smith: No, I am proud of the Government's record of supporting the Gurkhas and providing settlement post-2004. Working across Government, across the House and with Gurkha representatives, we have done the right thing today, and that is the basis on which I have made this announcement.

Mr. Andy Reed (Loughborough) (Lab/Co-op): May I also welcome the statement? I do not take it lightly when I rebel against the Government line and, speaking as one of the 27 rebels, I want to thank the ministerial team for doing all that they could to keep their promise to come back to the House.

I want to raise a practical point. If we are talking about 10,000 to 15,000 Gurkhas rightly being able to settle in this country, will my right hon. Friend ensure that other services are put in place, as well as arranging visas and getting people over here? Will she ensure that housing and all the other local authority services that those people will require will be in place? We do not need to spend time in our surgeries over the next three or four years picking up casework because those services have not been put in place. I am sure that she will be working on those details as much as she has done on the visa application scheme, and if she does, this will be a proud day for the Government. I congratulate her on doing this.

Jacqui Smith: The issue of integration into the community was discussed by the Home Affairs Committee in the seminar on Tuesday. It is obviously an issue that the Government, and MPs in their constituencies, take seriously. That is why I welcome the commitment of the Gurkha representatives, and the proposal that they made on Tuesday to lead work with the resettlement board. That work could look at integration, including support and advice for Gurkhas coming to the UK and support for learning English. That will make an important contribution, alongside the commitment that the Government are making on expenditure, whether on benefits, health or education, to provide the Gurkhas with their entitlement, once they have received settlement in this country.

Mr. Gordon Marsden (Blackpool, South) (Lab): My right hon. Friend will be aware that, as officers of the all-party group on veterans and members of the all-party group on Gurkhas, my hon. Friend the Member for Blackpool, North and Fleetwood (Mrs. Humble) and I have consistently supported the Gurkha campaign, including in the vote in the House. An enormous number of people in Blackpool have also supported the campaign, not least because of the historic ties that the town has with the Gurkhas, through the Burma Star Association

[Mr. Gordon Marsden]

and the British Legion, for example. My right hon. Friend has brought great credit to the Government this afternoon by the clear and simple way in which she has spelled out the new policies. Does she agree that we have a right to be proud of the commitment made by this Government, who were also the first Government to rectify the issue of compensation for far east prisoners of war?

Jacqui Smith: I hope and believe that that is what my ministerial colleagues and I have achieved today. We have been able to do this because of the commitment of Ministers across the Government, Members across the House and Gurkha representatives to engage in a practical way to enable us to overcome some of the difficult issues that had prevented us from making this decision more quickly. I am grateful to all those people, including my hon. Friend the Member for Blackpool, South (Mr. Marsden) and his Blackpool colleague, my hon. Friend the Member for Blackpool, North and Fleetwood, for supporting us and helping us with the information that has enabled us to do this today.

Dr. Phyllis Starkey (Milton Keynes, South-West) (Lab): In my right hon. Friend's statement, she said that she was making resources available within the UK Border Agency to process the applications. Will she assure me that that will be done by bringing in new resources, and not by relocating resources within the UKBA, which would have the undesirable consequence of delaying still further the cases of many of my constituents who are waiting for their applications to be regularised so that they can settle down to a decent life in this country?

Jacqui Smith: I can give my hon. Friend a commitment that we are already speeding up the basis on which we process applications. We are working hard to get through those legacy cases, some of which might be those to which my hon. Friend has referred. The applications for settlement will—rightly, and in line with others—be accompanied by a fee, which will help us to ensure that we have the resources in place to deal with them. It is because I have confidence in the ability of the UK Border Agency to process these applications and others quickly and effectively that I am able to make the commitment that I have made today.

Nia Griffith (Llanelli) (Lab): I thank both the Home Secretary and the Minister for Borders and Immigration for being so prompt in responding to my request to re-examine the 20-year service requirement; reassurance was given only four weeks ago, and we have today heard the announcement that it is going down to four years. Will my right hon. Friend talk to the Secretary of State for Innovation, Universities and Skills to ensure that young Gurkhas living in families here who are doing well at school will not be subject to overseas fees when they go on to university?

Jacqui Smith: Of course, if people have settlement in this country, they are entitled to all the things that come with it. If there are issues that relate not so much to people as Gurkhas but to people as overseas students with respect to universities, I am sure that my right hon. Friend will bear them in mind in line with overall policy on access to higher education.

Mr. Andrew Dismore (Hendon) (Lab): I welcome my right hon. Friend's statement as it has been welcomed throughout the House. I am sure that it will also be welcomed by the Nepalese former Gurkha community in my constituency, particularly in Burnt Oak. May I press the Home Secretary further on the pension? She is right to say that it is a separate issue, but it is also fair to say that people will not be able to live in the UK on a Nepalese Gurkha pension. While it is all well and good to say that people can live on benefits, that is not the same as living on a pension as of right. I caution my right hon. Friend that this issue is not going to go away; some of us will continue to campaign on it.

Jacqui Smith: That was certainly not the view of the Home Affairs Committee, which felt that it was possible to separate out the issue of settlement from that of pensions. We have very much lived up to our responsibility as a Government first to those Gurkhas discharged after 1997, who have been granted entitlement to move on to the wider armed forces pension scheme and, secondly, to those discharged pre-1997, who have received—thanks to this Government's investment—a much enhanced entitlement under the Gurkha pension scheme. It was the distinction between pre and post-1997 that was upheld in the court ruling, and we believe that the same distinction is being upheld in the policy that we are announcing.

Bob Russell (Colchester) (LD): I congratulate this Government, who have done more than any other Government in history for the Gurkhas. I wish that the pre-1997 Gurkhas had been given their rights earlier, but today is a day for rejoicing. I congratulate the Government once again on listening, and thank them very much.

Jacqui Smith: I thank the hon. Gentleman, who I know has campaigned hard on this issue. As I said, I believe that this is a credit to the House. As a Government we have listened to the will of the House and delivered the right result today.

Whitsun Adjournment

Motion made, and Question proposed, That this House do now adjourn.—*(Ian Lucas.)*

12.53 pm

Mr. John Horam (Orpington) (Con): May I take the opportunity presented by this traditional recess Adjournment to say a few words about an important subject for south-east London—the reconfiguration of the hospital and health care arrangements in that part of the world. Speaking as the MP for Orpington, I am especially concerned about the impact on my constituency, as well as on the constituency of Bromley. As the Minister will be aware, the Secretary of State for Health has made some momentous decisions in recent weeks and days, which will have a major impact on the provision of health care services in the area.

What were those decisions? First, the Secretary of State accepted the findings of the review by the independent reconfiguration panel of the proposals for changes in the location and delivery of health care services under the "A picture of health" programme. The major changes will apply to the area's three big hospitals: the Bromley Hospitals NHS Trust, the Queen Elizabeth hospital, Greenwich, and Queen Mary's hospital, Sidcup.

Secondly, as well as looking at the provision of health services, the review looked at the whole business of the trusts and their arrangements. Of the three already quite sizeable trusts, one new trust has been created: the South London Healthcare NHS Trust. That came into being on 1 April, with a new chairman, a new chief executive and further appointments to follow. I say in passing that, for me, that represents the end of a long campaign to get committed management into the health service in south-east London. We previously had managers based there for no longer than six months at a time. With that sort of episodic approach to management—to put it politely—none of the big issues was ever going to be properly tackled. Now we have a management who are committed to the future—for a long time, I hope—and should be able to see through some of the necessary changes.

The third aspect, which I would like the Minister to draw to the attention of the Secretary of State for Health or other Health Ministers, has not yet happened, but will begin to happen over the next six months. I refer to the financial restructuring of the new trust, which must accompany its creation and the reconfiguration of services in the area. That is mainly a matter for the London NHS, but none the less, since the money is huge, I am sure that Ministers will play a role—and I certainly hope they do.

The financial situation that the new trust has inherited is indeed dire. The total deficit is likely to exceed £200 million in the not too distant future. That is a huge deficit for any NHS hospital trust to have. In addition, the trust continues to have an operating deficit year by year. It amounts to a financial position that I would suggest is almost unprecedented in the history of NHS trusts. How it came about is something that I have sought to explain in previous speeches. I spoke in a Westminster Hall debate on 28 October 2008—from *Hansard* column 210—so I shall not go over it again; it is now history. The truth is that nobody—not the Government, not NHS London, not the PCT, not the hospitals—emerges with any credit from the circumstances.

The Government have a financial obligation to provide a proper financial basis for the new trust in order to get it off to a good start. My understanding is that the management are now working on a financial plan and that it should be delivered over the summer for final consideration in the autumn. I hope that the Government will monitor the position carefully and keep it to plan. The management will obviously have to accept tough targets; they cannot simply be given the money without making serious attempts to meet considered targets. It is to those targets that I now wish briefly to turn.

The Government have a sort of bird's eye view of the local circumstances, but I want to present, if I may say so, a worm's eye view. It goes from the bottom up, which is equally important to the top-down view that will influence the Government: both are necessary in order to produce a balanced viewpoint. With the aid of the worm's eye local perspective—that of local users and local patients—I would like to make three or four points.

First, let me deal with staffing. With the financial mess that we have seen, the staff of these hospitals have gone through a very difficult period. It is to their great credit that they have turned in such an excellent performance, particularly when some have simply not known what is going to happen to their local hospital or even their job. I pay tribute to them for what they have put up with during this period; that needs to be said. The difficulty for an outer-London hospital is that its consultants, doctors and nurses do not get inner-London weighting, so the hospitals are always at a disadvantage in competing with inner-London hospitals for staff. Understaffing has been a real concern and, in some areas—I do not want to name them—it is potentially dangerous. One of the objectives of the merger, and of the creation of this huge trust, is to provide a proper career structure with more pay bands to overcome the disadvantage of having no inner-London weighting and to attract good staff. I certainly hope that that happens.

It is also important that the staff are better consulted than they have been in the past about the proposed reconfiguration of services. The report by the reconfiguration panel says that the future of Orpington hospital should

"be clarified urgently and hospital staff be fully involved in all further considerations."

That is important, because the hospital is well loved in the area. It is part of the Bromley Hospitals NHS Trust, along with the Princess Royal University hospital. The staff have not known what will happen, and they must now be given some indication of future planning. That has not happened in the past, but it should happen in the future.

Physical access to hospitals is never given sufficient attention by hospital planners. People need to get to hospitals without wasting time or paying too much. When I recently visited my local hospital, the Princess Royal University hospital in Farnborough, it took me half an hour to find somewhere to park my car and in the end, I had to park illegally—I hope that that admission will not be held against me—to get to the hospital on

[Mr. John Horam]

time. If that happens to me, it must also happen to many of my constituents, and something must be done. I have no answer to that problem, but it is a problem. It is said that people can use public transport, but in the real world, people use their cars to get to hospital, especially when public transport is not very good. It has improved a bit in the area, but it could be better.

Mr. Andrew Turner (Isle of Wight) (Con): Even when people use buses, they have to change frequently to get to hospital, and that is equally unsatisfactory.

Mr. Horam: It is, and the hospital in question is a long way from the areas of greatest need in my constituency. People from that area need to take three different buses to get to the hospital, and that is unacceptable for people on limited means and who are not very well.

The problem will be worsened by the expected reconfiguration, because the accident and emergency department at Queen Mary's hospital in Sidcup is likely to close, and that is the one that serves the Cray Valley, the area with the least good health in my constituency. I recently went to a meeting about health problems in the Cray Valley area, convened by Mr. Harold Barker, a well respected local resident, and there was clear concern expressed about this issue. I ask the Minister to ensure that when the reconfiguration occurs, proper consideration is given to the need for people in that area to have good access to other accident and emergency departments. If their nearest accident and emergency centre is closed down, they will have to travel much further. There are other aspects to health issues in the Cray Valley, and I noted that at the meeting the primary care trust gave an undertaking that it will report back to the neighbourhood group by July on what is happening. The area certainly needs extra health care provision.

The third issue is cleanliness, and the situation is patchy. I get differing reports—some good, some very worrying—about attitudes to cleanliness in hospitals, some of which are reported to be casual, uninformed and poor. The hospital group does not have an especially good record on MRSA or clostridium difficile, and that is part of the problem.

Fourthly, the medical side of the matter—whether people will be properly treated—is a fundamental issue, but I do not want to comment on that in this debate. We will have to look at that after the reconfiguration and after the trust has done what it thinks necessary to improve the situation.

Finally, I want to say something about consultation with the local health community, by which I mean the relevant scrutiny committee of Bromley council, the Local Involvement Network—LINk—which is the public side of the trust's board meetings, and the dissemination of information to the public either directly or through the local press. The new huge trust has three LINks to deal with, so it is becoming a more complicated issue. Public involvement went badly wrong under the previous management of the trust. In particular, the consultation on the future of Orpington hospital was badly handled, as was the issue of the future of Global house. It is an administrative building owned by the PCT, but the Bromley Hospitals NHS Trust paid a fee for its administration staff to use it. The poor handling of those issues created suspicions among those interested in health matters locally, but that could have been avoided by more openness.

In addition to the poor handling by old management, the new management have not got off to a good start in relation to statutory consultation. The LINk is a statutory body, and individuals who represent it have a right to be heard in the public section of board meetings. That did not appear to be properly understood at the recent board meeting of the trust. The LINk representatives were not treated with the respect that their position deserves. Not only that, but the board has failed to produce papers and agendas with sufficient time for them to be absorbed and understood by attendees. As we all know, the NHS is full of jargon and some of the papers are incomprehensible unless one has time to work them out. It is incumbent on management to give those who want to understand the time to work out what the reports say. In that respect, I draw the attention of the management to the NHS code of practice on openness and the code of conduct for NHS boards. I hope that the board will read, learn and inwardly digest—as we used to say at primary school—those documents, because I will hold it to account on its adherence to them. I hope that the Government will do the same.

Leaving those issues aside, the management of the huge new trust are also new. They may have stumbled in their consultations to begin with, but they should be given a chance. It is important not to hark back to the past, but to look to the future and how we can improve patient care in Bromley and adjoining boroughs. It is also important to look at the results of health care, rather than the process. We can spend too much time worrying about whether processes have been adhered to: it is important that people are treated properly and get well soon.

Last week I attended a seminar on NHS management. There is concern that, although many people want to become managers in the NHS, they are often put off by the stressful situation inherent in those jobs. NHS managers today have a plethora of targets compared with similar private sector jobs. They are subject to scrutiny by this House and other politicians. There is also often huge opposition to change—even necessary change—and that is not always responsibly conducted.

The South London Healthcare NHS Trust has an opportunity to plot a new way forward for the benefit of my constituents. I hope that the Secretary of State will monitor the situation closely: it is imperative that he does so.

1.9 pm

Mr. Graham Allen (Nottingham, North) (Lab): MPs have deluded themselves that they have power. We swallowed the mythology of parliamentary sovereignty. Real power actually exists in Government, who control Parliament lock, stock and barrel, even down to setting the minutiae of Parliament's daily agenda. It is Government who are as responsible for Parliament's current position just as much as weak MPs. Instead of Parliament being a strong, independent partner, Government's steady attrition has made us a rubber stamp for decisions made in Whitehall. Our role, in the words of Gladstone, is

"not to run the country but to hold to account those who do".

That birthright has been sold for a little status and some chickenfeed allowances, and even they have been stripped away from us in recent days.

So where do we go from here? Amazingly, we have been given one last chance to rescue our self-respect as Members of Parliament: MPs can elect a new person to speak for us and for our Parliament. Rather than having the preferred candidate of the Government, or alternative Government, as has happened in the past, we can for the first time make our own choice in a secret ballot about who we want to be the Speaker of this House. That is the most important decision that any of us will make in our political careers and about the future of Parliament. There will be no one else to blame, no excuses and no anxiety about being seen voting by the Whips in the wrong Lobby. It is a secret ballot, a private decision of conscience for all Members of this House, a vital choice and a tremendous responsibility.

It will also set a powerful precedent. The secret ballot is the enemy of undemocratic institutions abroad and at home. In this case, under threat is the tyranny of a leaden-footed and visionless system of government. The secret ballot is the longest established and most highly potent instrument that can be the salvation in the face of that tyranny and can lead us towards building a new Parliament under a new Speaker.

The secret ballot should be used not only in this forthcoming election for the Speaker, but should be extended by this House for use in Parliament to liberate two pivotal areas. First, it can be the means by which Parliament can take back control of its own affairs and be wholly responsible for its own actions, independent of Government, rather than being the victim of someone else's decisions. MPs can take back control of our own agenda from Government by electing, in a secret ballot, our own Business Committee, so that Members of Parliament rather than the Government can agree the agenda. Of course, any sensible group of Members would seek to find time for appropriate Government business, but the responsibility would be ours. The selection of people on that Committee would be the responsibility of Members in all parties, and we would be taking back control of our destiny.

Secondly, we can take back responsibility for holding Government to account if we elect, by secret ballots, all our Departmental Select Committees. MPs can choose to elect to those Committees colleagues who command the respect of their fellow MPs, rather than those who are responsible to the very Government whom we are meant to be holding to account. Those MPs—some new, and many who would be returned to the Committees of which they are already members—would do so with added legitimacy and independence, completely free from the taint of Government or party patronage. The secret ballot could deliver that incredible prize to this House, returning the ability to hold to account the Government of the day and those who wish to be the Governments of future days.

Lynne Featherstone (Hornsey and Wood Green) (LD): I agree wholeheartedly with everything that the hon. Gentleman is saying. Is he aware that there are moves—from the right hon. Member for Holborn and St. Pancras (Frank Dobson), I believe—to try to get the secret ballot abolished? That would be an absolute tragedy, given that we have had this opportunity.

Mr. Allen: If that is indeed the case, it is extremely misguided. Such opportunities for MPs do not even come once a Parliament; they come once a generation. We have the opportunity to remake the democracy in our country, and members of all parties should seize that opportunity.

Only a new Speaker can establish democratic decision making for MPs, and only then if it has been a clear part of the platform on which they have stood to seek our vote. The all-party group, Parliament First, is asking each of the candidates not only where they stand on this issue, but to demonstrate strong leadership over the next few weeks. That would lead to a debate about the need to strengthen the principle, which has now been broached, of getting a secret ballot into this place, because of all the benefits that would flow from that if it were extended in the two ways that I have suggested.

The leaders of the two main parties, and those of the minority parties, also have a chance by endorsing the secret ballot to be seen to be on the side of creating a genuinely independent Parliament. Instead of twisting in the wind and reacting to the latest crisis, they can be part of a new settlement for our Parliament and for our democracy. Have they the courage to do that? I certainly hope so.

Once the election of the Speaker is over, the pressure from Government to return to business as usual—the micro-management of Parliament—will be immense. So, hopefully with the consent of the party leaders—but without them if necessary—this issue must be moved forward by those who are centre-stage, through the debate and campaigning surrounding the election of a new Speaker. After the election, it must be moved forward without delay. The longer there is a delay, the less likely that it is that the precedent can be extended to democratise our politics in this House and in our country.

Government control of Members of Parliament has led this House and its Members to our lowest ebb in living memory. Now, Members have only one chance—only one—to put it right. We have one chance to cast aside our chains. We should do so by supporting a Speaker who will extend the secret ballot and give Parliament and parliamentarians a role in life and a fresh start.

1.18 pm

Mr. David Heath (Somerton and Frome) (LD): It is a great pleasure to follow the hon. Member for Nottingham, North (Mr. Allen). He expresses not only the desperation felt by so many right hon. and hon. Members at the state of our Parliament and our parliamentary democracy but our dismay at the extent to which this House has been trodden through the mud in recent weeks. People like me, who consider that it is an enormous privilege and honour to be a Member of Parliament and to be able to stand in this place and say what we want to say on behalf of our constituents, feel that our position—our vocation, if one wishes to call it that, and I think that it is a vocation—has been sullied by the actions of a few and by the almost irreparable damage to our reputation. That cannot be right.

We should be proud to be in this place and to do the job that we do. We are not entitled to the respect of our fellow citizens, but we need to be able to earn it. As I said earlier today, we can do that by dealing with the sordid issue of our expenses and the way that some

[Mr. David Heath]

Members—although not all—have chosen to interpret the rules. However, the issue goes much wider, because we also have to look at the whole system of democratic accountability.

From what she said earlier, I think that the Leader of the House has got it, as I think has the shadow Leader of the House. There is a realisation among those who think about these matters that we cannot go on like this; equally, however, I know perfectly well that there is a ballast of Members who, sadly, do not share that interest. They will obstruct proper reforms of the sort set out by the hon. Member for Nottingham, North, and they will be bullied and coerced by the Whips.

The Whips have no business in this area of our work. They can butt out of our election of a Speaker—it is not their issue. They need to understand that, because too often the influence of the Whips of all parties has got in the way of realistic reform. When Robin Cook was proposing his far-reaching reforms, he was defeated by a coalition of Whips. The then Leader of the House defeated by other elements in the Government—that cannot be the right way to deal with the problems that face us.

Mr. Allen: We need to be a little careful about blaming the Whips. On the Government side, they are the paid servants of the party leadership. The Whips of the Opposition parties are also very close to their party leaderships. They are surrogates for the decisions of the Government and the alternative Governments, and special views are not conjured up in the respective Whips' offices. The Government Whips' Office is the largest department of state, and we should not disown what goes on by saying, "This is just the Whips." We should be clear that they express the Government's view, and that needs to be smoked out as such.

Mr. Heath: I accept that entirely. I am simply identifying the agents of reaction—the ones we sometimes see glaring at Members at the entrance to the Aye or No Lobby when they feel that those Members are not doing what they have been told to do.

We need to address exactly the issues that the hon. Member for Nottingham, North has set out. For instance, he mentioned a business committee: how long have we been saying that it is for this House to decide the business, and not the Executive? The Executive put Bills before the House for approval, and it is our job to scrutinise them. It is not the House's job to help and assist the Government to whisk a Bill through the House before it can be properly scrutinised. Proper scrutiny can take place only when the responsibility for setting the business of the House has been taken from the Executive. That is not their business: it is ours, and we should take back responsibility for it.

There are many things that we can do to make the House better able to hold the Government of the day to account, but I would go further and say that the problem is not confined to Parliament. There is a real crisis throughout this country's democratic structures. People increasingly feel disaffected and disconnected from the political process, and that is getting more pronounced every year. They feel powerless, and believe that their MPs either do not represent them properly or are incapable of changing decisions taken by unseen bureaucrats and agencies. They feel that local councils do not have the powers to make local decisions on their behalf that they believed were invested in them because—again—such decisions are so often matters for an agency or a Government Department, at either regional or national level. As a result, councils find that they are being second guessed when it comes to their administrative responsibilities.

Very often, things happen that are entirely contrary to the wishes and needs of local communities simply because someone who is unaccountable says so. Nobody appears able to change such decisions.

Bob Russell (Colchester) (LD): Both my hon. Friend and I were leaders of local councils before we came to this place. Does he agree that, after 12 years of a new Labour Government, local communities have less say over what goes on in their area than they did before 1997?

Mr. Heath: I am absolutely sure that that is true. I used to be the leader of a county council, and I can point to things in Somerset that are there because I agreed with council committees that they should be. Increasingly, however, the restrictions placed on local government mean that councils are no longer able to take such decisions. As I say, more and more decisions are being taken at a level that is not accountable to the man or woman in the street, and people have no way of connecting with those who make the decisions.

For example, my son is taking his driving test this afternoon. Whether he passes or fails remains to be seen, but just to take the test he is having to go to a town that is 30 miles and more than an hour distant from our home. That is because someone who is not accountable to local people or this House has decided to close the test centre nearer to our community in the interests of service efficiency. That is what suits the bureaucrats, and so local people have to make the longer journey that I have described.

The problem is not confined to the day of the test. Everyone who has taken a driving test will know that driving lessons have to be conducted in the streets where the test is to be held. Over recent weeks, my son has had to have three-or four-hour sessions with his driving instructor—at great expense, I might say, with some passion—of which two hours is spent getting to and from the town where the test is to be held. That is not what local people want, and it is not serving the local public.

The same problem arises with tax offices, which are being closed all across the country. The Bristol tax office is well over an hour's travel from where I and my constituents live but we have to go there because the one in Frome, which used to be on the doorstep, is no longer open. What sort of service is that for local people with an inquiry about which they need to consult the tax man? Never mind about the inconvenience of travelling to the centre of a city, what about the environmental consequences? That cannot be in the interests of local people.

Mr. Hurst: Will the hon. Gentleman give way?

Mr. Heath: I was just about to refer to the hon. Gentleman. I shall do so first, and then give way to him. Earlier, he gave examples of the unaccountability of so much of the health service to local needs. Some local

health services are very good indeed, and they do listen to local people. Others, however, are hopeless and simply could not care less about whether the service that they provide suits the local community. All that concerns them is that they tick the boxes specified by the Government and, again, that cannot be right.

Mr. Horam: The hon. Gentleman is right that there is great lack of consultation in the health service, but the other example that I would give to back up the point that he is making is the Government's remarkable plan to close a large number of jobcentres just when unemployment is rising. It is astonishing, and my own town of Orpington has been badly hit by the closure of the jobcentre there. The Government did not think ahead. The jobcentre in Bromley, which people all have to go to now, does not have enough chairs or enough toilets—enough of anything—to cope with all the extra people who are going there, despite the fact that notice was given two years ago that this might happen.

Mr. Heath: The hon. Gentleman gives another very good example of such increasing faithlessness and increasing lack of awareness of local need.

I could speak on roads for the rest of the afternoon.

Mr. Shailesh Vara (North-West Cambridgeshire) (Con): I hope you will not.

Mr. Heath: The hon. Gentleman has heard me speak at length about the roads in my constituency, and I will not go through them all now; but let me mention one, which provides a clear example of lack of understanding. Until a little while ago the A303, which some Members know, was termed the second strategic route to the south-west. It is the alternative to the M4-M5 corridor. Somebody, somewhere, decided that it should no longer be the second strategic route to the south-west, so in the south-west regional spatial strategy it is downgraded to a "road of regional significance". It carries an enormous amount of traffic—not least the holidaymakers trying to make their way to the south-west peninsula each year—but because of that downgrading it will not get the improvements that it needs, which were promised over 12 years ago. It will not get the dualling that was required to make it effective and safe because somebody, somewhere—not the local council, not even the Secretary of State—has decided at a stroke of a pen, that to downgrade the main road to the west country. That is simply unacceptable.

I have done my best for the road in recent years. I have repeatedly stated the need for these improvements, but my voice is not heard in this place by Ministers—by the people who take decisions—because there is somebody out there who is unaccountable, who says, "Oh no, Minister. I don't think we need to worry about this. This isn't a priority." Well, it is a priority; it is a priority for my constituents, and they expect people to hear what they say.

I do not want to go any further on this subject. I simply say that we need a massive programme of reform—of democratic renewal. We really need a crusade that makes people understand that actually democracy is precious, and that we are in danger of losing our credentials as a democratic nation simply because people no longer have any confidence in the system. It starts in this place—getting this place right, getting it working. Then, it must apply to our wider constitution—making that more effective. It must then widen to empower the individual—it is a cant phrase, but a necessary phrase—so that they know that their voice is heard, that they have a mechanism by which they can articulate their hopes and fears, and that somebody will listen. At the moment they believe nobody is listening, and that is what is wrong with our democratic processes.

1.32 pm

Mr. Andrew Turner (Isle of Wight) (Con): Before we break up for the recess, I should like to highlight some of the issues in my constituency, the Isle of Wight.

The island suffered a terrible blow last month. The UK's only wind turbine blade manufacturer, Vestas, made the decision to close its plant on the island. That has led to the loss of 600 skilled jobs. The pull-out could also cost the island potential jobs, as Vestas was planning to expand its operation into a new site at Newport.

The island has relatively high unemployment, so this is especially bad news during a recession. It is a personal tragedy for the skilled staff who are losing their jobs. It is just as much a tragedy for the island's economy. It is also a blow for the emerging market in renewable energies in the UK. The whole affair rather spoils the Government's energy strategy, which aims to

"provide more support for low-carbon technologies".

Vestas proposes to move manufacturing of its turbine blades to the United States of America and China, where, of course, it would be carried out at a lower price. The Government have failed to ensure the right conditions for investment in renewable energy. They have also failed to protect the whole economy from the worst effects of the recession.

Vestas has since said that it may reopen a manufacturing plant in the UK somewhere, sometime in the future. I fear it may be too late for those losing their jobs on the island. I hope that the economy recovers swiftly, and that skilled jobs return to the island. Meanwhile, 600 islanders and their families face a bleak future.

A subject that has been causing concern to farmers on the island is the disposal of fallen stock. The island does not have facilities to incinerate fallen stock, which is, I understand, the preferred method. Since 2003, the Isle of Wight has not been covered by the national fallen stock scheme. As the name suggests, the scheme facilitates the safe disposal of fallen stock. During that period, with the approval of the Department for Environment, Food and Rural Affairs but without derogation, farmers on the Isle of Wight were unofficially allowed to bury fallen stock on their land. That practice, however, was not in compliance with DEFRA regulations, leaving island farmers in a vulnerable position.

One woman was taken to court for burying fallen stock. She was subsequently found not guilty when it became clear that the unofficial derogation was not legal. That led to a hiatus of around three weeks, when burial was suspended. Since the changes to the rules earlier this year, Ministers agreed to award the island official derogation. That allows farmers to continue the practice of burying fallen stock on their property. However, it is not a long-term solution. DEFRA's own website explains that

"the degradation process to ensure the reduction of BSE/TSE infectivity cannot be guaranteed by burial".

[Mr. Andrew Turner]

I am also concerned by the concept of fallen stock being buried near local water sources, for obvious reasons. In addition, there is the likelihood that the unpleasant sight of dead animals being buried may be seen by holidaymakers out in the countryside.

Ideally, this hazardous waste should be incinerated as soon as possible. DEFRA regulation states that the owner of the carcase is responsible for its disposal. I am reliably informed that the cost to ship one fallen bovine to the mainland for incineration is around £450. Clearly, the cost is prohibitive to the average farmer. There needs to be a long-term, safe and sustainable solution. I am no specialist in the matter, but I know that burial should not continue indefinitely.

As Members may be aware, I campaigned for the Office of Fair Trading to investigate the three car ferry services to and from the island—those being Ryde to Portsmouth, Southampton to East Cowes, and Lymington to Yarmouth—and passenger ferries. There has not been an investigation of its kind for almost 20 years. The results of that investigation are due any time now. I, and I am sure my south coast colleagues and, of course, residents of the island, will read the findings with great interest.

Finally, I should like to say something about hospital waiting lists in the Isle of Wight primary care trust and on the mainland. One consequence of waiting excessive periods for the treatment of illness or injury can be an increased risk of defaulting on a mortgage, failing to meet the rent or even unemployment. Such worries are of particular concern during a recession.

Of course, for sufferers, the most pressing aspect of long hospital waiting lists is the physical and psychological discomfort that the delays exacerbate. In the past few months, I have noticed a steady stream of constituents coming to me with stories of long periods between diagnosis, referral and treatment. One constituent in his 40s is suffering from kidney stones, and has been left in agony, and out of action, for weeks with no date for an operation. Needless to say, that is putting his business at risk and seriously degrading his quality of life. Another, a widow in her late 70s who suffers pain while eating and swallowing, has been left for almost 26 weeks—that is, six months—without treatment. The recognised period between referral and treatment on the island should not be more than 18 weeks.

Another constituent, suffering from serious back problems, was referred to a hospital on the mainland and was made to wait for months for a scan after the first was cancelled. Yet another constituent, again in his 40s, is suffering from a back problem, and has been bounced from one hospital to another on the mainland, with long gaps between referrals. He has had to chase up most of his appointments, and feels like he has been lost in the system. His job, too, is under threat because of the delay in receiving treatment. Those individual cases paint a wider, rather grim picture. We really need to know whether there are significant numbers of cases in which a significant amount of time is wasted. I hope that the position can be improved. In the meantime, I wish you, Madam Deputy Speaker, the Opposition and even the Government a very happy and pleasant week's holiday.

1.41 pm

Bob Russell (Colchester) (LD): The Leader of Her Majesty's official Opposition, the right hon. Member for Witney (Mr. Cameron), came to my constituency on 27 April. The roadshow billed as Cameron Direct rolled into Colchester, stayed about an hour and then rolled on, the 28th stop of his national tour over. Admission to hear him was by ticket only, not for reasons of popularity, with a sell-out expected, but to keep out those who were not of the faith. I am glad that he came, and I am particularly grateful to him for publicly endorsing what the Conservatives are doing locally. That will boost the electoral fortunes of my party.

Colchester is the only part of Essex that does not have a Tory council. I had hoped that the Leader of the Opposition would listen to local people on the biggest local issues in the town, but he did not. I hoped that he would persuade the county Tories that they were wrong, but he did not. The real losers in all that are not the Conservatives, although that would be a welcome by-product, but the people whom I have the honour of representing. Like it or not, national and local politics are part of the same fabric. They are interwoven. National decisions and policies affect local decisions and policies. Of course we must try to separate the two as much as we can, but the realities of life, so far as the Conservative party is concerned, were confirmed by the Cameron Direct visit to Colchester.

Actually, I quite like the right hon. Gentleman as a person. We are on first-name terms. That dates back to when we served together on the Home Affairs Committee, notably on our inquiry into drugs. His views on the subject were far more liberal than mine, as the official record confirms. It also goes back to when, along with the shadow Chancellor, we met regularly in the mornings, here in the House of Commons, to discuss the issues of the day. Indeed, I recall providing helpful advice and encouragement to the right hon. Member for Witney when he decided to stand for the leadership of the Conservative party.

One of the great delights of this place is the Members' bathroom, which is best described as a posh version of a typical sports changing room. It has a communal area, but separate baths and showers. It was here that we exchanged banter and political observations. Two of the policies that I suggested to the right hon. Gentleman as part of what he billed as his "compassionate Conservative" agenda have been adopted by him, although he has never given me the credit. Sadly, since his elevation to party leader, both he and his shadow Chancellor have stopped that early-morning visitation to the Members' bathroom; presumably, they have even grander surroundings to go to.

It was thus in a spirit of comradeship that I sent the leader of the Conservative party a briefing about the political situation in Colchester. I sensed that perhaps the local Tories would not be frank about how, in May last year, against the national tide of Conservative victories, they managed to lose five seats on Colchester borough council and, with them, control of the council—the only place in the east of England where such a disaster for the Tories occurred. The huge rejection of the Tories in Colchester was due not to national issues but to local ones; I thought it would be helpful if I explained that to the right hon. Gentleman. He subsequently thanked me. Unfortunately, he ignored my helpful briefing, and

endorsed the very policies that last year saw his party humiliated in Colchester. The front-page headline in the following day's *Colchester Gazette* read: "David supports school closure scheme". That is very helpful to my party, but a huge disappointment to the people of Colchester who are overwhelmingly opposed—the figure is 96 per cent., according to Essex county council's own consultation—to the closure of two secondary schools in my town and the reconfiguration of the five that remain, all of which will have to expand dramatically. The whole so-called public consultation was a farce.

It is not only the people of Colchester whom the Leader of the Opposition let down by backing the plans of his Tory chums on the county council. The leader of that council, Lord Hanningfield, is one of his Front-Bench spokesmen in the House of Lords. Every Conservative borough councillor in Colchester is opposed to what their Conservative colleagues at county hall are proposing. There is a massive split in the Tory party in that part of Essex. Instead of backing the people of Colchester, however, the Leader of the Opposition chose to support the county Tories, based 30 miles away in Chelmsford.

Colchester is one of the fastest-growing areas in Britain. In terms of population, it is the country's second-largest borough, with some 175,000 residents. There are many unitary councils with a smaller population. If Colchester had a unitary council, the two secondary schools—Alderman Blaxill and Thomas Lord Audley—would not be shutting. The borough council proposed alternative measures that would have meant retaining both schools. At December's borough council meeting, not a single Tory councillor backed both closures; they proposed a merger with a new academy on a new site, but at least they recognised that there needed to be a secondary school somewhere in the south of the town, where more than 2,000 new houses are being built on the site of the former Colchester garrison. The hon. Member for North Essex (Mr. Jenkin), some of whose constituents go to Alderman Blaxill and Thomas Lord Audley, also supported the concept of a merger and an academy.

Mr. Andrew Robathan (Blaby) (Con): I am sure that the hon. Gentleman has told my hon. Friend the Member for North Essex (Mr. Jenkin) that he was going to mention him, has he not?

Bob Russell: I have just praised the hon. Member for North Essex. We are united in opposition to Essex county council's proposals to shut the two schools; we just have a difference of opinion on how we should go forward. There is a world of difference between praising a Member and criticising him.

The majority on the council were in favour of what became known as option 4—the federation of the two schools with the Stanway school, under the executive headship of the inspirational Mr. Jonathan Tippett, who is already in overall charge of the three schools, and who has produced impressive outcomes since he took the helm of all three. A local solution for a local situation—something, one would have thought, that fitted the Tory agenda of so-called localism, of giving more powers to schools and heads, and of removing the dead hand of education authorities and officials. The reality, as demonstrated by the overbearing arrogance of county hall's leadership, is somewhat different. The county council's own consultation revealed that 96 per cent. of people opposed its proposals, but when the remote county Conservatives, only one of whom lives in my constituency, sought to justify what they were doing, they dismissed that. They said that that was not representative of the silent majority. That is the language of those who lead despotic regimes.

The Leader of Her Majesty's Opposition knows that those who run Essex in the name of his party do his party an ill service, yet he has chosen to ignore it. As was reported in the *Colchester Gazette*, he told the Colchester audience:

> "It has to be up to the county council and people in Colchester to decide."

The people of Colchester have, at every opportunity, opposed the closure of the two schools; notably, its 60 borough councillors oppose it, too. The rhetoric of Cameron Direct is different to the reality of what his party in Essex is doing 30 miles away at county hall.

Until May last year, the proposal from Essex county council was to close both Thomas Lord Audley and Alderman Blaxill schools, and create an academy for the whole of south Colchester on the TLA site. County officials gave compelling reasons why that should happen, and successive education portfolio holders argued that it was the only way forward. The local community disagreed, and I pursued the matter at parliamentary level. The case against the county proposals was overwhelming.

On 19 May 2008, as recorded by *Hansard* in Children, Schools and Families questions, the Secretary of State said in response to a question that I tabled:

> "Essex county council has explained that its preferred approach is to build on the existing partnership with Stanway school and to pursue a trust. We will support the council in its decision, but only as long as there is genuine improvement in all three schools".—[*Official Report*, 19 May 2008; Vol. 476, c. 3.]

There has been genuine improvement: Thomas Lord Audley has achieved its best results in 50 years, exceeding the target of 30 per cent. GCSEs at grades A to C, and Alderman Blaxill has come out of special measures. On 20 May 2008, I had a meeting with the Minister for Schools and Learners, his officials and representatives from the Colchester community. The Minister sought confirmation from officials of how the Secretary of State's announcement could be taken forward. We were told that this could be done by the autumn, given good will all round.

Sadly, that was not to be. Clearly angered by what had happened, Lord Hanningfield, in addition to being a shadow Minister in the other place and leader of Essex county council, took over the education portfolio insofar as it related to Colchester, and has personally driven an agenda to close not one but both schools. His costly vendetta will result in millions of pounds of public money being spent on new building projects, rather than money being invested in the existing buildings in the communities where the children live. Children will be bussed out of their communities, and there will be a reduction in parental choice.

County officials, who only weeks earlier were arguing one thing with professional passion were told what Lord Hanningfield wanted. To their lasting shame, they have concocted a case, made up as they went along, to seek to justify closing both Thomas Lord Audley and Alderman Blaxill schools. I call on the Secretary of

[Bob Russell]

State for Children, Schools and Families to honour what he told the House on 19 May last year: he spoke in good faith, and what he said was clearly based on what his officials had been told by Essex county council. The Deputy Leader of the House will understand that that would be in accordance with Government policies on sustainable communities, safe routes to schools, and Every Child Matters. It would also be less costly to the public purse, and provide real value for money.

The proposals to shut two schools in my constituency were not the only reason why the Conservatives did so badly at the ballot box in May last year; another was their general financial incompetence at the town hall. They put £12 million into Icelandic banks. The new administration, led by the Liberal Democrats supported by Labour and Independents, got that down to £4 million before the Icelandic banks crashed—thank goodness it was not the £12 million that the Tories had put there. Then there was the matter of the £6 million pay-off to a private housing maintenance firm, which the new administration inherited from the Conservatives.

In the eyes of the public, however—and this is where national politics blends with local politics—the single most important issue of financial shambles which really angered the good people of Colchester was the folly of an unwanted art gallery that has been foisted on the town, even though people overwhelmingly did not want it. The original cost was put at £16 million. The gallery is now two years late, all work has stopped—again—and the cost has soared to £25 million. The visual arts facility, to give it its official name, has been funded primarily by the national taxpayer, with the largest sums coming from Arts Council England, East and the East of England Development Agency. Essex county council is a major player, too, with Lord Hanningfield personally driving the agenda from county hall. Colchester borough council's capital financial contribution is smaller, but at about £3.5 million, it is still a sum that Colchester residents would have preferred to spend on other things, such as upgrading the bus station, which was closed by the previous Tory council to provide a site for the visual arts facility.

It has been revealed that, although there is sufficient land for the bus station to be repositioned, the previous Conservative borough and county administrations entered into an agreement to prevent that from happening. I have been told, however, that the details cannot be published because of commercial confidentiality. How can it be commercially confidential, if two local councils are involved? The estimated annual revenue subsidy that the new arts venue will require has been put at £600,000 from the public purse, of which £300,000 will come from council tax payers. A major feature of the VAF will be the display of contemporary Latin American art. It is worth observing that Arts Council England is planning to spend more money on contemporary Latin American art than it does on promoting England's traditional folk culture. Surely Arts Council England should put our national heritage before modern art from south America.

The past two weeks have been the worst I have ever known for MPs—we have all been tarred with the same brush. Although it is clearly unfair, that is life, and we have to put up with it, right or wrong. What is not acceptable, however, is the abusive phone calls that Members' staff have received. My office has received only a couple of such phone calls—there have also been three abusive e-mails—but I am aware that for the staff of some MPs it has been a very nasty ordeal. I therefore wish to place on record my appreciation to all staff—not just the staff in my office—and register my regret that some people have been abusive to them.

There are, of course, two Houses of Parliament. Yesterday, in the other place, two peers were suspended for serious misconduct. One of them, Lord Truscott, used to be a Labour councillor and organiser in Colchester. The regulations in the Commons have been found wanting, and have been exposed over the past fortnight. However, I suggest that the public want a complete overhaul of both Houses of Parliament, not just the Commons. For the financial year 2007-08, a total of £25,654 in overnight and day subsistence was claimed by Lord Hanningfield, which is more than the highest claim made by any MP. The official records show that Lord Hanningfield attended on 120 days out of the 164 for which the House of Lords sat, although he was present for only 29—

Madam Deputy Speaker (Sylvia Heal): Order. I wonder whether the hon. Gentleman has informed the Member of the other place what he is about to do in going into the details.

Bob Russell: I have not done so, Madam Deputy Speaker, but I am reading from official records.

Madam Deputy Speaker: I do not doubt where the information has been obtained, but I wonder whether, in fact, the hon. Gentleman has advised the Member of the other place that he is going to quote it.

Bob Russell: I have not done so, Madam Deputy Speaker. I was aware only of the fact that we have to inform Members of the Commons. If I am not allowed to read from the official records from the other place, I will obviously abide by your ruling. However, these details are all on the record.

Madam Deputy Speaker: I do understand that the hon. Gentleman is quoting information on the record, but in reflecting on the conduct of a Member of another place, it might be appropriate to inform them.

Bob Russell: I accept your guidance, Madam Deputy Speaker, and I will seek an Adjournment debate so that I can put the matter on the record. I will inform the noble Lord of the matters, which are in the public domain and which I have sought to draw to the attention of the House because they are of interest. I accept your ruling, Madam Deputy Speaker, and I shall therefore conclude my speech.

1.58 pm

Lynne Featherstone (Hornsey and Wood Green) (LD): There are a few matters relating to my constituency that I wish to address. Before I do so, however, as a new Member who joined the House in 2005, I want to say how shocked I am by the way in which Parliament works, and how democracy is often thwarted here, rather than advanced. Perhaps I was simply naive before I came here and knew very little of politics so did not

see the reality, but I hoped that my belief that the House was the seat of people who come here to stand up for things and fight for truth and justice was right. Like everyone else, I have been horrified by the revelations over the past few weeks, but if there is any silver lining, it is that it sometimes takes something of seismic proportions to shake the corridors of history in Parliament and to change things for the better. I hope that all hon. Members—and I was listening to the hon. Member for Nottingham, North (Mr. Allen), who made a good contribution—will consider how the House must handle the future so that we can regain the trust and confidence of our constituents. I was very proud and privileged to become a Member of Parliament, and I hope to feel that way again very soon.

With regard to the fair funding of schools in my constituency, if I say that per pupil Hackney receives £6,170, Camden £6,161, Islington £5,812 and Haringey £4,987, the House will realise that the children in my constituency receive more than £1,000 less, which is £32 million less per year. Because Hornsey and Wood Green has all the characteristics of those three inner-London boroughs, it has to pay its staff inner-London salary rates, which are much higher than the outer-London rates that it receives, and that is unfair. Children face being taught in larger classes and schools have difficulty in obtaining teachers and equipment, and that has a deleterious effect. I have raised this in Prime Minister's questions and he was kind enough to acknowledge that that was an anomaly, and I have met the Minister for Schools and Learners twice. A review is under way that will report in 2011, on which I have been refused a representative to make the case for Haringey, and I have received no assurance of any day of reckoning that will reckon in a way that I might wish to see it reckoned. Today I bring to the House another request that the children in Hornsey and Wood Green should not continue to receive £1,000 less per head than neighbouring boroughs when we face some of the worst poverty and deprivation in the country and when we have for so long received so much less than comparable boroughs.

I have lost five sub-post offices in my constituency and since those closures the queues have grown horrendously. People have to wait up to 50 minutes and the average wait is 12 minutes, which is quite a long time given that it includes those occasions when there is no waiting time at all. I have been working with the Crown post office in Muswell Hill, which has put every effort into reducing its very long queues, and by adopting queue management techniques and other methods it has managed to reduce the waiting time to three minutes. Highgate used to have two sub-post offices, one at the top of the hill in Highgate village and one at the bottom by Highgate station. The one in Highgate village was closed, making it difficult for older people and parents with buggies to get to the other one. People who receive those little slips saying that the postman tried to deliver something while they were out, which is a great nuisance but it happens to all of us, have to go to the Highgate station office, which is always impossibly busy, and if they go at 12 noon on a Saturday when everyone who works during the week goes, the queues extend out into the street and are incredibly long. I am sorry—but not that sorry—to have to pillory that office in the Chamber, but it is a small, dirty, badly kept sub-post office where it is incredibly unpleasant for people to wait, and it is far too small to cope with the overspill that has resulted from the closure of the other office in Highgate village. There has been a devastating knock-on effect from the closures. I should like the Government to reconsider this and to re-open the Highgate village office, so that the elderly, home workers and mothers with buggies, who are all having a difficult time, do not have to queue for the length of time that they do currently. That goes for Alexandra post office too.

I come now to one of the most serious issues that has arisen in my borough during the last year, and that is the tragedy of baby P, an issue on which I have spoken in the House a number of times, but I wish to raise it again. As the lead agency and the most to blame, Haringey council was rightly the first in line to get it most fiercely in the neck, and the consequences of that are well know through the media. There have been a number of sackings and a great revolution with the bringing in of a new director of children's services and new systems.

In the last few weeks attention has been drawn to the health services, which I have sought to raise and put on the radar. I have always felt that the children's health services that led to the tragedy were a mirror image of what went on in Haringey council. In the last few weeks, the investigative journalist, Andrew Gilligan, from the *Evening Standard* has exposed the failings within Haringey PCT and Great Ormond Street hospital. I have raised this matter in the House before, but it did not receive the same attention then that it did when it appeared in the *Evening Standard*. Four paediatric consultants worked in the children's health services, which were commissioned by the PCT to Great Ormond Street, and I had often wondered why there was a locum. On inquiring, I found that since 2006, of the four consultant paediatricians, two had resigned, one was off sick and one was on special leave, so the locum, who so famously failed to recognise the broken back and ribs, was incredibly overworked. That is no excuse; obviously she was a dreadful doctor to miss such serious injuries. Nevertheless, that makes one think. What has been exposed in the past couple of weeks in the *Evening Standard* includes the staffing shortages, which rather than being addressed have been denied by Great Ormond Street.

Unfortunately, one of the results of the righteous indignation of the nation over Members' expenses is that those very important stories have not resulted in pressure being applied to the NHS management that I might have wished, but it is now carrying out a proper investigation into what was going on in health services.

The spotlight passes from one agency to another and I am still pursuing a public inquiry because many issues have not yet received the full glare of public scrutiny. I have campaigned for the publication of serious case reviews. It is such secrecy that has kept events under the radar. When concerns are raised, whether by politicians, whistleblowers or whomever, ranks are closed and secrets are kept, and the only victims are the children whose problems are not resolved, while the defensive nature of such agencies is turned on the bringer of bad news. The baby P tragedy is the tip of the iceberg because of all the cases beneath the radar that never receive such publicity.

We also need a public inquiry to look into what part the budget played. Ofsted has almost got away scot-free, yet it was Ofsted that gave Haringey a clean bill of health with a three-star rating while all this was going on. When the Secretary of State for Children, Schools

[Lynne Featherstone]

and Families instructed it to go in again, it gave a one-star rating. Something is going on. Inspection agencies must be pure and above board and not be influenced in any way by the political situation or governance. There are issues around whistleblowing, secrecy, gagging orders, the budget and opposition politics. What should someone in a responsible position in a borough such as Haringey do if they cannot get any of the scrutiny processes to take on board an examination of child protection in the borough? Famously, Sharon Shoesmith told the overview and scrutiny committee, "My department is not in need of any scrutiny. I commend it to you." We know what happened shortly after that, so a mechanism that triggers an early intervention must be introduced to the political process, too. There is no use in being so defensive. The argument follows on from what the hon. Member for Nottingham, North said: we must get all our processes right. The issue is not just about the House or expenses; it is about how we do politics. So I am still campaigning for a public inquiry.

I shall briefly touch on another issue on which I have campaigned. Will Pike, a British citizen, was hideously injured as he tried to escape the Mumbai terrorist attacks. Terrorists were walking up and down the corridors in his hotel in Mumbai, looking for British and American citizens to kill. As far as the terrorists were concerned, it was a war. Mr. Pike escaped by climbing out of a window, but the sheets that he had tied together broke and he fell. He will be paralysed and in a wheelchair for the rest of his life. His father is a constituent of mine, and I am working with him.

The expenses furore also hid a story in the news about the campaign to secure compensation in this country for British citizens who are injured in terrorist attacks abroad. If one is injured in this country by a terrorist attack, one is entitled to compensation, and our argument is that if it happens to someone somewhere else in the world, they are still our responsibility and we have a moral obligation to ensure that they come home and are looked after. I have asked for a meeting with the Prime Minister, but I have not had a reply yet. If I do not get one soon, I am going to contact Joanna Lumley to help me. *[Laughter.]* Well, she seems to work the miracles!

I shall briefly touch also on mental health issues in my constituency. St. Ann's hospital is our local mental health institution, and it has been consulting on closing one of its in-stay wards. We do not have the capacity to cope with the number of people who need admission to mental hospitals, and I met a series of service users who are absolutely desperate, because their loved ones need to go into hospital, but they cannot get in. When I brought all their considerations and problems to the attention of the management, I was told, "We're going to improve care in the community. We will put in the underpinning and enable them to live in their own homes, because, of course, it would be preferable for them to live in their homes."

However, such consultations ask people whether they agree with the principle, "Is it better if you can keep someone in their own home?" The same philosophy exists for older people. In principle, if the safety net were gold-plated and one could be sure that people would be looked after properly, having not just their medical health and mental health needs attended to, but their socialisation needs, one might be tempted to agree. However, the reality in Haringey and Hornsey and Wood Green falls far short of what people would need if such services were to exist, and I am scared that the process will go ahead regardless.

The consultation has nothing to do with the real needs and desperate situations of those people and their families. I wanted to bring the issue to the Government's attention, because I am sure that Hornsey and Wood Green is not the only place in which mental health facilities are not adequate to cope with the great needs that people have. I want to get that point on the record, so that Barnet, Enfield and Haringey mental health trust sees what I have said about it, stops consulting, just listens and, I guess, does what I say.

My speech is a whistle-stop tour, but my hon. Friend the Member for Somerton and Frome (Mr. Heath) said that that was what one did in an Adjournment debate.

The Deputy Leader of the House of Commons (Chris Bryant): What does he know?

Lynne Featherstone: He knows everything. I go to him for advice; he is very wise Member.

Mr. Vara: That is what he tells you.

Lynne Featherstone: That is what he tells me, and I believe him.

I shall turn to the middle east, because the heart of the Stop the War movement is in my constituency. It was born in Muswell Hill, and it is a very powerful movement. There is also a reasonably large—not huge, but sizeable—Jewish population in my constituency. I am constantly lobbied by pro-Palestinians and pro-Israelis to take their sides, but I have always held the view that there is only one solution: to move forward and go for a two-state solution. The blame for past events—who did what—gets us nowhere. If I have learned one thing from watching events in Northern Ireland, it is that the only way is forward. We can go as far back in history as we like, and one side or the other will have done something dreadful. However, both will have been at fault.

I went to Israel and the west bank when I was shadow Secretary of State for International Development, and people there want peace and need their leaders to lead them to peace. As a Liberal Democrat, I believe that there should be a regional solution; I do not see how we can solve it without having the key players at the table. However, the Government seem to go quiet when there is nothing immediate in the news. During the Gaza war, we were jumping up every day to discuss such matters, but now that the war is over, things have gone very quiet. I am sure that the Minister will assure me that things are going on all the time which are not reported, but I am anxious that not enough goes on when the issue leaves the media headlines. The blockades that prevent food and aid from entering Palestine are a humanitarian issue and should not be a political issue. I therefore simply call on the Government to move the agenda forward, not to go sotto voce, and to keep the issue at the top of the agenda. Only peace in the middle east will bring peace to the wider world, and then I would not have to stand here begging for compensation for constituents when they are victims of terrorist attacks abroad.

Lastly but not least—

Chris Bryant: Leastly?

Lynne Featherstone: Okay, sorry. Last but not least, I shall turn to beer tax. I simply want to say that we all like going to the pub. I certainly like going there, even more in times of depression. I have been there quite a few times recently.

Chris Bryant: The pub or depression?

Lynne Featherstone: Both.

The above-inflation increases in duty on beer are crippling local pubs, but they are the heart of our community. I must declare an interest, because my constituency office is on the first floor of a pub called the Three Compasses, on High street, Hornsey. It is a very good place to have a constituency office. It is secure, because I am not alone—people are there until late at night, so to speak.

Chris Bryant: The hon. Member for Somerton and Frome (Mr. Heath) gave you rubbish advice.

Lynne Featherstone: Did he? Well, anyway, the British Beer and Pub Association said that 2,000 pubs closed last year. Tax is 33.5 per cent. of the price of a pint of beer and drinking is lawful. I simply call for a fair tax. I do not want to see that mainstay of British society, the pub, go out of existence.

2.18 pm

Mr. David Amess (Southend, West) (Con): Before the House adjourns for the Whitsun recess, I wish to raise a number of points. When I spoke in the Easter Adjournment debate, I said then that it would be the last Easter Adjournment debate before we had a general election, and, obviously, this will be our last Whitsun Adjournment debate before a general election. Much has happened since Easter, and we have only to look at the Chamber at the moment to see that all is not well with the House.

Before my party leader called for an election, I felt that the paralysis that we in Parliament are suffering from was simply not tenable. I cannot conceive how the House can limp along—with little or no business at all and Members, for whatever reason, feeling more and more disillusioned and stressed—until April next year. Without being political, I should say that the country needs to be governed and the House needs to address very serious issues at the moment. For all sorts of reasons, I doubt whether Members can concentrate their minds fully on those issues. That is why we need a fresh mandate. Furthermore, given Mr. Speaker's decision to stand down, it is right that a new Parliament, with some new Members, should elect a new Speaker.

I want to say something about expenses. When I was first elected to the House in 1983, it sat for five days a week; we were always here on Fridays. The first Bill on which I sat in Committee was the Rates Bill. Members may be appalled or they may laugh, but one of our sittings lasted 48 hours. It is always fine to be wise with hindsight, but the time to change the arrangements on second homes was probably when the House changed the hours that we sit and how we work. In those early days, I represented Basildon, which was even nearer this place than Southend, West, but I could not get home to my constituency at 3, 4 or 5 o'clock in the morning. With hindsight, I wish that I and others had spoken up when we decided to change our working hours and that we had dealt with the issue then. It is a sorry state of affairs, and I cannot see how we can continue in this way until April next year.

I apologise for having been late to the debate, Madam Deputy Speaker; I had given Mr. Speaker notice of that. I was at Westminster cathedral for the installation of the Most Reverend Vincent Gerard Nichols. I took the right decision in leaving halfway through, because the two-and-a-half-hour service does not end until 2.30. It was a privilege to be in a packed church. Throughout his nine years as cardinal, Cormac Murphy-O'Connor has done a splendid job given all the difficulties faced by any Church at the moment.

Sometimes I am guilty of nodding off during a priest's sermon, but I listened carefully to the sermon given by the Most Reverend Vincent Gerard Nichols. His message was that we should listen to one another; I do not know whether that always happens in this place, but his message was to a wider audience. He also spoke about faith schools, an issue that the House has considered. Furthermore, he said that just because people have strong views on certain issues, they should not simply be derided as bigots. His message was strong.

Recently, I made a small contribution to *The Tablet*, in which I said:

"We are seeing a decline in the number of people going to church and he"

that is, the new cardinal—

"needs to address that and how the Church can be relevant in people's lives. The faith of society is also changing and bringing terrible problems which the Church can have a hand in solving. He needs to show the Government that the Catholic Church and Catholic education are resources worth tapping into, and that the Church can help with a lot of the problems that the Government is currently experiencing."

I am sure that I speak for most fair-minded women and men in the House in wishing the new cardinal well with the challenges ahead.

Chris Bryant: I hate to correct the hon. Gentleman, but the Most Reverend Vincent Gerard Nichols is not the new cardinal; Cormac Murphy-O'Connor remains the cardinal. The hon. Gentleman is wishing the new Archbishop of Westminster well.

Mr. Amess: The hon. Gentleman is absolutely right, but I think that the Most Reverend Vincent Gerard Nichols will become the cardinal. *[Interruption.]* I am chair of the all-party group on the Holy See, and I had a word with the Pope during my audience with him last year; I have it on good authority that the Most Reverend Vincent Gerard Nichols may become cardinal. Cormac Murphy-O'Connor is looking forward to a happy retirement. The Most Reverend Vincent Gerard Nichols is the 11th Archbishop of Westminster to be installed. The irony is that this is the first time ever that a cardinal has been given the opportunity to retire; all the rest died in office. We wish Cormac Murphy-O'Connor a long and happy retirement.

Apart from expenses, the biggest issue in my constituency is that of the proposed expansion of Southend airport. In all my time here, I have never had as many individual, handwritten letters from constituents as I have on that issue. We all get petitions signed by Benjamin Disraeli and Queen Victoria, and people run off photocopies of petitions for us to sign. However, I am talking about individual, handwritten letters, not just e-mails. It is

[Mr. Amess]

obvious that residents of Southend, West are very exercised by the airport issue. It would be helpful if the Deputy Leader of the House—perhaps not this afternoon, but in time—asked the appropriate Department to reflect on what I am going to say.

The consultation period finished on 15 May, and as the local Member of Parliament, I felt that it would be wrong for me to give my opinion before that date on what should happen to Southend airport. I do not know whether any hon. Members have been to the airport, but when I first went to it, having arrived in Southend, I wondered how on earth an airport could be in the middle of such a heavily built up urban area with such narrow roads leading to it. For many years, the airport used to operate little flights to Jersey and Guernsey and aeroplanes would be repaired there; that was the bread-and-butter work.

Never mind house building programmes, the Government have issued papers about the expansion and importance of regional airports, and that is how the whole process started. I think that I speak for all my constituents in saying that everyone wishes Southend airport well because of the jobs that it provides for local communities. However, when some years ago the then owner suggested that the airport should expand, there was meltdown. The then manager suggested that the beautiful 1,000-year-old church of St. Laurence be put on wheels and moved so many yards to allow the runway to expand and roads to be closed. English Heritage had something to say about that barking mad proposal, which caused huge upset in the constituency.

My hon. Friend the Member for Rochford and Southend, East (James Duddridge) and I work closely together on Southend issues, but there is a huge divide about the airport issue. The reality is that the airport expansion will not affect Rochford and Southend, East. Any expansion of the facilities, particularly the runway, will impact only on Southend, West, and the aircraft will take off entirely over the area that I represent.

The local authority has been under huge pressure. It has done the best that it can to consult and engage with the general public on this issue. However, I represent the highest number of centenarians in the country, and expecting senior citizens to e-mail replies and use that sort of technology is a complete non-starter. Having gone through the consultation document, I think that it raises more questions than it answers. We have not been given anywhere near enough detail about developments such as the new railway station, which will apparently bring people to the airport so that we do not have to worry about road expansions and closures. The proposal that the increased flights should take place from as early as 6.30 am until 11 o'clock at night is absolutely ludicrous. Unless I am missing the point, that means that my constituents will have complete freedom from any noise, pollution and all the rest of it only when they are asleep. That is complete madness.

Of course, there are still many processes to go through, with the public inquiry and other such matters. Without boring the House any further, I would simply say that as the Member of Parliament for Southend, West, I will be representing the views of my constituents, as any Member would. At the moment, the overwhelming volume of responses that I have received in my office—I now have extra people dealing with those letters—are against the proposed expansion inasmuch as it was detailed in the consultation document.

I am a trustee of the Industry and Parliament Trust, and I recently had the honour to lead a delegation to India—we went to Mumbai and to Chennai. It was a wonderful visit in every respect. In the previous year, we had been to China—to Shanghai—so Members of both Houses have had the opportunity to see at first hand the two new emerging economies and all the opportunities that can be provided for business women and men to engage with them. This country is very popular in India; the Indians are very keen for us to trade more goods and services with them. I have already had a meeting with the Foreign Secretary, thanks to the good offices of Baroness Coussins and Lord Janvrin, who are leading the detailed lobbying following our trip, and we have had a debate in Westminster Hall. Like my colleagues on the trip, I am determined to build on the many friendships that were formed during that period.

The Indian election, with the unexpectedly solid victory of the Congress party, is a powerful mandate for an agenda of reform. We can expect greater privatisation in infrastructure development and education reforms, which will present new opportunities to British exporters and investors. The Prime Minister, Mr. Singh, has already stressed the importance of India's secular leadership over parties that had sought to stress divisions of religion, caste and language—an equitable development.

The new Government will implement a range of reforms of great interest to Britain. They have introduced into the upper House an insurance Bill allowing more foreign direct investment in the sector. There is also a banking regulations amendment, which allows for greater private participation in the banking system, and the Pension Fund Regulatory and Development Authority Bill, which seeks to establish a regulator to push through reforms in the pensions sector. We should also be prepared for an easing of foreign ownership restrictions in the telecommunications and retail sectors, and have in place the right regulatory architecture to take advantage of those developments. Our consulates are doing a splendid job, as is the British Council, but we should be even more proactive than we are at the moment.

I want to praise Southend council's measures against excessive indulgence in alcohol by young people. In Southend, we have a very strong record of preventive work in encouraging young people not to develop bad habits with regard to alcohol. That forms part and parcel of the healthy schools programme, which we deliver in partnership with the primary care trust. A high proportion of our schools have received healthy schools accreditation because of the strength of their work in that area.

I know that other hon. Members have touched on this issue, but there seems to be a problem with the funding of our schools generally. We can talk about the formula ad nauseam, but a number of our schools are struggling with the funding formula at the moment. I was recently lobbied about it by our excellent adult college of further education, which helps people with learning difficulties.

There is certainly a funding problem in education generally, but putting that aside, Southend council has been proactive in the initiative to deal with alcohol abuse and encourage young people not to develop

particular path. Ofsted inspections of schools in Southend comment that a very high proportion deliver outstanding work in encouraging children and young people to be healthy. The impact of that work is demonstrated in what young people tell us through the so-called "tell us survey", which indicates that 5 per cent. fewer young people in Southend misuse alcohol than is the case nationally. That is quite a large percentage.

The full joint area review inspection of children's services in autumn 2007 said that a major strength was well received initiatives to prevent substance misuse. It stated:

"Initiatives to prevent substance misuse across schools, the voluntary sector and post-16 learning are good."

The 'Getting on with the Blues' project at Southend United football club—the club is starting work on its new stadium, which we hope will be available for various sporting activities during the Olympic games—is an initiative aimed at primary school age children. It is being very well received and focuses on reducing alcohol misuse and antisocial behaviour, and more than 1,500 pupils have taken part in it. Evaluations of the project have found that most pupils, and all their teachers, rated it as excellent. The SOS bus and alcohol misuse outreach work have responded effectively to alcohol misuse by young people, and the alcohol misuse outreach worker has been effective in reducing reoffending and alcohol use by young people.

Over the past 18 months, the work of our drugs and alcohol action team has strengthened further, and its work in supporting young people who need support and treatment because of alcohol abuse is now very effective. We also have further programmes to launch, so I hope that the Government are pleased with what Southend is doing in that respect.

Two weeks ago, I had the privilege of being at the launch of an initiative at Westborough primary school, where we have a wonderful headmistress called Mrs. Jenny Davies. It is the largest primary school in Essex, and there we launched the English schools induction service. The service was designed by Blade Education to educate children aged between four and 11 whose first language is not English about the customs and rules of the British schooling system, in their native language. It is a pioneering multilingual service that promotes social cohesion by welcoming children and their families into primary education in the language that they fully understand.

The service provides 21 informative, accessible and, most importantly, child-friendly films that are available in a wide variety of language settings. The films help to integrate children who do not speak English as their first language into our schooling system, and they provide them with a realistic expectation of school life and help them to understand what will be expected of them as they go through their years in school. It will be used in every one of our 37 primary schools in Southend, and there are plans to launch an online version in September 2009 and to expand the service to secondary schools. A recent survey conducted by Blade Education noted that numerous educators had commented on the need for the English schools induction service to be instigated nationwide, and I wish to make that point to the Government.

I have a few comments to make about the Independent Police Complaints Commission and the police force in of issues involving the police. I have the highest regard for the IPCC, which is headed by Nick Hardwick. He is an outstanding civil servant, who does a splendid job. However, I have lost count of the matters with which I have tried to assist constituents. The journey through the IPCC can go on for one, two, three, four and five years. At the end of it, the IPPC's powers to gain anything, such as apologies, compensation or change in police force practice, are zilch.

In Essex, there is a high turnover of police officers, especially at a senior level. That is not a particularly good thing. They all seem to retire early, for all manner of reasons. I have lost count of the letters that I have received from senior officers, introducing themselves to me and suggesting yet another meeting, and so it goes on. That shows the difficulty in conducting IPCC inquiries.

I have the highest regard for the Minister for Security, Counter-Terrorism, Crime and Policing. He said in a written answer to me that the IPCC is not responsible for imposing disciplinary sanctions on police forces or individuals. As we all know, Members of Parliament are currently in the limelight and we keep saying that no one is above the law. For that reason, we must address what is going on in our police forces.

The evidence, findings and recommendations of IPCC investigations are apparently fed into the police performance and conduct systems as and when appropriate. What is the point of the IPCC if it cannot impose discipline on police officers who are found guilty of abusing their powers? When a police officer has a complaint upheld against him, he is offered "words of advice"—would not Members of Parliament like to be offered "words of advice"?—from a senior officer. What message does that convey? More important, what deterrent is that? Other words such as "guidelines" and "recommendations" are worthless and meaningless, as is the expression, "Let's have a review."

When constituents complain and their representations are upheld, what "words of advice" are given to police officers and police forces? Who monitors the police complaints? How do respective police forces implement IPCC judgments? Commissioners come and go; the personnel change all the time.

I suspect that I was one of the few Members of Parliament who responded to the consultation process to try to give the IPCC more power so that, when people's complaints were successful, at least small amounts of compensation could be paid and public apologies could be made.

The Public Accounts Committee, which my hon. Friend the Member for Gainsborough (Mr. Leigh) admirably chairs, has done a splendid job in investigating the IPCC. In its 15th report, which was published only in March, the Committee made some excellent recommendations, including that the Home Office should clarify who is responsible for monitoring the implementation of IPCC recommendations. I have been in constant correspondence with Ministers about it, and the replies are just not satisfactory. I should therefore be grateful to the Deputy Leader of the House if he could, in due course, please find out from the Home Office what progress is being made on introducing an appropriate system.

I repeat that I have the greatest regard for Nick Hardwick and the Minister for Security, Counter-Terrorism,

[Mr. Amess]

I took the consultation seriously and made some suggestions, but when will genuine progress be made? There is no doubt that the whole system governing police complaints needs to be re-examined and reformed. I hope that the Public Accounts Committee report is acted on soon.

The House has been indulgent, so I shall come to my last point, which is about fuel poverty. If we go outside this Chamber, we will see that it is a lovely early summer or late spring day. On days like today we forget about fuel poverty. We wait until November, and if there is a cold snap, we get hon. Members raising the issue. That is too late. Why did I and other hon. Members invest a year of our lives in 2000 to ensure that the then Warm Homes and Energy Conservation Bill became an Act? Why did we charge the Government with a duty to end fuel poverty, which we now know will not happen? Five million people are living in fuel poverty.

I welcome the Government's recent initiatives to address fuel poverty, which include the community energy saving programme, enhancing funding for the carbon emissions reduction target and raising the maximum grant under the Warm Front scheme. Ofgem is finally to act on failings and unfairness in the competitive energy market, which acts to the detriment of disadvantaged consumers, although it is a serious indictment of the regulator that remedial action has been so long in coming.

However, the result of raising the maximum Warm Front grant without increasing the scheme's budget is that fewer vulnerable households can be assisted. The Warm Front budget should be increased at least to maintain the number of households that can be assisted. We need a longer-term strategy to address fuel poverty through a national energy efficiency scheme to improve our entire housing stock. We need to introduce a social tariff combining consistent eligibility criteria and a degree of consumer benefit to provide certainty to vulnerable consumers and their advisers.

Mr. Paul Burstow (Sutton and Cheam) (LD): The hon. Gentleman is making an important point about fuel poverty. He is absolutely right that one should not wait until winter before one talks about it. Across the country, Eaga and the campaign to raise awareness of the benefits of the initiatives that he has mentioned work with hon. Members to encourage them to draw their constituents' attention to those schemes. I have such an initiative on 12 June, at the civic offices of the London borough of Sutton, which I hope my constituents might hear about through this debate.

Mr. Amess: I applaud the hon. Gentleman for that initiative. It is not silly to do such things in summer. Each Member of Parliament needs to look at the situation in their constituency and try to do something now. The winter fuel payment needs to be reformed and extended to the most vulnerable and economically disadvantaged non-pensioner households.

In these very difficult times, I wish you, Mr. Deputy Speaker, and all the Officers of the House a very happy Whitsun.

2.48 pm

Chris Huhne (Eastleigh) (LD): I apologise to you, the Deputy Leader of the House is near boiling point in his exasperation at wanting to get away for the Whitsun recess. I can sympathise with that, because we had an important statement today on the Gurkhas and I had to rush out to celebrate with the Gurkhas who are outside. I am delighted that my hon. Friend the Member for Colchester (Bob Russell), along with myself and a number of others, was given one of these rather marvellous scarves as a token of the appreciation that the Gurkhas feel for the vote that the House took and which the Government have now respected.

I want to take this opportunity to pay tribute to one person in particular who has not had any credit in this whole saga, but who will, when the history is written, be seen as the key figure, notwithstanding the immense contributions made by so many other people, such as Joanna Lumley and others. That is a gentleman by the name of Peter Carroll, who picked up the campaign and ran with it six years ago in Folkestone, when the Gurkhas there went to their MP and failed to get support for their cause. Peter was the Liberal Democrat parliamentary candidate at the time and has been involved since. He embodies the old principle that a man can achieve anything in life if he is prepared to give someone else the credit for it. Peter has given everyone else the credit for the campaign, but he has been very much the prime mover behind it. We all, but particularly the Gurkhas, owe him a considerable debt of gratitude.

Let me deal with some local issues before we adjourn for the recess. I am particularly concerned about the effects of recent Government decisions regarding the building programme of the Learning and Skills Council on both Eastleigh college and Barton Peveril college, both of which were seriously encouraged by the LSC to draw up plans for replacing old buildings and for expansion. There was an important new scheme for higher skills at Rookwood, which would be very important for higher-value manufacturing skills in our area, but all that is now on hold despite both colleges having spent substantial amounts on professional fees such as architects' fees. They have spent more than £500,000, but they are not guaranteed to get it all back from the Government. It is a complete shambles.

It is necessary to go ahead with those schemes, which would provide important benefits to future generations, and there is no reason to prevent them from happening. The principle that one can borrow to invest is well established in every soundly run business and it ought to be well established within government, but that principle is at stake because of the LSC's attitude towards Eastleigh college, Barton Peveril college and many other colleges across the country.

While I am discussing Eastleigh town, let me congratulate my local council and its leader, Keith House, on opening the first cinema complex for many years in the town centre. That is the latest step in the borough council's efforts to ensure that the town is able to survive in an age when an increasing proportion of retail sales are being sucked into the maw of the great supermarket groups—Asda, Sainsbury and Tesco are all represented nearby in my constituency, and it is an enormous struggle to ensure that there is still life in the town centre, particularly given that it was recently calculated that in one expansion Asda added the equivalent of 60 town

crucial to the success and health of Eastleigh. The opening of the cinema and bowling complex, and all the leisure activities that we hope will come with it, is an important step on which I congratulate the council.

Voluntary work continues to be absolutely crucial in my constituency. I commend in particular the expansion of the street pastors scheme. There was a successful scheme in Fareham, and it has now been launched in Eastleigh. I very much look forward to the scheme having an impact in the constituency by preventing young people from feeling alienated, and by ensuring that they have things to do. We have put a lot of effort into opening youth facilities in the constituency, and the street pastors have a key role to play in pastoral care and in helping to prevent the problems in town centres on Friday and Saturday evenings of which Members across the country will be aware.

A key local issue for my constituency is the proposal in the south-east plan for a new town—a special development area—north and north-east of Hedge End, effectively surrounding the hamlet of Borley Green and spreading into the Winchester constituency as far as Durley. The lack of public consultation on those proposals flabbergasts me. Constituents would have had more notice, through the planning process, of a porch being proposed by a neighbour than they have had about 6,000 new homes being landed on their doorstep in a way that will change irreparably the communities of Botley and Borley Green, as well as the surrounding countryside.

If we propose to build an extension to our home, we have to apply for planning permission, and those most directly affected will be notified directly, in writing. In this case, however, the body whose responsibility for consulting on the south-east plan is clearly set out in statute—namely, Hampshire county council—sent out generalised literature, much of which was not delivered in the areas that will be most affected by this SDA. We strongly oppose the siting of a new town in this position, particularly as there has been such inadequate consultation and inadequate work done on alternative sites.

Another example of the planning process letting down my constituents arises further south, on the Solent at Hamble. The county council is proposing to excavate a gravel pit on the old airfield. It would scoop up a metre from the surface, but the council has provided no evidence that that is necessary. Quite apart from the impact of the recession, there has been a steady reduction in the requirement for building aggregates. The effect of going ahead with this plan would be to turn a greenfield site into an industrial brownfield site, which would of course be much easier to develop for housing under the planning rules. I believe that that is the real agenda behind this plan. It is no accident that Hamble airfield is owned by a housing company, or that that company supports the building of the gravel pit. It knows that that is a back-door way of getting planning permission to build much more housing on the site in due course.

Given how stressed Hamble lane and the access to the Hamble peninsula already are, and the sensitive nature of Hamble village itself, this development would be a disaster, and we should oppose it. I very much hope that the county council will relent, and recognise that the development is not needed to provide aggregates for

I want to mention two more issues. I agree with hon. Members who have mentioned the problems afflicting local public houses. We recently calculated that public houses in south Hampshire were closing at an even faster rate than the national average. This is not merely a question of ensuring that alcohol tax increases do not rise substantially above the rate of inflation, as some Members and some lobbies have suggested, but of tackling some of the dramatic giveaways by the supermarket chains. These are loss leaders designed to bring in trade, and they involve selling alcohol at below cost price. This is an important issue that we need to deal with.

This week, I was encouraged by the support for the campaign for a minimum price for alcohol. Some hon. Members have suggested that young people in particular would oppose that idea because they would not be able to afford to buy alcohol, so I was pleased to see that the National Union of Students, among others, now backs the campaign. A minimum price would have the clear effect of encouraging people back into their community public houses. It is greatly preferable that when people drink, they do so in company, and in way that will enable their public houses to continue to be the centre of the community, as they have been in so many parts of the country until now.

Lastly, I would like to mention a pressing need that I hope the Government will address. I hope that the Minister will be able to provide us with some reassurance on the desperate need to provide local authorities with the powers to re-regulate buses. We have an extraordinary fight going on between the dominant local bus company, Bluestar, and a young, new, innovative competitor, Black Velvet, which to its credit attempted to provide a number of important new services—connecting, for example, Fair Oak, Chandler's Ford and Velmore with Eastleigh. When those services, which were greatly welcomed by my constituents, began, the dominant company, Bluestar, suddenly took an interest in the same routes and decided that it, too, would run services just three minutes ahead or 10 minutes behind those already provided in an attempt to scoop up all the business.

What happened is that the new, innovative and young competitor, Black Velvet, was driven out of these routes and had to announce that it did not have the financial resources to continue to provide these services. Then, lo and behold, a few weeks after Black Velvet had pulled the plug on the new routes, Bluestar turned round and said that it was pulling the plug on them as well. Frankly, that is outrageous, bully-boy behaviour on the part of the dominant bus company. I intend to take the matter up with the Office of Fair Trading to see whether any competition laws can prevent this sort of predatory behaviour against a smaller innovative bus company. I urge the Government to provide time to debate the issue in the House and ensure that local authorities have the regulatory powers to ensure real competition between bus companies rather than this sort of anarchy, which leads to a worse service for my constituents. Frankly, it is a scandal.

I would like to pay tribute to my local daily newspaper, *The Southern Daily Echo*, for picking up the issue and campaigning on it. It is an important issue, particularly for those who rely on public transport. Those who do not have access to cars—often those on the lowest

[Chris Huhne]

whole misguided policy of deregulating the buses, which emerged under the last Conservative Government, and to find a way of running them on a much better basis.

3.2 pm

Mr. Shailesh Vara (North-West Cambridgeshire) (Con): I thank all hon. Members who have participated in the debate. There were perhaps not quite as many speakers as usual, but the quality was nevertheless there and a wide variety of subjects were covered—mostly local issues, but we have also strayed occasionally into the international sphere.

My hon. Friend the Member for Orpington (Mr. Horam), who has a reputation for being a diligent and conscientious MP, had a strong message for the Health Secretary about the South London Healthcare NHS Trust. I am sure that we all share his concern for the dire financial state of the new trust, and he was right to commend its staff, who are doubtless working under very difficult circumstances, not quite knowing what their future might be.

My hon. Friend was also right to highlight the general difficulty of gaining physical access to hospitals. Yes, there is the issue of car parking, but public transport to hospitals is also important. I know that hon. Members who have rural areas in their constituencies will have considerable sympathy with my hon. Friend, as they know how difficult it can be for people living in villages where there is no public transport. They need to travel somewhere else to get public transport in the first place and then need to change again before they eventually reach the hospital. We certainly wish the management of the new trust well in dealing with all the difficulties it faces. We hope that they will be able to come up with the right answers for my hon. Friend's constituents.

As always, the hon. Member for Nottingham, North (Mr. Allen) delivered a speech with considerable authority. He raised the crucial subject of the election of the new Speaker and in particular the role of the secret ballot. He said that this is an occasion for Parliament to exercise its own powers and not be bullied by the Executive. It is vital that we have a Speaker who will deal not only with the enormous challenges that we face, bearing in mind the current crisis, but with other issues, such as the need to reduce the number of Members of Parliament—

Chris Bryant: That has nothing to do with the Speaker.

Mr. Vara: It has everything to do with the Speaker, because it is the Speaker who presides over the House, and his guidance would be most welcome, although any change would be initiated by the Government. It would certainly be a House matter as well as a Government matter.

The hon. Member for Somerton and Frome (Mr. Heath) gave a typically passionate speech and he rightly dealt with the difficulties that we parliamentarians are experiencing. We all need to strive to sort those out and efforts are being made in that direction, but we all recognise that we have some way to go.

enormous distance to the driving centre to take the test, which led on to the problem that people are having in accessing so many other public services, such as tax offices, health services and job centres—as mentioned by my hon. Friend in an intervention—because they are sited further and further away from where people live.

Not for the first time, the hon. Gentleman also raised the issue of the A303. I hope that the Deputy Leader of the House will make some effort to convey that message to the Transport Secretary. I have a similar problem with the A14 near my constituency. It desperately needs funds, but the date for the work keeps being put back. I hope that the Deputy Leader of the House will also convey my concerns.

The hon. Member for Somerton and Frome also spoke about the huge power that is wielded by unelected bodies. He will of course be aware that if the Conservatives are successful at the election and form the next Government, we will take a sword to powerful quangos and cut their number, and that will have the effect of also saving an enormous amount of money.

My hon. Friend the Member for Isle of Wight (Mr. Turner) made a powerful speech and demonstrated that he puts the interests of his constituents first in all that he does. All of us will have had some sympathy when he spoke of the closure of Vestas in his constituency, with the loss of 600 jobs, many of them skilled. His constituents will be concerned that the company has said that it hopes to have some new jobs in due course in the UK. The failure to mention the Isle of Wight specifically carries a powerful message.

My hon. Friend was also right to pick up the issue of fallen stock and the worries and concerns of his rural community, especially the farmers. I hope that the Deputy Leader of the House will convey those concerns to the Secretary of State for the Environment, Food and Rural Affairs.

My hon. Friend also mentioned serious concerns about waiting lists for his constituents, an issue with which many of us can identify. We wish him well in his battle to try to overcome those difficulties.

We then had a slight digression in terms of the tone of the debate in the speech by the hon. Member for Colchester (Bob Russell). I hope that when the hon. Gentleman reads his speech in *Hansard*, he will on reflection take the view that it was a wasted opportunity. He spent more time talking about the Conservative party and its leader than anything else, suggesting that he is a very worried man indeed. No doubt he will be issuing a local press release and a copy of his speech to his activists, but his constituents will be aware that the national media are reporting how well the Conservative party is doing and the leadership that is being shown in that direction. I am sure that his constituents will be able to make up their own minds, rather than being influenced by such a purely partisan speech.

It was rather regrettable that attention was not paid to the clear convention that we have in this House about when hon. Members are mentioned. My hon. Friend the Member for North Essex (Mr. Jenkin) was mentioned by the hon. Gentleman, who did not do him the courtesy of providing advance notice. That courtesy was not

Bob Russell: Will the hon. Gentleman give way?

Mr. Vara: I have a reputation for being very willing to give way to many people, but on this occasion I shall not. The hon. Gentleman breached many conventions by not having the courtesy to give advance warning—a point that was mentioned by Madam Deputy Speaker—and so on that basis I shall not give way to him.

The hon. Member for Hornsey and Wood Green (Lynne Featherstone) gave a wide-ranging speech and spoke of the five post offices that have closed in her constituency. Many of us will identify with that situation, because many of us have lost post offices. Her plea that two of her post offices should be reinstated will probably fall on deaf ears, so I would not hold out too much hope.

The hon. Lady was also right to follow up on the tragic case of baby P and the continued failings in the health service. Again, I suspect that there is cross-party support for her efforts to try to bring about better health services and to minimise the incidence of such tragedies.

The hon. Lady spoke of the tragic case of the son of one of her constituents who was injured and paralysed in the Mumbai bombings. Clearly, there is an issue about compensation. People who are injured in the UK in such cases receive substantial compensation, but those British subjects who are injured in similar circumstances abroad do not get compensation. I wish her well in trying to get the meeting with the Prime Minister that she has asked for and I hope that he will give it to her without, as she said, the need for Joanna Lumley. I suspect that Ms Lumley has a lot of people wanting her support at the moment. I am minded to say that Esther Rantzen might be sitting by her phone, hoping that people will involve her, too, in some campaign or other.

The hon. Lady also touched on the tragedy of the conflict in the middle east. Again, there will be cross-party support for the recognition that the issue needs to be resolved, particularly as it is serving as a recruiting sergeant for many other terrorist groups throughout the world.

My hon. Friend the Member for Southend, West (Mr. Amess) left a very important church service in order to join us, and we were very privileged to—

Chris Bryant: We were blessed.

Mr. Vara: I am not sure that my hon. Friend is in a position to bless us. We were, however, certainly privileged to have access to a private conversation that he had with the Pope; I am sure that all those people who read *Hansard* will be grateful to have access to that conversation, too.

My hon. Friend was right to pick up on the fact that the Government are simply limping along without a proper or full agenda. Given that the Queen's Speech contained more proposals from the Conservative party than from the governing party, the Government have clearly run out of steam. Perhaps the time is right to

My hon. Friend also mentioned his constituents' concerns about the proposed expansion of Southend airport. That point has certainly been taken on board and I hope that that message will be conveyed to the Transport Secretary by the Deputy Leader of the House.

My hon. Friend also spoke about his recent visit to Mumbai and Chennai. He is right to point out that India and China—he told us about his visit to China last year—are the economic powerhouses of this century. He described the Indians' willingness to engage in trade with Britain, but it is important that we do not take our historic links with India for granted. Many other countries that do not have those links are cultivating business relationships with India actively and aggressively. We must compete alongside them in the market, and not sit back and rely on our historic connections to further the trade links that we need for our own economic purposes.

I certainly wish my hon. Friend's local football club well with its initiative on young people, and he is right to say that we must not wait until winter before we debate fuel poverty. It is a very serious problem that affects many people, and it is something that we must debate whenever we can so that we can improve matters generally.

Again, we were privileged to have the presence of the hon. Member for Eastleigh (Chris Huhne). It seems that several hon. Members had to leave functions to attend today's debate, but the hon. Gentleman had a good reason for not being here earlier—he was celebrating the Gurkhas' very successful campaign, and I am pleased that Peter Carroll has been given the recognition that he deserves. His name is now firmly embedded in the *Hansard* record.

The hon. Gentleman told us about the cinema complex being opened in his constituency. That is a not unfamiliar tale. Most of us have small towns where people have few activities to get involved and engaged in. Many such towns are being destroyed because retail outlets are closing as a result of supermarkets' ever increasing power.

The hon. Gentleman described the lack of public consultation on a massive development in his constituency, and I am sure that all of us can understand how much that has upset his constituents. He said that supermarkets use loss leaders in the sale of alcohol to attract customers, and I understand that mineral water is sometimes sold at higher prices than alcohol. Clearly, that is something that needs to be looked into.

Finally, may I take this opportunity, Mr. Deputy Speaker, to wish you a very happy and restful Whitsun recess? I should also like to extend those good wishes to all the people who work for the House and for hon. Members, and to the security staff who do so much to keep us safe.

3.16 pm

The Deputy Leader of the House of Commons (Chris Bryant): The debates that we have before recesses are very bizarre. They are a potpourri, a smorgasbord, an array of tapas, a pick'n'mix of an event to which little

[Chris Bryant]

way and after telling us about the pubs that she regularly frequents until a late hour, she said that she was going to turn to the middle east.

As I understand it, many years ago these debates were answered by the Prime Minister. An hon. Member would speak, the Prime Minister would reply, and that process would go on until the House was exhausted. On one occasion, an ageing Winston Churchill took 17 hours to respond to a pre-recess debate that ended in the small hours of the morning. He went to the Tea Room for a mutton chop, some chips and a cigar, and received a standing ovation as he walked in. I do not suppose that there will be many chops left by the time I finish my speech, and I am sure that I will not get a standing ovation.

The Whitsun recess debate is the oddest of all, I think. The vast majority of people who enjoy the holiday do not necessarily think of its religious significance. I used to be a curate and so it fell to me to preach the sermon on Trinity Sunday, which is the one that follows Whit Sunday. The concept of the trinity is a most complicated piece of theology, and very difficult to communicate to people. It was left to the curate to explain the inexplicable—not unlike what happens with these debates. I had some difficulty, since some of my own theology was a little random too; for many years I laboured under the misapprehension that the Lord's prayer began, "Our Father, a chart in heaven, Harold be thy name."

Whitsun, of course, is about Pentecost: it is when the Holy Spirit, as the shadow Leader of the House mentioned today, descends on the apostles and they speak in tongues—hence the bishop's hat is in the shape of fire on top of their heads. Of course, at the time everyone thought they were drunk; and the apostles replied that they could not be drunk because it was only 11 o'clock in the morning. That reminds me that we have had rather a lot of references to alcohol today—arguments in favour of a change in the Government's position on beer duty and a difference of views about how we should support pubs and whether we should be cracking down on under-age drinking. I am conscious that George Bernard Shaw said of alcohol and Parliament that alcohol allowed Parliament to do at 11 o'clock at night what it would never, ever think of doing at 11 o'clock in the morning.

The first of our speakers was the hon. Member for Orpington (Mr. Horam), who spoke largely on health issues relating to his constituency, particularly the restructuring of the South London Healthcare NHS Trust. I always think it slightly odd when Members refer to operating deficits in hospitals, but the hon. Gentleman spoke about the need for financial restructuring and for targets and gave us what he called his worm's-eye perspective of what is going on locally. He referred specifically to the problems of staffing in his local hospitals, and of physical access. He pointed out that it is important for people to have public transport access to local hospitals. He mentioned the issue of having to change buses. I note that he, in his political career, has changed bus once or twice. He originally stood in 1966, when I was four years old, as the Labour candidate in Folkestone and Hythe. Then he was an Under-Secretary of State for Transport from 1976 to 1979, and an Under-Secretary of State for Health in a Government of a rather different complexion from 1995 to 1997. I always think that versatility is a very fine thing.

My hon. Friend the Member for Nottingham, North (Mr. Allen) is an Atlas in this House in his attempts to hold the constitution on his shoulders, and to ensure that the House stands for the highest possible standards and takes its role as a democratic body extremely seriously. I have read a great deal of what he has written and have been involved in many campaigns for reform with him; I pay tribute to him. He said that MPs have deluded themselves that they have power, because really it is only the Government who have power in the House, and he said that we ought to be doing more about that.

I agree with many things that my hon. Friend said, but in one respect I disagree. He said that the secret ballot was a very important tool. It is true that Gladstone's Reform Act 1872, which introduced the secret ballot—which, incidentally, was vigorously opposed by the Conservative party at the time—brought about a very significant change in our democracy and took away a great deal of corruption. Nevertheless, this House has rightly tended to eschew secret ballots, because it is important that our voters know how we do our business and how we voted.

I note that recently, when the Spanish Parliament had to decide whether Spain should join the war in Iraq, it had a secret ballot. If this House had gone down that route, I think that our voters would have been very angry with us.

Mr. Heath: There would not have been a war.

Chris Bryant: The hon. Gentleman says that there would not have been a war, but I do not think that that is an argument for a secret ballot; I am sure he is not making that argument. I concede that there may be some areas where we should use secret ballots in the House—perhaps for elections such as that for the Speaker.

There is another area of disagreement. Several hon. Members, including the shadow Deputy Leader of the House, have suggested that the new Speaker must review how many Members of Parliament there should be. My hon. Friend the Member for Nottingham, North said that a new Speaker, whether he or she, should radically reform this House. I issue a word of caution. I believe that the Speaker should be the servant of the House, and Speaker Lenthall made that point clearly. An important change took place, and although a new Speaker still has to be approved by Her Majesty—there is a procession to the House of Lords—the Speaker is the servant of this House. We cannot evade our responsibilities by expecting a Speaker to bring about the reform that we need.

Mr. Allen: I have two points of clarification to make, because I know that my hon. Friend is not trying to misrepresent me. First, I did not at any point say that the House should have secret ballots on proposals discussed on the Floor of the House, on policy matters, or even on going to war, although, as the hon. Member for Somerton and Frome (Mr. Heath) pointed out, perhaps such a ballot might have produced a different result. My view is that there should be secret ballots on the three particular House matters that I mentioned, because Members would then clearly vote with their conscience, as opposed to being swayed by the Whips.

Secondly, I am not saying that the Speaker should be a superman or woman, and should attempt to reform the House radically. The Speaker should, in the Minister's words, be the person who facilitates the will of the House. Sometimes, as I am sure my hon. Friend will admit, that will has been thwarted by Government, or the alternative Government. Let the House speak freely—that is how I would put the case for a secret ballot in certain circumstances.

Chris Bryant: Of course I have no desire to misrepresent my hon. Friend. I have two points to make. First, strangely, on the occasion to which I referred, a secret ballot was held in the Spanish Parliament because the Spanish Socialist party, which was opposed to the war, thought that more people would vote against the war if there was a secret ballot. In fact, some of its Members must have voted in favour of the war because there was a secret ballot. So one can never quite prejudge how a secret ballot would operate. However, I think that we are all agreed that MPs should not seek to obscure from their voters how they intend to vote on any public policy position. It is a rather different matter when we are electing a Speaker. Anyway, the House has already made a decision about the direction in which we should move. It is important to note that when the first Speaker—Peter de la Mare, I think—was elected in the 14th century, it was really an appointment by the Crown. We have moved a long way from that, and that is an important principle.

Mr. Vara: I wish to clarify a point. Clearly, I recognise that the Government would initiate any reduction in the number of Members of Parliament. What I was trying to say is that the Speaker, by virtue of sitting in the Chair, would have to oversee such a radical change. Clearly, the initiative comes from the Government, but at the end of the day, the Speaker—a servant of the House, as we have just been told—would oversee what happens. There is a distinction, and I hope that the Deputy Leader of the House appreciates it.

Chris Bryant: Well, I am trying to appreciate it, but I am not getting any closer, I am afraid. Perhaps we will have to have a discussion about that at some point, without delaying the rest of the House.

I hope that I am not breaking any convention when I say that the hon. Member for Somerton and Frome (Mr. Heath)—I get his constituency right, for the first time—told me, before coming into the Chamber, that he had only one word for his speech: disconnection. None the less, he managed to connect his thoughts, more or less. He said that the Commons had been trodden through the mud, and that there had been "almost irreparable damage to our reputation"; I think that those were his precise words.

I do not think that anybody in this House is labouring under the illusion that there is not a significant need for reform, and I very much hope that all parties will be able to come together to ensure that that reform comes about. The democratic process, based on universal franchise, is something that people fought for through generations in this country, and something that we all uphold. Without the opportunity to change society through the democratic process, we have no means of changing it, and we cannot even hope for a fairer or better world. The hon. Gentleman called for a massive programme of democratic reform to empower the individual, and I think that he knows from many things that I have said, both at the Dispatch Box and as a Back Bencher, that I wholeheartedly agree with many of the measures for which he has campaigned.

The hon. Member for Isle of Wight (Mr. Turner), who often speaks in such debates, talked about the problem in his constituency in relation to Vestas, which has announced a 90-day consultation on the closure of its factory, with the loss of about 600 direct jobs. He will be only too aware of the fact that one of the problems for Vestas is that its market is not just a UK one. In fact, much of its plant supplies the American market, because the blades that it builds are the size mostly used in the USA, rather than in the UK.

The Government are keen, especially in a recession and because we want to tackle climate change, to make sure that we provide proper support for renewable energy industries. That is why there has been £4 billion of new capital from the European Investment Bank for UK renewable energy projects, and £405 million to support low-carbon manufacturing, including wind projects in the UK. We are keen to do more. I will pass the hon. Gentleman's comments on to the responsible Ministers, so that if there is anything further that they can do, they have an opportunity to do so.

Likewise, I will pass on the hon. Gentleman's concerns about the disposal of fallen stock. He pointed out that there was now official derogation for burial, but he said that there were significant worries about whether the burial of farm animals was safe and sensible, and whether there would be problems for water conduits. He also raised a series of other issues that needed to be treated seriously, and I will pass those messages on.

Finally, the hon. Gentleman referred to waiting lists, and the need constantly to bear down on them. Some people say that it is wrong to have targets in the health service, because somehow or other that interferes with medical considerations. When I was first elected, my own experience in south Wales was that many people who regularly came to see me were suffering from serious conditions, having been told that they would have to wait three, four or five years, particularly for orthopaedic operations. Those waiting lists do not exist any more in my area. Health is a devolved responsibility in Wales, so it is not the Government's particular responsibility, but I absolutely agree with the hon. Gentleman that if there is a long waiting list, that can exacerbate poor mental health, let alone poor physical health.

The hon. Member for Colchester (Bob Russell), contrary to what the hon. Member for North-West Cambridgeshire (Mr. Vara) said, made a rather good speech. He spent quite a lot of time attacking the Conservative party, which is obviously a sane and sensible thing to do. I do not have an axe to grind in that particular enmity, as both the Conservatives and the Liberal Democrats lost their deposit in the Rhondda and indeed—well, I will not say any more about that. The hon. Gentleman talked rather a lot about the Members' bathroom, which he seems regularly to have shared with the right hon. Member for Witney (Mr. Cameron). I do not want to go there, in more ways than one. He said that Colchester is the fasting growing area in Britain.

Bob Russell: It has a growing population.

Chris Bryant: Well, as an area, it cannot be growing—it must still be the same size that it always was. I presume that he meant that the number of people living in Colchester was growing, or that the people were the fastest growing people in Britain. He sought to portray Essex as having had a despotic regime, and if it had a Conservative council, I am sure that he was absolutely right.

The hon. Gentleman raised several important education matters. He is absolutely right that, whenever there is a discussion about school sizes and the availability of local schools, we need to ensure that there are safe routes to school and that Every Child Matters is not just the name of a programme or a slogan, but really means something. I hope that the local council in my constituency will reconsider—again this is a devolved issue—whether to close Aberllechau primary school and to merge the two schools in Maerdy. I do not think that the proposals will end up providing precisely the kind of education that the children in those relatively isolated communities very much need

The hon. Member for Hornsey and Wood Green, in her randomised speech—I do not seek to be rude; that was me seeking to be nice—as I think she herself admitted, referred to funding issues that she has already raised with the Schools Minister, and I will pass those comments on. Likewise, she raised issues regarding Highgate post offices and she referred to the average waiting time in some post offices being very lengthy, which is something that the Post Office must consider closely. In my constituency there are issues on which we have to fight. One of the difficulties, again in Maerdy, is that the local sub-postmaster has simply not wanted to continue because the business is not economic. I am glad that the Post Office is committed to ensuring that there will always be a post office in Maerdy.

The hon. Lady raised the important issues of baby Peter. All hon. Members have been very troubled by all the stories that we have seen in this regard, not least because none of us wants to enter into a culture where social workers receive all the blame for society's ills. Many of us will want to pay tribute to the work that social workers do, often in a very pressurised and sometimes under-resourced situation. The Government sought to act swiftly and I know that the hon. Lady has taken up issues directly with Ministers. If there are other issues that she wants to pass on, I am sure that she will.

The hon. Lady referred to her constituent in Mumbai, an interesting issue that I will pass on to the relevant Minister. I am afraid that I do not know the answer to that question. She also referred to mental health facilities in her area. My mother was an alcoholic and made quite a few visits to mental health facilities, so I know the importance of ensuring that no stigma attaches to mental health problems. That means that facilities must not be dirty, grotty and a relic of the Victorian era, but provide the best mental health support possible. Ethically and morally, there is no difference between a mental health problem and any other kind of health problem.

The hon. Lady referred to the middle east and suggested that the Government go quiet when there is not a big row going on in the world, but that is far from the truth. Ministers are actively engaged on a day-to-day basis in trying to pursue the middle east peace process on precisely the grounds that she suggested, namely that we must have a two-state solution, which means an Israel secure and safe in its borders, and a sustainable Palestinian state. Those are difficult to achieve, but—who knows?—perhaps with the change of Administration in the United States of America, a brighter dawn might appear along the road. The hon. Lady also referred to the beer tax and the fact that she spends a great deal of time above a pub.

The hon. Member for Southend, West (Mr. Amess), who, again, often takes part in these debates, graced us—I think that that is the best way to put it—with his presence having just come from His Grace. He referred to how the House used to sit for five days a week and that one sitting went on for 48 hours. I am not sure that that was necessarily a golden age or that it led to the better scrutiny of legislation, but one thing that I am certain of is that the job of a Member of Parliament has radically altered over the past 20 to 30 years. Whereas in the past it was sufficient to visit one's constituency twice a year and constituents did not mind if it was only once a year, now constituents have a completely different expectation of how much time we spend in our constituency, and, to be honest, of how much we bring up their specific concerns in the House. In the 19th century, hon. Members just did not do that, so we must acknowledge that there is a very changed environment. If we were to surrender all Fridays to being here and not in our constituencies, our constituents would find that odd.

The hon. Gentleman referred to Cormac Murphy-O'Connor, and I too want to pay tribute to him. I first met him in Lima in Peru in 1986 at about 11 o'clock in the evening, when I think he was imbued with the holy spirit—let me put it that way. I was an Anglican, but he was not very keen to get up for the 8 o'clock mass the next morning and suggested that he might ordain me on the spot so that I could say mass instead. I pointed out that as far as his church was concerned, I was a schismatic who had not even been properly baptised, so we did not proceed with the ordination.

The hon. Gentleman referred to issues relating to Southend airport, which I will pass on to the relevant Minister. Likewise he talked a great deal about alcohol and young people, which is a matter that many of us have wanted to address because the issues of teenage pregnancy and antisocial behaviour that flow from the large amount of alcohol that many young people in the country drink fill us all with concern.

The hon. Gentleman also raised a specific issue about which I know little, I am afraid—namely, who monitors and pursues the Independent Police Complaints Commission. I shall raise those matters, as well as the matter of the Warm Front budget, with the relevant Ministers.

The hon. Member for Eastleigh (Chris Huhne) also graced us, finally, having spent some time with Joanna Lumley—another person whom I first met many years ago. Indeed, I met her a few weeks ago, when she fired the starting gun for the House of Commons versus the House of Lords swimming competition—which I won. She is a very fine woman, and the whole House will want to acknowledge that, today, we have made significant progress on the issue of the Gurkhas. Indeed, everybody has already paid tribute to that work.

The hon. Gentleman referred to retail sales and small shops in towns. Again, as one who has a constituency that comprises a string of smallish towns, I recognise

that such facilities are absolutely essential. People need local shops and a local community. Although many people want to shop at Tesco, Sainsbury's or wherever, or to go to a big, multi-screen cinema, because they want that degree of choice, it is important to ensure that, with local regeneration, we have strong town-centre policies.

The hon. Gentleman said that a new town is to be built in his constituency, but I think that he exaggerated matters a little. I know that it is in the nature of Liberal Democrats to exaggerate, but—*[Interruption.]* Yes, he is allowed to smile. *[Interruption.]* You see? He agrees with me: he agrees that it is in the nature of Liberal Democrats to exaggerate. *[Interruption.]* No, they are all smiling now, so they all agree that is in the nature of Liberal Democrats to exaggerate. However, the hon. Gentleman exaggerated a bit when he said that people have to get planning permission for a porch. It would have to be a pretty big porch, although we have learned, of course, that quite a few MPs do have quite large porches.

The hon. Gentleman also referred to the potential gravel pit on Hamble airfield, and spoke about the regulation of buses. I shall pass on those issues to the relevant Ministers.

I am developing a growing sense of fondness for the hon. Member for North-West Cambridgeshire (Mr. Vara), my opposite number, although it was hampered this afternoon by his clear inability to understand the role of the Speaker, and by his gratuitous demand for money for the A14—when he did not choose to mention that the Rhondda Fach relief road also needs to be completed. He was a bit rude about the hon. Member for Colchester, and, although it is always fun to be rude to him, none the less, I did not think that he quite deserved it on this occasion.

Interestingly, the hon. Member for North-West Cambridgeshire said, "perhaps" it is time for a general election, so the Conservative party is already sliding away from the Leader of the Opposition's formal position yesterday, when he shouted and screamed across the Chamber, demanding a general election. Now, it is only, "perhaps it is time for a general election." The hon. Member for North-West Cambridgeshire also said that it is time for a party with concrete proposals for this country—well, if only even he himself believed that his party had such concrete proposals. The truth of the matter is that his party has absolutely no proposals—even for its own self.

Mr. Vara *rose—*

Chris Bryant: No, I shall not take any more from the hon. Gentleman, because he knows that he has got it wrong. My fondness is not so extensive as to allow him to intervene again, because I want to talk briefly about my constituency.

I shall raise three brief issues. For my constituents, the single most important issue affecting them is the recession, and I think that they want us to look at how we can help them in their individual situations and ensure that people do not have their homes repossessed. I was struck a few weeks ago by somebody who came to my surgery and said that he had just passed the 13-week mark after being made unemployed and was therefore able to get support for his mortgage, meaning that he would not lose his home. We sometimes forget that the things that we change in Parliament dramatically and personally affect people's life opportunities.

The same goes for employment opportunities in my area. Historically, my constituency has had a high level of incapacity benefit claimants, so it is important that jobs are available to people, and that is why I am very supportive of one of the major projects that the Ministry of Defence still wants to advance—namely, the defence training academy at St. Athan, which I know would make a dramatic difference to my patch.

Finally—*[Interruption.]* I can see out of my left eye, my Whip, whose eyebrow is rising with expectation at "Finally". I should like to extend my thanks and those of my right hon. and learned Friend the Leader of the House to all the staff of the House and, in particular at the moment, because it has felt like we have been under siege over the past few days, to the police, who have been policing in Parliament square. It is very difficult to strike that complex balance between ensuring that Parliament can do its business and allowing people to demonstrate and exercise their democratic freedoms.

We also thank the Clerks of the House, whether wigged or not, the Doorkeepers and all those who serve us with food and drink. I extend my good wishes for Whitsun to all Members. Whitsun was originally always conceived of as Pentecost—as a moment for inspiration. For most people, it then became just a holiday. I should like to end by reciting "Whitsun", a poem by Sylvia Plath:

> "This is not what I meant:
> Stucco arches, the banked rocks sunning in rows,
> Bald eyes or petrified eggs,
> Grownups coffined in stockings and jackets,
> Lard-pale, sipping the thin
> Air like a medicine...
> A policeman points out a vacant cliff
> Green as a pool table, where cabbage butterflies
> Peel off to sea as gulls do,
> And we picnic in the death-stench of a hawthorn.
> The waves pulse like hearts.
> Beached under the spumy blooms, we lie
> Sea-sick and fever-dry."

The Vice-Chamberlain of Her Majesty's Household (Claire Ward): I beg to ask leave to withdraw the motion.

Motion, by leave, withdrawn.

PETITION

Council Tax Benefit

3.45 pm

Mr. Paul Burstow (Sutton and Cheam) (LD): I rise to present a petition on behalf of the Royal British Legion and others. It reads as follows:

"The Petition of members of The Royal British Legion and others.

Declares that some 25,000 signatures were added to a petition delivered to Number 10 Downing Street in support of Council Tax Benefit being rebranded as a rebate; further declares that over a third of veterans and their dependants over 65 live on an income below the minimum required for healthy living and that Council Tax bills are probably the largest household expense for this age group; notes that uptake amongst pensioners of Council Tax Benefit has dropped sharply since the abolition of the old domestic rates system's rebate and that £1.5bn of Council Tax Benefit is left unclaimed by pensioners each year; further notes that more than half of the ex-Service community think veterans would be more likely to claim Council Tax Benefit if it was known as a rebate.

The Petitioners therefore request that the House of Commons urges the Government to commit now to rebranding Council Tax Benefit as a rebate before the time of the next general election

And the Petitioners remain, etc.

[P000367]

Council Tax Benefit

Motion made, and Question proposed, That this House do now adjourn.—*(Claire Ward.)*

3.47 pm

Mr. Paul Burstow (Sutton and Cheam) (LD): My theme in this Adjournment debate is similar, if not identical, to that of the petition that I have just presented. I am grateful for the opportunity to raise a matter of interest not only to my constituents but to those of all hon. Members right across the country. This debate is about a modest measure, but one that could make a significant difference.

I want to urge the Minister to change a name, but not my name, her name or your name, Mr. Deputy Speaker. I urge the Minister to rename council tax benefit "council tax rebate" or "council tax relief". Some might ask, "What's in a name?", but I think that, at a stroke, the Minister could help hundreds of thousands of the poorest people in our country by means of this simple measure. Furthermore, doing so should not cost a great deal of money, although forms and the like would have to be reprinted. A huge amount of money that goes unclaimed every year could be unlocked.

In far too many cases, people living in poverty are still paying full council tax although many of them are eligible for council tax benefit. They either do not know that or choose not to claim it, and that is what this debate is about. Words really matter; they can change behaviour and affect the level of take-up. Calling the financial assistance available to mitigate the full cost of council tax a "benefit" is a deterrent and depresses the level of take-up.

Council tax benefit has the lowest take-up of any of the means-tested benefits, and according to the research presented to the Select Committee on Work and Pensions and its predecessors, it has been falling for the past 10 years. As many as 2.95 million people are missing out on this benefit, which would go some way towards helping them to reduce and cope with the burden of paying council tax. The Department's own estimates put the amount of unclaimed council tax benefit at £1.8 billion overall. If we drill down into that figure to try to understand what it means for pensioners and other groups within the population, we find that many retired people who are entitled to council tax benefit do not claim. Indeed, the Lyons inquiry into how we should reform or, in my view, replace council tax found that as many as 1.3 million eligible pensioners are not claiming. According to the research, that would add up to about £1.5 billion left unclaimed—the figure cited in the petition I presented on behalf of the Royal British Legion.

After a decade of falling take-up, it is now vital that everything possible is done to boost take-up and help hard-pressed families and pensioners. A recent poll conducted by ComRes on behalf of the Royal British Legion, partly to give the Minister the evidence that she feels is necessary, found that seven out of 10 people believe that the stigma attached to that label of "benefit" is a major obstacle to the claiming of council tax benefit. That is clearly a serious problem. The Minister will know how discredited and unpopular council tax is. I am sure that, like me, she receives letters from constituents unhappy with the level of council tax, and there is a lot

behind that. A lot needs to be understood and changed about the system, not least the fact that it does not reflect people's ability to pay.

Falling take-up of the financial relief available to help poorer households makes matters worse for them. That is why I chose to raise this matter on the Adjournment, particularly following my discussions with the Royal British Legion, which does a truly tremendous job on behalf of veterans and Army service personnel in this country. Research that it has commissioned showed that 38 per cent. of older veterans and their spouses, widows and widowers are living on an income below that necessary for healthy living. On the day that the Home Secretary came to this House and rightly acknowledged the strength of feeling and support in the country for the Gurkhas—a change of heart that is welcome but was triggered by a debate and a defeat for the Government on a Liberal Democrat motion—it is very important that we recognise the debt that we owe not only to the Gurkhas but to all service personnel. The Legion's research, which found that veterans and their families who are eligible for council tax benefit would be more likely to claim it if it were called a rebate rather than a benefit, should be weighed heavily in the balance in the Minister's response.

I have just presented a petition on behalf of 25,000 people calling on the Government to rebrand council tax benefit as a rebate. It is important to bear in mind how many people think that this is a logical and simple but small step that can help many of our fellow citizens. The piece of research that was done at the request of the Minister—the ComRes poll—also found that three quarters of people believe that such a renaming would help to boost take-up. Only last week, at the Legion's annual conference, its director general, Chris Simpkins, called for the Government to announce a timetable for making this change. I hope we can hear something about that in the Minister's reply.

The Minister will know that the Select Committee's work on this issue has been important; indeed, there is clearly cross-party support for the change. In its most recent report, it said:

"We believe that Council Tax benefit should be treated as part of the tax system to more accurately reflect its true nature and have called on the Government to remove the benefit label as a first step."

In response to the Committee's clear recommendation, the Minister's Department said:

"The Government acknowledges that renaming CTB to reflect its true nature as a tax rebate may encourage more people to claim their entitlement."

To be honest, that is where the Department's response should have stopped, because it was encouraging. However, having acknowledged the value of renaming the benefit as a rebate, it began to question that and contradict itself. I took heart, however, because the final sentence of that part of the response went on to say that it would be kept in mind as a suggestion. I hope that having kept it in mind and continued to reflect upon it, the Government can make progress.

In 2004, the then Select Committee on the Office of the Deputy Prime Minister concluded that the

"stigma attached to CTB being presented as a 'benefit' rather than, more accurately, a 'relief' from a tax"

contributed to

"the dismal rate of take-up".

It said that after receiving evidence from a wide range of organisations and having Ministers before it.

The view that changing the name would make a difference is not just mine or that of the Royal British Legion or campaign organisations; it is the view of the Audit Commission, a reputable, well respected organisation with a breadth of knowledge and experience that should not be underrated. It is the view of the Institute of Revenues Rating and Valuation, Help the Aged, Citizens Advice and the Local Government Association. The expertise and knowledge of those organisations should not be ignored, and the new evidence provided by ComRes polling, to which I have referred, gives the quantitative evidence of the deterrent effects of the "benefit" label that the Minister was seeking. I hope that she can give a positive response to that call today.

I turn in passing to a related issue. Political will and intelligent use of data could ensure that people, particularly pensioners, are paid benefits and council tax relief automatically, without the need for claims. Improvements to data sharing between the Department for Work and Pensions, local authorities and Her Majesty's Revenue and Customs could be used to identify the pensioners who are most likely to be eligible for financial support. I hope that the Minister will take seriously that suggestion, which has been proposed by Help the Aged and others. Help the Aged, in particular, has suggested that there should be some piloting of such data sharing so that there can be automatic payments. That would help to refine the way of working and improve methods to minimise the risk of overpayment. At the very least, it would widen the net of people who are potentially eligible but currently go unnotified and unnoticed, and who as a consequence do not get around to making an application.

I hope that the Minister will say a bit more about the Government's plans to boost take-up, including the part that data sharing can play and what other strategies are being deployed. In this time of recession, when families and pensioners are feeling the pinch more than ever and when evidence shows that many of our older veterans are living in poverty, this modest step is worth taking. The misnaming of council tax relief or rebate as a benefit has a deterrent effect—the evidence is clear, as is the weight of support for the change.

I do not pretend that renaming would be some sort of panacea or a magic fix to a significant problem. However, those living on the bottom 10 per cent. of incomes are paying the highest proportion of that income in tax. It is surely right, proper and fair that we take every step we can to reduce that burden. The Work and Pensions Committee described the name changes as a first step, and it is a worthwhile one. I hope that the Minister can take that step today and give us some good news that will help to boost eligibility and raise take-up of council tax benefit.

3.58 pm

The Parliamentary Under-Secretary of State for Work and Pensions (Kitty Ussher): I start, as is customary—but I particularly mean it on this occasion—by congratulating the hon. Member for Sutton and Cheam (Mr. Burstow) on securing the debate. I say that I particularly mean it because it is the culmination of an excellent campaign. He has raised an important issue and one that is dear to our hearts, as I shall explain.

[Kitty Ussher]

It is not just the hon. Gentleman whom we need to congratulate. I know that my right hon. Friend the Member for Enfield, North (Joan Ryan) had a ten-minute Bill on this very subject a few weeks ago. A vast array of Ministers listened with great sympathy to the points that she put across. She, in turn, has been working shoulder to shoulder with the Royal British Legion, which the hon. Gentleman rightly mentioned. We should put on record today our appreciation and thanks to Chris Simpkins, who led the campaign, and whom I had the pleasure of meeting only a few days ago. He represents hard-working and honest people who served their country in their own way, including the 25,000 who signed the Royal British Legion petition.

As well as signing the petition, members of the Royal British Legion have campaigned—in their hundreds, as I know for certain, but probably in their thousands—to raise the issue with their constituency Members of Parliament, including me in my capacity as Member of Parliament for Burnley. Age Concern and Help the Aged have been partners in the campaign. On behalf of the Government, I would like to thank everybody who has been involved in one of the best campaigns in recent years. It certainly attracted the Government's attention. I also thank the many hon. Members who took the trouble to respond to what their constituents were telling them, and who raised the matter with Ministers on behalf of their constituents.

In the short time that remains, I would like to answer the specific points that have been made, say a little about where we are on the matter, and perhaps say something about other measures that we have in hand to boost take-up of council tax benefit. We are keen to do that because, as the hon. Gentleman says, we are as concerned as he is that take-up is not as near 100 per cent. as it could be; it is quite a bit less than that.

I agree with the hon. Gentleman, and we are listening. We are in the process of working through the issues, and I will explain what we believe to be the outstanding issues shortly. He asked for a timetable, and I hope that we will have a meeting at which we can agree a road map for a timetable. I have a further meeting, which was arranged only today, with the Royal British Legion on 3 June. By then, I hope that we will have a consensus about the best way in which to progress. My attitude is positive and I am keen to help when possible, but we need a shared analysis of the precise problems and what we should do about them before we can change policy.

I shall outline the outstanding issues. If we changed the name of council tax benefit to "rebate" or "relief"—the hon. Gentleman did not state his preference, but that can be discussed—would it require primary legislation? Our advice is that it probably would because council tax benefit exists in law, and the easiest way in which to make a change, should we decide to do that, is to do it in law. We could thus avoid the problem of having to explain in forms and letters to claimants or potential claimants that council tax "relief" or "rebate" means what is defined in law as "council tax benefit". We therefore believe that primary legislation is required.

Mr. Burstow: I am grateful to the Minister for engaging with the issue so constructively and positively. She talks about legislation. The right hon. Member for Enfield, North (Joan Ryan), who introduced the ten-minute Bill, has provided a useful platform to air not only the issue but the mechanism whereby the House could, in this Session, put on the statute book something that no party opposes and could thus progress swiftly.

Kitty Ussher: When I said that our advice was that a change required primary legislation, I did not say that that was a hurdle. However, it is obviously relevant to the way in which any change would be made.

If primary legislation makes the change harder to achieve swiftly, is it sufficient to rebrand? It may be possible simply to do that, if local authorities agree that that is desirable. The words that we use in marketing and in the main forms and letters could be different from those in the primary legislation, as long as there was a link between them at some stage so that the change would not exist in the abstract. Primary legislation is not necessarily a hurdle, but matters need to be agreed and worked through.

There is, of course, also the issue of cost. I will be honest with the hon. Gentleman: at this point in time estimates of the cost vary. I am sure that there is a way of reaching a consensus on that, which I hope to do in the next few weeks. However, if the costs are larger than one might hope, that could be relevant—indeed, I am sure that my Treasury colleagues would certainly say that it is. I am keen to address the issue and come to a shared view on what the costs would be so that we can move forward. I am sure that all Opposition Members would also like to know what they are signing up to, if, as he said, they are to reach a cross-party consensus.

The hon. Gentleman mentioned the evidence base. I am grateful for the recent survey, which he referred to, the results of which were also sent to me earlier this week, because I had asked for a better look at the evidence. Although we all agree that making a change makes common sense, we would not want to go through the cost of doing so if the evidence base was not clear.

There is no doubt that a stigma is sometimes attached to the word "benefit", particularly among those of the elderly generation, who perhaps have great pride at never having signed on. Some will have done so and some will not, but for those who have not, doing so can often be quite a hurdle to overcome emotionally. If that prevents them from accessing the finance to which they are entitled, that is a problem and we would need to look into it. There is a parallel issue, which is that some people do not want to submit to a means test. People would still have to experience that, so we will need to extract the semantic issue from the substantial point. However, we are making some progress on that, and I am grateful for the work of the Royal British Legion in helping us get to the bottom of it.

Those are the outstanding issues on which I am committed to trying to make progress. I hope that we will be able to return to the House in the not-too-distant future to report our progress on how we are moving forward, legislatively or otherwise, what the costs are and how we are ensuring a shared analysis of what the evidence really is. However, if it were not for such an excellent campaign, I might not be looking at the issue this week and next, so I again place on record my thanks to those involved and the hon. Gentleman.

I want also to say a little about general rates of take-up and what we are trying to do in parallel with the

current exercise, which leads to the automaticity point that the hon. Gentleman mentioned. Our figures show that only around 63 to 69 per cent. of all those whom we believe are entitled to receive council tax benefit actually do so, which is a problem. The percentage of eligible pensioners who receive the benefit is even lower, at between 55 and 61 per cent.

The hon. Gentleman said that the problem had got worse, and we will perhaps have to look at the figures, because our figures show that it has remained fairly stable in recent years. That is not good enough—we would like the figure to improve—but I guess it could be worse; at least it is not starting to fall. Even though council tax benefit already helps more than 5 million families, I would like the percentage of people who take up their entitlement to rise, and I am disappointed, frankly, that it has not done so in recent years.

We are doing a lot of things to boost take-up. For example, my right hon. Friend the Minister for Pensions recently wrote to more than 200,000 pensioners who our records show to be in receipt of pension credit already, but who we think may be entitled to further financial support through council tax benefit, to encourage them directly to make such a claim. She has also written to the chief executive of every local authority, urging them to support our efforts to increase take-up and make use of the data that we send them about how people may be entitled. We are fairly optimistic that that will lead to another push, so that more people will receive more of the money to which they are entitled.

We have made it simpler for pensioners to claim council tax benefit. They can now do so at the same time as making a claim for pension credit. In fact, they can claim pension credit, council tax benefit and housing benefit in one call to the relevant bit of the Pension, Disability and Carers Service. That works behind the scenes with details collected during the call being passed to the client's local authority, so that customers do not have to repeat information or ring two places, and all the rest of it. The service was introduced only in November last year, so we do not yet have figures for its impact, but there seem to be good anecdotal grounds for optimism.

We are also encouraging the take-up of housing benefit and council tax benefit by focusing on those additional benefits in the full benefit entitlement check that our staff now carry out whenever they can, including at the 13,000 face-to-face visits to customers each week, which might be for a number of issues. I thank all our staff and local authority staff who make substantial efforts to ensure that people get that to which they are entitled. All that is on top of publicity materials and regular campaigns. We provide best practice guidance to local authorities explaining the barriers to take-up and encouraging them to learn from each other's good examples of how to overcome those barriers.

The hon. Gentleman mentioned automaticity. We recently took the first step towards seeing whether people could get council tax benefit automatically, by working with four local authorities to test whether data held by the Pension, Disability and Carers Service could be used to identify which customers are entitled to council tax benefit. We do not have the full results of that work yet, but the evidence so far from data-matching exercises is that we are some way from being able to identify sufficiently accurately those who are entitled. That is disappointing, because if we had the data to make that possible, automaticity would be the next policy decision to be made. Initial indications show that only a small proportion of the people whom we had identified and approached ended up making a successful claim. If that is what the full analysis shows, that will be disappointing, but we will use the results of the pilot to identify what the issues were and how we can improve the success rate.

As a result of the meeting I had with Royal British Legion, I shall also ensure that we discuss what the benefit should be called, in our analysis, to see whether we can add to the evidence base, but not in a way that will delay for too long our conversations on policy.

I hope that I have answered all the points that the hon. Gentleman made, and I congratulate him again on raising this issue, which is extremely current in Ministers' minds. I hope that we can continue the cross-party spirit and side-by-side working that we have managed to achieve with the Royal British Legion as a result of its excellent campaign. Again, I thank the people who signed the petition.

This being the last debate before the Whitsun recess, I conclude by wishing you, Mr. Deputy Speaker, and all Members of the House a very restful recess after what has been a turbulent time.

Question put and agreed to.

4.13 pm

House adjourned.

Westminster Hall

Tuesday 5 May 2009

[MR. ROGER GALE *in the Chair*]

Fibromyalgia

Motion made, and Question proposed, That the sitting be now adjourned.—*(Mr. Blizzard.)*

9.30 am

Mr. Rob Wilson (Reading, East) (Con): It is a pleasure to serve under your chairmanship, Mr. Gale, and to have secured this important debate, in my capacity as chairman of the all-party parliamentary group on fibromyalgia, a position that I have held since July 2005. I know that several hon. Members want to take part in the debate, and that was enormously helpful in securing it. The timing today is not helpful to everyone; early on a Tuesday morning following a bank holiday is a problematic time for those travelling long distances from their constituencies. Nevertheless the debate fulfils a long overdue promise to the dedicated and hard-working campaigners on fibromyalgia. I can find no record of a previous debate in the House on the subject, which makes it all the more important to the millions of fibromyalgia sufferers in the country. I have several questions to put to the Minister on behalf of campaigners, and I hope that she will be able to reassure them. I indicated what those subject areas were to the Minister's staff, but I am not sure whether all the information went through in a timely way.

I should take this opportunity to give a brief introduction to fibromyalgia, as there is little knowledge of the condition. Fibromyalgia is a chronic condition of widespread pain and profound fatigue. Its name is made up of "fibro" for fibrous tissues such as tendons and ligaments, "my" indicating muscles and "algia" meaning pain. A patient can experience widespread muscular pain, stiffness, constant fatigue and non-refreshing sleep. The pain tends to be felt as an aching or burning, and is often described as being felt from head to toe. It can change location and can be worse at some times than others. Because it can come and go, sufferers can feel suddenly drained of energy, as if someone has just pulled the plug on them.

Sixty-eight per cent. of patients report that fibromyalgia has a very strong impact on their overall quality of life, with at least half reporting that the condition strongly impacts on their concentration and memory, physical mobility, overall mood, motivation and drive. A survey of five European countries has shown that fibromyalgia affects between 2 per cent. and 4.5 per cent. of the population, or at least one in 50 people, from children to the very elderly. Fibromyalgia has been shown to have more impact on patients' lives than many other forms of widespread pain and chronic illness. I believe that the sheer scale of the illness and the suffering that results from it mean that it is high time fibromyalgia was taken seriously as an issue.

My constituent, Jean Turner, is a trustee of the Fibromyalgia Association UK, and works tirelessly to provide help and support for sufferers of the illness. Jean is a fibromyalgia sufferer and first reported her excessive tiredness to her GP in 1981. After blood tests and referral to a cardiac specialist to investigate the tiredness she was told that there was nothing wrong. Over the next seven years Jean underwent tests for arthritis, attended a private chiropractor for pain relief and was referred to an allergy specialist, but all the tests were returned as negative. Between 1988 and 1994 Jean did not feel able to visit her GP, because she was made to feel that the illness was all in her head. Fortunately, even though Jean's GP was convinced that there was nothing wrong with her, she insisted on seeing a specialist and was eventually referred to a rheumatologist, who finally diagnosed fibromyalgia and osteoporosis.

I am sure that we would all agree that the 13 years taken to reach a diagnosis in Jean's case was far too long. Diagnosis times have improved, but too many people are still needlessly suffering in pain while medical professionals struggle to reach a diagnosis. I am pleased to report that in the past few years Jean has learned how to deal with her condition and enjoys a much better quality of life, but all that Jean and other sufferers would ask is to be believed when they say that they are in pain and are not hypochondriacs. Sufferers want support to be available from the NHS. They want guidelines finally to be produced by NICE, and they want GPs to be trained properly in diagnosing the condition.

Many people do not know that fibromyalgia is a very common illness. It is in fact as common as rheumatoid arthritis and can be even more painful. It is a condition with no age limits. It affects mainly women, from children to the elderly, and the mean age is 49. A staggering 2.7 million people in the UK suffer from the illness. People with mild to moderate cases of fibromyalgia are usually able to live a normal life, given the appropriate treatment. However, if the symptoms are severe, they may not be able to hold down a paying job or enjoy much of a social life.

Fibromyalgia is a condition that often develops after some sort of trauma that seems to act as a trigger, such as a fall or car accident, a viral infection, childbirth, an operation or a huge emotional event. However, sometimes the condition begins without any obvious trigger. The cause of fibromyalgia has yet to be found, but in the past several years research has produced some insights into that puzzling condition; it has identified a deficiency in serotonin in the central nervous system, and a resulting imbalance of substance P, a spinal fluid that transmits pain signals. The effect of that is disordered sensory processing. The brain registers pain when others might experience a slight ache or stiffness. We can only hope that research will discover the cause and result in more effective treatment in the years to come.

I want to consider some of the problems that fibromyalgia sufferers face, beginning with diagnosis. Fibromyalgia is not new, but for most of the last century it was very difficult to diagnose. As I have said, part of the problem is that it is difficult to identify the illness by standard laboratory tests or X-rays. Blood tests and scans will return a negative result and a patient will not necessarily look ill, or will not appear clinically weak. Furthermore, many of the symptoms are found in other conditions, such as chronic fatigue syndrome, rheumatoid arthritis and osteoporosis. It is therefore not surprising that it has been dubbed "the invisible illness". The problem

[Mr. Rob Wilson]

comes when doctors do not have the experience or expertise to make a diagnosis. Nearly half of all specialists reported fibromyalgia as being "very or somewhat" difficult to diagnose.

Not only is the condition difficult to diagnose; diagnosis is a lengthy process in itself. The average time taken for diagnosis is more than two years, and patients report seeing between two and four physicians before a diagnosis is reached. That lengthy period can be very worrying, frustrating and upsetting for patients. Despite the fact that several specialist fibromyalgia syndrome clinics are provided by NHS consultants around the UK, most of those do not appear in their own right on the NHS choose and book system. Even those GPs who know about the condition—and there are too few of those—who are looking for specialist help within the NHS cannot always refer patients directly to consultants with an interest in and knowledge of fibromyalgia. One of the immediate actions that the Minister could take today is to rectify the situation. Those clinics could be added to the choose and book system, and the NHS could build and provide an extensive list of accepted specialist NHS services around the country.

What about the treatment of the condition when a diagnosis is reached? At present, treatment for fibromyalgia aims at reducing pain and improving sleep. Treatment therefore focuses on the symptoms rather than the condition. The best that a doctor can do is give guidance on ways of coping with and treating some of the symptoms. I hope that it does not appear that I am criticising GPs, specialists or the NHS in general. That is not my purpose as I believe that they do fantastic work under immense pressure; however, a major problem is that GPs get little or no training on the condition, and even consultant rheumatologists, who would usually diagnose fibromyalgia, often have little or no specific training.

Professional development is currently hampered by out-of-date medical tests containing erroneous information. Much of the fibromyalgia information that is used by the NHS is provided by voluntary organisations such as the Fibromyalgia Association. In 2008 it was FibroAction that helped NHS Direct to update its online information. It is clear that things need to change. Getting an accurate diagnosis is difficult, and about half of our GPs admit that the condition is often misdiagnosed. They highlight a lack of confidence in their ability to recognise the symptoms of fibromyalgia, or to differentiate the condition from others with similar symptoms. The problem does not rest with GPs alone. It is widespread in the medical profession. Education on the condition is urgently needed; the Government, through the NHS, could be the catalyst.

Mr. Philip Hollobone (Kettering) (Con): I congratulate my hon. Friend on his excellent and informative speech, and thank him for the work that he does as chairman of the all-party group on fibromyalgia. In the Kettering area, the Nene Valley fibromyalgia support group does wonderful work, as do support groups throughout the country.

The central point that my hon. Friend makes is fundamental, is it not? The NHS needs to provide as much help and support for GPs as possible. If it is difficult for specialists to identify the condition, it must be near to impossible for GPs.

Mr. Wilson: I thank my hon. Friend for his support for the all-party group, and for his interest in the subject. I know that his constituents in Kettering will be pleased to hear that he has raised the matter of GP training.

I also know that the Minister's heart is in the right place, and that she is anxious for the NHS to help. However, recent parliamentary questions from hon. Members throughout the House have had a less than encouraging response. In June 2008, the hon. Member for Twickenham (Dr. Cable) asked what plans the Department of Health had to improve treatment for people with fibromyalgia. The answer came:

"There are no specific plans to improve the treatment for those living with fibromyalgia."—[*Official Report*, 30 June 2008; Vol. 478, c. 655W.]

Another hon. Member asked how many people were diagnosed in his constituency, the region and nationwide since 1997. The answer was:

"Information on the number of people diagnosed with fibromyalgia is not collected."—[*Official Report*, 21 November 2007; Vol. 467, c. 998W.]

Among other things, I asked the Minister what steps were being taken to raise awareness of fibromyalgia, and what progress there was on diagnosis and treatment. The response was:

"We have made no assessment of the progress being made by the national health service into improving the diagnosis and treatment of fibromyalgia. We have taken no recent steps to raise the awareness of fibromyalgia among the general public and health professionals."—[*Official Report*, 9 October 2007; Vol. 464, c. 516W.]

I shall not embarrass the Minister by going through all the parliamentary questions and answers on the subject, but there is a discernible pattern. There is clearly no focus on the illness in the Department, and thus no focus on it in the NHS, yet the condition acts as a significant drag on the economy. In 2006, through a parliamentary question, I ascertained that 8,400 people who were claiming incapacity benefit or severe disablement had been given a primary diagnosis of fibromyalgia. We know that that is the tip of an iceberg, as most fibromyalgia sufferers on benefits will have been diagnosed with something else. The economic cost of the failure to diagnose the problem swiftly does not affect only the Department for Work and Pensions; the cost to the NHS and local authorities, too, will be huge. Better awareness and education of health professionals would considerably reduce that financial burden.

Many groups work tirelessly for the sufferers of the condition, and do their best to raise its profile. I take this opportunity to pay tribute to their ongoing work. As chair of the all-party group on fibromyalgia, I work closely with the Fibromyalgia Association UK and FibroAction, but the message regularly comes back that there is a problem in raising the profile of the condition. There is only so much that the third sector can do. Is it not time for the Department to consider a nationwide awareness campaign to highlight fibromyalgia syndrome, and the importance of fast diagnosis and the provision of treatment? Do the millions of people who suffer with the illness not deserve at least that from their NHS?

Raising the profile of the condition is difficult without the support of the relevant authorities. I draw the House's attention to an application made by FMA UK in July 2007 to the medical advisory board of the

National Institute for Health and Clinical Excellence. The aim of that application was to establish a set of clear guidelines on fibromyalgia. In May 2008, FMA UK had still not received a response, and asked me to intervene. Despite my intervention, still no response was received. Suddenly, and incredibly coincidentally, in the last couple days—since today's debate was arranged—FMA UK has finally been contacted by NICE. FMA UK was informed that its application had been unsuccessful.

The fact that FMA UK has received an answer does not excuse the arrogance or incompetence—or both—that NICE has shown until now. Frankly, it is insulting and deeply frustrating for those who work tirelessly to raise the profile of the condition to have to wait for a debate such as today's before the relevant authorities take them seriously. A delay of two years is not good enough.

Given everything that I have said this morning, it is imperative that a clear medical framework is set out for GPs. It is more than long overdue. NICE's response will be extremely disappointing to FMA UK, as well as to fibromyalgia sufferers throughout the country, and I urge NICE to consider the matter again. Will the Minister give fibromyalgia sufferers some hope this morning by saying that she will personally intervene, asking NICE to ensure a clear set of guidelines for the diagnosis and treatment of the illness?

The many sufferers of fibromyalgia also look to the Department of Health for leadership and support. They were particularly gratified that the chief medical officer, Sir Liam Donaldson, recognised the impact of fibromyalgia and its prevalence in the UK as a cause of chronic pain in his annual report of 2008. Sir Liam said:

"Chronic pain reduces the quality of life more than almost any other condition. The impact of pain on people's lives is significant, bringing emotional and financial burdens to patients and loved ones. A major initiative to widen access to pain services is badly needed."

Sir Liam has articulated what FM sufferers require—information, and access to NHS tailored services.

The voluntary organisations know that some good specialist NHS services are provided for fibromyalgia patients. Such services include those provided by the clinic at Guy's hospital. Professor John Davies has had many years' experience in treating sufferers of fibromyalgia and myalgic encephalomyelitis. Russells Hall hospital in Dudley has been providing a chronic pain service for more than 25 years, but only in the last 12 years has it developed from being a single-person service to the present well-resourced and multidisciplinary team. There are also good multidisciplinary teams at the Royal Bolton and Poole hospitals. We have also seen some great local initiatives. For instance, an eight-week course for fibromyalgia patients is being run by south-west Essex community services in conjunction with Basildon university hospital.

I have already said that I have enormous respect for the many hard-working organisations, such as FibroAction and FMA UK; and, of course, one should not forget the work of the PolkaDotGals and their splendid calendar.

Although she is not my constituent, I feel that I ought to mention Lindsey Middlemiss, who I believe is here today. Lindsey is a constituent of my hon. Friend the Member for Newbury (Mr. Benyon). My hon. Friend is unable to attend the debate, but I know that he takes a keen interest in Lindsey's work and that he supports the work of the all-party group. Not only is Lindsey the chair and founder of FibroAction, but she is involved with the West Berkshire Neurological Alliance that operates in my constituency of Reading, East.

Lindsey developed the illness following a whiplash injury. She deteriorated so rapidly that within nine months she had to give up her career. Her story is similar to that of many other sufferers; despite numerous visits to her GP and several tests, it took her more than two years to secure a diagnosis. Lindsey was lucky enough to obtain private treatment, but many others may not have been so fortunate. One of the common problems for fibromyalgia patients is that the lack of NHS treatment and understanding means that they need private treatment, and their families have built up large debts in their attempt to help.

One of the major obstacles faced by Lindsey was that her GP was not aware of any other treatments or services that could help her. It was down to Lindsey's determination and her family's support that she met Professor Davies at the fibromyalgia clinic at Guy's hospital. With his help, Lindsey's condition proved manageable, but Lindsay would like to know why it took five years and a great deal of money for a healthy young woman to get the health care that she so desperately needed.

Where do we go from here? In February 2005, Dr. Ernest Choy and Dr. Serena Carville from King's college London produced a nine-point recommendation for the management and treatment of fibromyalgia. It is a credible report and is worth mentioning for that reason. I shall not go into the full details of the plan today, but I would like to highlight some of the most important and thought-provoking points. Choy and Carville concluded that a full understanding of fibromyalgia requires an assessment of pain, function and the psychological impact on patients. They also believe that individually tailored exercise programmes, including aerobic exercise and strength training, can be very beneficial, as well as other therapies, such as relaxation and physiotherapy. Relaxation works very well for almost everyone affected by this condition. It reduces tension in the mind and body and calms the symptoms, especially the pain. Choy and Carville concluded that, ultimately, medical professionals need to be able to listen to, and believe in, an individual's experience of pain. Only then can a programme of treatment be established to reassure them and reduce stress and anxiety.

I ask the Minister to assist fibromyalgia sufferers by helping to deliver the following: first, it is clear that we need to work towards providing greater education for general practitioners. It is unsatisfactory that many GPs are not confident or able to diagnose the illness in a timely fashion. Timely diagnosis is key to helping people with this condition. Secondly, it is not acceptable that NICE has only just acknowledged FMA UK's application to provide a clear and unequivocal set of guidelines for GPs. Those guidelines could be used in the training of the medical profession and could reduce the stressful experience currently associated with diagnosis.

Martin Horwood (Cheltenham) (LD): I am very grateful to the hon. Gentleman for securing this debate. I was taken aback by some of the statistics that he gave, which were new to me—and I was also slightly taken aback by the PolkaDotGals' charity calendar. However, there is

[Martin Horwood]

the risk—this was the experience with drugs for dementia and other illnesses—that NICE will use the lack of a good evidence base as a reason for refusing to recommend treatment. Is that a risk, given some of the issues that he has mentioned, about credibility, belief and so on?

Mr. Wilson: The hon. Gentleman is right that NICE has behaved in that way in the past, but we are looking not for advice on drugs, but for a set of guidelines so that people can be diagnosed quickly and GPs can properly understand their functions in this regard.

Thirdly, effective treatment needs to be available throughout the country, but that should be signposted by the NHS, rather than third-party organisations. Fourthly, the profile of fibromyalgia desperately needs to be raised. As I mentioned before, despite its dedication, the voluntary sector can only do so much. We all have a part to play in raising awareness, but help from the Government is much needed. As we have seen, fibromyalgia is a complex condition with numerous contributing factors, and although research has advanced our understanding, it is clear that much work remains to be done.

I know that the Minister has many pressures on her time and that there are also many pressures on the resources of the NHS. However, I know that she understands the chronic pain and suffering affecting millions of people throughout the UK and that she will do her utmost to provide assistance. I hope that today's debate will help to raise the profile of this "invisible" illness; that is the very least that I can do to help to support the many campaigners who have done their best to raise its profile.

9.54 am

Mr. Roger Williams (Brecon and Radnorshire) (LD): I congratulate the hon. Member for Reading, East (Mr. Wilson) on obtaining the debate, which will come as a great encouragement and boost to the morale of many who suffer from fibromyalgia. They will take satisfaction from the fact that the illness has been given prominence through this debate. Part of the problem for sufferers is that the condition takes so long to be recognised by the health services that they often come to believe that they are in some way responsible or guilty. They exhibit symptoms but are without the support necessary to bring some relief.

I also congratulate the hon. Gentleman, who made a comprehensive speech, on his work, as chairman of the all-party group on fibromyalgia, in bringing together sufferers, as well as medical professionals and academics who now recognise the condition as a proper medical condition and are working in centres of excellence to alleviate it. Part of the problem is that we have very little idea of what causes the condition—whether the genetic make-up of the individuals or an environmental aspect that they have experienced. Evidence is now being gathered relating the absence of serotonin to the symptoms of the disease. If that can be established, a much more profound and substantial method of treatment could be achieved.

Much of the problem is that sufferers experience a delay in diagnosis, during which there is often a deterioration in the condition and its symptoms, so guidance for GPs, to help them to identify the condition, would represent a great step forward in supporting sufferers. My constituency is rather sparsely populated, so it is often difficult for my constituents to get to support groups and to meet other people suffering from the condition. I have seen evidence that meeting other sufferers to discuss their experiences, symptoms and treatment can give individuals great confidence that there is a possibility that something can be achieved to alleviate their symptoms.

Sometimes, individual experiences of the condition count for as much as anything else. I have received correspondence on the matter from one of my constituents, and if Members will bear with me, I shall read out a couple of her comments. They spell out many of the messages that we heard from the hon. Gentleman. Mrs. Lewis from Ystradgynlais wrote:

"I first started having a muscular problem in March 2001 and was originally treated for a frozen shoulder. Gradually, I started developing other symptoms…widespread pain varying in where it would be from one day to the next, poor sleep patterns due to waking in pain and discomfort…severe migraines, tinnitus, all of which can be conditions on their own but added together form part of Fibromyalgia.

After nearly 2 years of a growing list of symptoms, I was referred to a rheumatologist with a queried diagnosis of Lupus, an auto immune condition. He, quite rudely, disagreed with this diagnosis on the basis that I could touch my toes and was flexible but ignored the comments that after 4 years of yoga, I was more than able to do these things but would suffer greatly afterwards. He never investigated further to see what other cause could be behind my symptoms.

Two weeks later after a conversation with a colleague…it was suggested to me that I may have FM. On looking it up online, I asked my doctor if this could be the possible cause and on researching it, he agreed with this diagnosis and has been treating me for this condition ever since.

As time has gone on, my condition has deteriorated and more symptoms…now afflict me. I am shortly to join in a pain management programme for which I will have to travel 55 miles there and then back each way once a week.

I have every confidence in my doctor's ability to treat me but there is a lot of ignorance and misconception about this condition. The NHS recognises that this is a very real syndrome yet many doctors and even the consultants lack this knowledge and refuse to accept it."

She goes on to talk about the difficulties of obtaining benefits:

"And as for the DWP. . . they also have difficulty accepting this condition exists and as there is a variability of problems that presents and the pain levels can fluctuate, then they err on the side of caution and turn many of us down for the benefits we need to live on.

All of us sufferers have good days, bad days, and very bad days. The symptoms can be few one day and then flare up badly and cause long lasting spells when one is unable to function without a great deal of help. Yet the funding for this help via the benefits system is so hard to get. Surely it should be a lot easier than us being made to feel like frauds when trying to claim DLA for example?"

That letter expresses better than I can the frustrations and concerns felt by the sufferers.

I know that it is difficult for the medical profession to deal with a condition that has such a range of symptoms, especially when the origin and cause have yet to be established. The Minister would do well to take on board the comments made by the hon. Member for Reading, East and do what she can to ensure that the condition is recognised, that GPs diagnose it earlier than in the past and that provision is made for help through pain relief and encouraging good sleeping patterns, which make such a difference to the sufferers. I ask the Minister to take on board all those concerns.

10.1 am

Norman Lamb (North Norfolk) (LD): I congratulate the hon. Member for Reading, East (Mr. Wilson) on securing the debate. This is one of those occasions when all the parties can come together to make the case for improving awareness of the condition both among the public and the medical profession—particularly in primary care.

Fibromyalgia is something of a Cinderella condition; it is widely misunderstood and there is a great deal of ignorance about it, which has a significant impact on those who suffer from it. It is right to acknowledge fibromyalgia awareness day, which is on 12 May. It is a moment to concentrate minds and to focus the attention of the Department of Health, the national health service and NICE on a more effective approach to tackling the condition.

In securing the debate, the hon. Gentleman has already demonstrated one notable advance—he has had a response from NICE. I will return to the role of NICE later, but it is shocking that it has taken two years for it to respond to a request for guidance on the treatment of the condition.

The hon. Gentleman and my hon. Friend the Member for Brecon and Radnorshire (Mr. Williams) have both highlighted just how awful the condition is. Sufferers often have a sense that no one believes them, especially when they have to apply for benefits because they cannot keep their employment. They feel that no one believes that the condition is disabling, so they are left utterly alone. It is a chronic condition, and one that applies particularly to women. Its impact on relationships, social lives and the capacity to work is substantial. It is often the case that conditions such as fibromyalgia, myalgic encephalomyelitis and chronic fatigue syndrome have a greater impact on people's lives and their capacity to function as human beings than many conditions that attract much greater attention in public discourse and in Parliament.

It was a breakthrough when the chief medical officer acknowledged the significance of the condition and made a clear plea for action to be taken. As the hon. Member for Reading, East mentioned in his speech, a major initiative to widen access to pain services is badly needed.

The Parliamentary Under-Secretary of State for Health (Ann Keen) *indicated assent.*

Norman Lamb: I am pleased to see the Minister nodding, but she must follow the advice. We need to find an agreed way forward.

The hon. Gentleman talked very effectively about the problems of securing a diagnosis. It is hard to convince GPs and others that the problem is genuine. A newspaper article quoted Julia Fitzgerald, who, after eventually securing a diagnosis, was offered antidepressants. That was the medical profession's response to her condition. Moreover, the fact that it takes between two and four clinicians to secure a diagnosis is simply unacceptable.

As the hon. Gentleman said, the priority must be to improve the training of GPs and other members of the medical profession, to ensure that when a patient presents with the condition they receive greater understanding. It is not good enough just to look at the training of new doctors coming through the system. We need to focus on continuing professional development for those who are already in post and who are all too often failing to give their patients an adequate or accurate diagnosis.

The hon. Gentleman referred to some of the parliamentary questions that have been raised about fibromyalgia. Reading the answers, one cannot escape from the sense that the Department of Health has a lack of interest in the issue, so this is a good occasion for the Minister to reassure us that that is not the case. In one answer, she said:

"We are unaware of any plans the National Institute for Health and Clinical excellence may have to publish guidelines on the treatment...There are no specific plans to improve the treatment for those living with fibromyalgia." [*Official Report*, 30 June 2008; Vol. 478, c. 656W.]

In another answer, she said:

"We have made no assessment of the causes of fibromyalgia."—[*Official Report*, 28 April 2008; Vol. 475, c. 148W.]

She also said:

"Information on the number of people diagnosed with fibromyalgia is not collected."—[*Official Report*, 17 December 2007; Vol. 469, c. 1207W.]

In November 2007, she said:

"We are not aware of any progress having been made into the causes of, or treatment for, fibromyalgia."—[*Official Report*, 21 November 2007; Vol. 467, c. 998W.]

I am not underestimating the complexity of the condition, but those answers suggest a lack of focus. If the Minister can reassure us that there will be a renewed focus, concentrating particularly on the chief medical officer's clear statement, that would provide a degree of comfort to sufferers.

The hon. Member for Reading, East talked about getting right the referral from primary care to a specialist centre. Such a problem is not unique to fibromyalgia. Someone I am trying to help at the moment is having a similar experience with a mental health condition. Persuading the NHS to make the right referral can be a real challenge. Changing or adapting the choose and book system to ensure that when any clinician across the country is faced with a patient with such a condition—or has the potential to suffer from it—they can point the patient to the right specialist centre wherever they live would be an enormous advance.

I return to the role of NICE. It is scandalous that it has managed to ignore for two years a clear request for guidance on the treatment of fibromyalgia. We hear that the application was unsuccessful. I now ask the Minister to engage with NICE—

Ann Keen: Will the hon. Gentleman accept that NICE is independent? We have discussed the various roles of NICE in this Chamber, and all hon. Members have accepted the importance of its independence. That is the issue that will cause me difficulty in this debate.

Norman Lamb: I am grateful to the Minister for that intervention and I would be happy if she could offer further clarity. I fully accept the absolute importance of the independence of NICE, but is she able to request that it investigate a particular condition and consider providing guidance?

Ann Keen: The importance of NICE's independence makes things difficult. However, I am confident that the debate will assist in other ways.

Norman Lamb: None the less, I should like the Minister to consider whether the governance of NICE allows her to make such a request. A request would not challenge NICE's independence—it is not an order. Will she request NICE to investigate the possibility of preparing guidance on the treatment of fibromyalgia? That would be a very valuable step for her to take.

Bob Spink (Castle Point) (Ind): I apologise for arriving late, Mr. Gale—I had another appointment—but I have taken a great interest in this matter in the House, as the hon. Gentleman will know. Does he agree that although NICE is independent, it does not live in a vacuum? The institute will be aware of political indifference in the House and prejudice in the NHS against what is a debilitating condition. Consequently, the Benefits Agency does not take the issue as seriously as it might, which disadvantages people with real, debilitating conditions who deserve better.

Norman Lamb: That was a helpful intervention. NICE can take from this debate a clear message that we want it to take the condition seriously and to come up with clear recommendations for its treatment. The hon. Gentleman was right to identify, as I have, the importance of the Department for Work and Pensions taking the condition more seriously. There can be nothing worse for a person who is unable to work because they suffer from a debilitating condition than for those who provide benefits not to accept or believe that the condition is serious. That has to be addressed.

My hon. Friend the Member for Brecon and Radnorshire read a letter from one of his constituents detailing the problems that people often experience in accessing pain management courses. Pain management services are not part of the 18-weeks target and many people in the country are left waiting a scandalously long time for access to them. Given how debilitating the condition is, it is important that access to pain management is improved.

I conclude by returning to what Sir Liam Donaldson, the chief medical officer, said on the matter. His 2008 annual report could not have been clearer:

> "Chronic pain reduces the quality of life more than almost any other condition. The impact of pain on people's lives is significant, bringing emotional and financial burdens to patients and their loved ones."

We need to take the impact of the condition on whole families into account. He concluded:

> "A major initiative to widen access to pain services is badly needed."

One good thing about the fact that not too many people have turned up for the debate is that the Minister has plenty of time to respond. She could provide enormous reassurance to those who suffer from the condition if she announced the clear initiative for which Sir Liam Donaldson has called.

10.14 am

Anne Milton (Guildford) (Con): I join other hon. Members in paying tribute to my hon. Friend the Member for Reading, East (Mr. Wilson), especially since it appears that there has never been a debate in the House on fibromyalgia. We should also bear in mind the prevalence of the condition. He mentioned that one in 50 people suffer from it, which is significant.

I also pay tribute to the Fibromyalgia Association and its website. I have trawled many websites in my time and I was extremely impressed with the association's site. It was in nice, plain English and was useful not only to people who suffer from the condition, but to people such as parliamentarians, who quickly have to get up to speed on a number of chronic conditions. The website refers to current treatment, with the focus on reducing pain and increasing sleep which, of course, is the first thing to go when people are suffering acute pain. It also raises issues that have not yet been mentioned in the debate—the difficulties of diagnosing and treating children, and the problem of education.

My hon. Friend mentioned a constituent of his who took 13 years to get a diagnosis. Without any treatment or support, doubtless 13 years feels like a life sentence of self-doubt and disillusionment with the professionals, but even the average of two years for diagnosis is a terrible length of time for people to suffer from a disease that they fear people do not believe in.

The economic cost in terms of benefits is just one of the problems. I put together a flow chart of how someone with fibromyalgia might feel. It starts with pain—people do not know the origin of the pain—and goes on to reduced mobility and social isolation. The lack of diagnosis causes depression; people lose their employment and families break down. Both lead to reduced income. Furthermore, the impact on family, carers and friends is immense. Fibromyalgia and other undiagnosed chronic conditions take a significant toll on the spouses and children of the people who have them. In an ideal world, we would have increased awareness, early diagnosis and intervention, treatment, support and rehabilitation. That applies to fibromyalgia and many other chronic conditions.

Clearly, the debate has done much to highlight the problems faced by fibromyalgia sufferers. The belated response from NICE, to which many hon. Members referred, was not the answer we wanted, but it demonstrates that debates such as this are useful. They raise awareness and get the Minister's attention—she has a significant brief. Sometimes, particularly at the moment, this place gets something of a knocking from the press and the public, but opportunities such as this debate are extremely important. They demonstrate that we can make a difference. We can ensure that illnesses that do not have the profile that they should have among the public and medical profession bubble to the surface, so that the Minister can take steps to address some of the issues.

The hon. Member for Cheltenham (Martin Horwood) made some valid points on the problems with the NICE analysis and the hon. Member for Brecon and Radnorshire (Mr. Williams) mentioned depression and psychological problems such as guilt. Again, those additional problems are often related to the delay in diagnosis. One cannot underestimate the impact of that delay. The hon. Gentleman read out the words of one of his constituents. As he rightly said, individual experiences successfully and evocatively encapsulate the problems suffered by thousands of people.

The hon. Member for North Norfolk (Norman Lamb) quoted the chief medical officer on access to the management of pain relief. That problem goes much

wider than fibromyalgia. More than 60 per cent. of all health care occurs in the community these days and one of the biggest challenges facing all Governments in the next 20 or 30 years will be the management of long-term conditions. That will include the management of chronic pain. It is not easy to manage, as different conditions produce different types of pain, but we must get a grip on it. I welcome the chief medical officer's words. Without a doubt, that is what will put people back into the communities where they live, re-establish their social networks, get them back into employment and increase their income. It is vital that we manage that for the future.

The hon. Member for North Norfolk catalogued the depressing responses to parliamentary questions. Like him, I have no doubt that the Minister, in her response, will sweep away the impressions that they have created. I hope that she will confirm and re-establish that the Government take the condition seriously. Specifically, what steps is she taking to ensure that the training of doctors in particular includes a greater awareness of the significance of the signs and symptoms with which patients might present?

Fibromyalgia is not the only condition of which I have heard recently whose diagnosis creates issues in GPs' surgeries. As my hon. Friend the Member for Reading, East said, we are not knocking GPs; it is an indication of the huge breadth of knowledge that they need these days. As medical care and treatment become increasingly specialised, it is important that the Government take steps to ensure that GPs receive continuing professional education so that they can be confident in recognising and accessing treatment for such conditions. My hon. Friend the Member for Kettering (Mr. Hollobone) reinforced that point. It involves not only GPs but all health care workers. The issue could also, in some instances, be addressed in schools. There has never been a greater need for awareness of the implications of signs and symptoms in the minds of the public sector workers who work with and meet the people affected.

What specific plans does the Minister have for improving the treatment of fibromyalgia and access to secondary referral? The answers to parliamentary questions have been disappointing, and I am sure that she will take steps to address that. Raising the profile and awareness of fibromyalgia among the groups that I mentioned is vital. Will she give the matter personal attention and demonstrate that the Government are aware that people with the syndrome are not getting the attention that they deserve, and will she take steps to ensure that attitudes from the Department of Health downwards change so that people get the care that they deserve and need?

This is also a useful opportunity for the Minister to clarify the position of NICE. As she said, NICE is independent, which is extremely important. However, as I understand it, it works within a framework put together by the Government. Although we broadly welcome NICE's independence and much of the work that it does, there are situations in which access to treatment regimes is not being made available by NICE. Response is slow. I am sure that she will take this opportunity to clarify those issues and demonstrate that she can do something to improve the lot of people with fibromyalgia.

10.24 am

The Parliamentary Under-Secretary of State for Health (Ann Keen): I sincerely congratulate the hon. Member for Reading, East (Mr. Wilson) on securing this debate, and I acknowledge that we have not discussed fibromyalgia in the House before. I know that he has worked extremely hard to champion the cause of people living with fibromyalgia, not least as chair of the all-party parliamentary group on the condition. I am grateful to him for giving us the opportunity to debate it today. As he acknowledged at the beginning of his speech, although we meant well, the weekend situation caused us some difficulty in responding to all the points in advance. Every one of us wants the best for those suffering from that chronic, distressing, uncomfortable and painful condition.

I recognise how distressing fibromyalgia can be to those living with the condition and to their families, and I know that much of that distress is caused by difficulties recognising, acknowledging and accepting the condition and its impact. Like other chronic conditions, fibromyalgia can significantly affect physical and emotional well-being and disrupt work, social and family life.

What can we do to raise the profile of fibromyalgia? I believe that this is the start of an important dialogue, particularly with the all-party group. I think that Members, particularly Front Benchers, recognise that setting NHS must-dos is not easy, as such things affect every one of us and every part of our bodies. The Department of Health must be sparing in setting those priorities centrally because of the criticism that we often receive when we attempt to do so. I know that everyone in this Chamber is here in good heart, but it is important to put it on the record that if we were to keep giving the NHS priorities, my list, let alone those of the rest of the ministerial team, would be long.

The Department has set up the National Quality Board to advise Ministers what priorities the National Institute for Health and Clinical Excellence should adopt in setting NHS standards, as well as which conditions require the Department's closer attention. The priorities are likely to be based on an objective assessment of the burden of disease and an analysis of the gap between the quality of existing services and best current practice. That is something that we can work with.

Like other chronic conditions, fibromyalgia can significantly affect physical and emotional well-being, which in turn affects the social and financial economy of the family, the community and the country. Sadly, there is no cure, so treatment aims to ease symptoms as much as possible and improve patients' quality of life. However, we all know that care for people with fibromyalgia varies widely, as has been demonstrated by Members today, particularly those representing rural areas. In the worst cases, people with the condition are left feeling that the health care system does not recognise their illness. I can understand why patients would feel that way. I acknowledge the points made today. The case has been made that better services, quicker diagnosis and better understanding can make a major difference to the quality of life of people with fibromyalgia. I want to respond as positively as I can to the issues raised.

Let me be clear that we want to ensure that people with the condition live as well as possible. Their quality of life is important to all health professionals, particularly

[Ann Keen]

Ministers with responsibility for health. I pay tribute to the hard work and dedication of the voluntary sector in helping people with fibromyalgia, especially FibroAction and the Fibromyalgia Association UK. It is important to raise awareness among the medical profession and the public at large, and such organisations have been at the forefront of improving knowledge of this distressing condition.

As a health professional, I know that it is unnerving to be faced with a patient who knows more about their condition than I do, but in these days of technology, the internet provides access to wider knowledge and patients feel that they have more autonomy. To receive no response is thus even more frustrating. I totally acknowledge what has been said today, and I am confident that there are people present here who could enlighten us even further.

There is comprehensive information on the care of people with fibromyalgia specifically for health professionals on NHS Evidence, which is the new web-based portal that provides all health and social care professionals with authoritative clinical and non-clinical evidence and best practice. It provides access to a range of information, including primary research literature, practical implementation tools, guidelines and policy documents.

The NHS Choices website provides information to help put patients in control of their health care. It contains a number of sections that deal with fibromyalgia. There is detailed information on diagnosis, treatment and on living with the condition. NHS Choices has launched a free training programme for health professionals to improve their understanding of all the features available on NHS Choices, including how to direct patients to local services and how to access NHS accredited information about healthy living and conditions.

Norman Lamb: While the Minister is on the subject of NHS Choices, will she speak about choose and book? Patients can now make choices about where they go and doctors can advise them on what might be best. Will she explore whether the system can guide clinicians to the right specialist services, wherever they are in the country?

Ann Keen: The hon. Gentleman makes a valid point. I believe that best practice happens in certain areas. As with any new initiative, some places take the reins quicker and more effectively than others. We are working towards that being addressed.

Hon. Members have mentioned awareness of the condition among GPs and other health professionals. I am sure that all hon. Members are aware that the Department does not specify the content of training curricula. That is done by the royal colleges and is determined by regulatory requirements and the needs of the service. Nevertheless, we expect all health care staff to learn and to get the training and skills that they need to deal with all their patients. Obviously that includes those with fibromyalgia.

Mr. Rob Wilson: I thank the Minister for her response so far. I am interested by the NHS Evidence web portal. I believe that it is for health professionals. Is it possible for members of the public or parliamentarians to look at what it advises general practitioners to do, so that we have a clear view of the situation?

Ann Keen: NHS Choices and NHS Evidence are certainly becoming more transparent and open. I am happy to investigate that for the hon. Gentleman.

Although we cannot direct the curriculum, we expect all health care staff to get the training and skills that they need. Education and training for health care staff is, and always has been, a priority for the Department of Health. However, we accept that there is room for improvement. As will be obvious from Lord Darzi's review of the NHS, we are looking at the content of curricula for undergraduate and postgraduate training in health and social care. That is important because of how long-term conditions will be treated in the community in future, as the hon. Member for Guildford (Anne Milton) said. We are looking at this matter, but we cannot dictate it.

Anne Milton: While I appreciate that the Government do not dictate the curricula, does the Minister not accept that there are issues, not only with fibromyalgia, but with many chronic conditions? There is an issue with GPs getting time off to do adequate training. Some GPs need training, but do not volunteer for it. There are issues for other health care staff and for nurses in particular. There can be problems with the ring-fencing of training budgets and with their use to cover shortfalls elsewhere. I am worried that we will slip backwards on training issues because NHS finances are quite tight. That would be a false economy. Money for continuing professional development is vital.

Ann Keen: That point was well made and it is well taken. The safety and quality that are required in the NHS cannot be provided, nor the professionalism of the health care team maintained, without the knowledge that is required. I am confident that it will be accepted that nurses are at the centre of that team and that they direct it.

The transparency that we have asked for replaces ring-fencing and is much better than it. We will be able to see where the money is spent and whether education and training are given priority. The settlement for the NHS has been made up to 2010-11. We have always said that investment in education and training is paramount in everything we do, particularly at this difficult time. I should ask the Conservatives whether that investment will continue during the recession under their pledges on NHS funding. Some health professionals are not aware of conditions that may present at their practices in the way that they could and should be. We must correct that situation.

Norman Lamb: I am grateful for the Minister's generosity in continuing to give way.

Having just checked, I understand that NHS Evidence is a new portal that was developed primarily by NICE. Given that NICE has been fairly unhelpful in its willingness to provide guidance on this condition, does the Minister know what NHS Evidence says about the treatment of this condition or what advice it gives to GPs? Should that be investigated to ensure that NHS Evidence is giving helpful guidance?

Ann Keen: The hon. Gentleman has an advantage over me in being able to use his IT equipment in the Chamber.

Mr. Roger Gale (in the Chair): Order. That has not escaped the notice of the Chair and it will be raised at the next meeting of the Chairmen's Panel.

Ann Keen: Moving on swiftly, Lord Darzi's review of the NHS will look at the content of the curricula for undergraduate and postgraduate training in health and social care. Fibromyalgia diagnosis and care will benefit from that work. I hope that that will give reassurance to hon. Members and to sufferers.

The hon. Member for Reading, East will be aware that in 2003 the chief medical officer issued a newsletter to all doctors in England to raise awareness of the condition and the extent to which it affects the population. We can send out such directives, but it is difficult to monitor how they are received. However, we know that it was well received by patients and health professionals. I have asked officials to look into the feasibility of reporting that exercise.

Mr. Rob Wilson: The hon. Lady said "reporting". Did she mean repeating the exercise?

Ann Keen: We want to look at what has happened with that exercise since 2003, and to report back, and we are able to repeat that exercise easily, especially given what the chief medical officer has said about pain, which has been acknowledged on both sides of the House today.

Guidance has been mentioned, particularly the use of NICE guidance in securing improvements and reducing variations in the quality of care. As the hon. Gentleman and others have said, the Fibromyalgia Association UK has asked NICE, as part of its topic selection process, to consider developing clinical guidance on the diagnosis and management of fibromyalgia. Hon. Members have acknowledged the importance of NICE's independence, but I have also been asked other questions. Both FMA UK and the hon. Gentleman have expressed concern at the slow progress in receiving a response from NICE, and I can confirm that the association has now been informed of the outcome of this topic. I have been asked whether I can intervene. Anyone can write to NICE with a request, but after matters are considered by the panel of experts, they are passed to Ministers for approval, so it is difficult for Ministers to intervene at the beginning of the process.

In 2006, we launched the musculoskeletal services framework, which sets out guidance to provide high-quality and integrated services for people with musculoskeletal conditions, including fibromyalgia. The framework will help to improve the assessment and diagnosis of, and treatment for, fibromyalgia and other musculoskeletal conditions. It will encourage the giving of more support to help people to manage their own conditions, and it will get across better information and advice. It will also provide a clearer focus on the needs of children and families. The framework also supports an 18-week target for the time from referrals from GPs to the start of hospital treatment.

Pain is a common, distressing and often disabling symptom in many musculoskeletal conditions, including fibromyalgia. The Department of Health has already supported the work of the NHS on the management of chronic pain through a number of important initiatives, including the musculoskeletal services framework, the 18-week commissioning pathway for the management and treatment of chronic pain, and the NHS Choices website. I must correct the hon. Member for North Norfolk (Norman Lamb) on one point: the development of the 18-week commissioning pathway for pain, in particular, assists commissioners in delivering the appropriate services for their populations. The pathway for chronic pain, which was developed with leading pain clinicians and with the consensus of a wide range of key stakeholders, will help to transform services with examples of good practice. It recommends the use of the brief pain inventory to assess the level and impact of pain, which is an important tool in assessing the patient.

I worked for many years as a community and district nurse, and I observed at first hand, when I told patients that their test results had come back negative, the guilt that they experienced for feeling pain when their test was negative. My practice, at all times, was to accept that the patient had the pain that they said they had. Those are the only criteria on which health professionals should operate. These issues are so mixed, especially when psychological aspects are taken into consideration. The fact that some patients are prescribed antidepressants, rather than analgesia, as has been mentioned, shows the need for pain to be managed differently, and I commend the chief medical officer for his statement.

I recently responded to an Adjournment debate in the main Chamber that had been secured by the chair of the all-party group on chronic pain, my hon. Friend the Member for Aberdeen, South (Miss Begg). I certainly think that the two all-party groups should talk together. On that evening, the chair was supported by the Chronic Pain Policy Coalition, and I met them at the end of the debate to say how important work on pain is. It should not be something that one puts up with; there is a limit. Pain is subjective, and it is important to have the correct measuring tools. I remember that one of the most distressing parts of my work as a practising nurse was to leave someone in pain without having an answer for them—that is no longer acceptable.

Officials are currently scoping regional events to support the voluntary sector in influencing commissioners to provide better pain services locally, and to engage with professional bodies to raise awareness about chronic pain and about the needs of patients with chronic pain. The development and content of those events is being taken forward with the third sector, and I will ask officials to ensure that fibromyalgia groups are involved in that process. Once again, I thank the hon. Member for Reading, East for bringing this important issue to the attention of the House, and particularly for the manner in which he has done so.

10.44 am

Sitting suspended.

Economic Recovery (Lancashire)

11 am

Mr. Gordon Marsden (Blackpool, South) (Lab): It is a great privilege and pleasure to serve under your chairmanship, Mr. Gale. I am delighted to have the opportunity to open this debate on initiative, skills and economic recovery in Lancashire. I shall draw on my experience as an MP for Blackpool and Lancashire, where, as Members will know, regeneration has been key to everything that we have been trying to do over the past six to eight years to broaden our skills base and opportunities. That regeneration has been not just of buildings but of human capital, which I shall focus on today.

I shall also draw on my experience in recent months as a member of the Select Committee on Innovation, Universities, Science and Skills and as chairman of the all-party group on skills, which works with the National Skills Forum. Several reports are highly relevant to the issues that we shall discuss today. The Select Committee report, "Re-skilling for recovery", was produced in the aftermath of Lord Leitch's report. It emphasised the role of bottom-up initiatives, which are particularly important to regional and sub-regional skills policy—Lord Leitch did not deal with that significantly in his final report—and how small and medium-sized enterprises respond to the Leitch agenda.

The all-party group and the National Skills Forum have produced two reports. The first, "Closing the gender skills gap", was published in February. It looked specifically at more flexible working, which women need, as well as more child care support and cover, and challenging gender stereotypes. It focused on what sector skills councils could do, particularly in respect of apprenticeships.

The most recent report from the all-party group and the National Skills Forum is "Progression through apprenticeships", which looked at clearer mapping between diplomas and apprenticeships, easier access for apprentices to higher and further education, recognition of the need to reform funding for the over-19s, and good information, advice and guidance. All those issues are relevant to the situation in Lancashire in terms of skills initiatives and how we combat the downturn.

The north-west has a strong and proud history of industrial development and manufacturing, but at present, skills levels in the region are below the average for England and Wales. That is not surprising, given global economic changes that have seen UK priorities shift away from manufacturing and towards the service and financial sectors. The north-west and Lancashire have made strong strides in those areas, but compared with London and the south-east there is still a gap to be plugged.

Skills levels in Lancashire generally share the greatest similarity with the UK average for the region. Wealthier areas of Lancashire have benefited from the growth of Manchester as the economic hub of the north-west. Shifting populations have been a key factor in the past 20 years, with many people leaving economically challenged areas of the region for other parts of the country such as the south-east.

The north-west matches the national average for people with low and mid-level skills but has a smaller proportion of those with skills at the highest level. The average in England and Wales is 19 per cent. with skills at level 4 and above, but it drops to 17 and 16 per cent. in areas of Lancashire and the lakes. Therefore we need to do a great deal to encourage those with higher level skills to remain in or to move to the area. That is particularly true for what, for the sake of this debate, I will call second-level towns and cities in Lancashire, although I believe that the phenomenon is countrywide.

That view of skills and skills needs was confirmed relatively recently in statistics produced for the Lancashire Economic Partnership in a report on skills in Lancashire that came out in November 2008. It stressed the importance of improving the quality of the education offer, particularly at further and higher education level, of attracting and retaining people with higher level skills in Lancashire, and of upskilling the existing work force. It identified three sub-areas in Lancashire: the Fylde coast, which covers Blackpool, Fylde and Wyre; Pennine Lancashire, which covers Burnley, Blackburn, Rossendale and Pendle; and mid-Lancashire, which covers Lancaster, Preston, Chorley and South Ribble. The key issues for all those areas are changes in the future skills profile—the skills levels of 300,000 people in the region will probably need to be improved by 2015—and demographic changes, which mean that the majority of those people will have to be of working age.

Rosie Cooper (West Lancashire) (Lab): My hon. Friend mentioned areas of Lancashire but one that I did not hear mentioned in any of the three cohorts was the area of west Lancashire that includes Skelmersdale, which is an area of high deprivation. As it desperately needs investment in skills, I was sad not to hear it mentioned in the list that he read out.

Mr. Marsden: My hon. Friend chides me for a purpose. I saw her in the Chamber but did not know whether she wished to intervene or speak on the issue. She is absolutely right, of course. Historical problems in Merseyside have had a strong impact on that area, but as she may wish to mention later, there are some encouraging signs in that area of her constituency, not least in the construction industry.

Big numbers need to move in terms of skills levels, and level 4 is one of them. Lancashire is well placed for that because of its proximity to large higher education institutions in Greater Manchester and Merseyside, but there are other areas such as level 2. By 2015, about a third of the demand will be from hotels, restaurants and distribution.

It is true that small and medium-sized enterprises dominate the Lancashire economy. That means that all the problems nationally in getting small and medium-sized enterprises to train exist and may be magnified in the Lancashire area. As I have already said, and as the report points out, we need to attract new non-Lancashire graduates but also to encourage Lancashire residents who study outside the region to return when they complete their studies.

One of the things that we have to ask ourselves in a recession or downturn is what we are training people for. A key task for the Government and business and education institutions during a recession is to refocus learning opportunities around enabling skills, and to give people credit, in both senses of the word, for training that does not necessarily lead directly to employment.

Research has shown that people are most ready to believe that they can retrain or re-enter employment during the first few months of unemployment, so intervention should be made early during the economic downturn. The recent Government announcements in the Budget in that respect were very welcome. There will be significant consequences for Train to Gain. More flexibility needs to be built into the programme to ensure that many more unemployed people will be able to access training or ongoing education, and—this is particularly true for Lancashire—the Government or their agencies, not necessarily employers, will increasingly need to co-ordinate and sponsor ongoing education and training, at least for temporary periods. That will prevent Train to Gain being snatched away from people who are facing redundancy.

Another report that has just appeared looks at the skills that will be needed for an upturn in the north-west. It draws on experience statistics, which are modestly encouraging for the north-west as compared with other regions. It expects a smaller contraction of the economy in the north-west than elsewhere in the UK, especially London, and a stronger recovery in 2012-13. Some of the reasons for that are resilience in the engineering and the aerospace sectors, which are very important in my part of the world; new opportunities from renewable and low-carbon technologies; and a likely increase in self-employment and micro-enterprise. I can vouch for that in Blackpool, where we have the important Get Started unit as part of the enterprise centre. It is funded from a local enterprise growth initiative and £30 million that was given by the Government to Blackpool. I was told recently that, of the 300 to 400 people who came through its doors who got on to self-employment or micro-enterprises, 80 per cent. are still trading after a year. For anyone who knows the statistics for small businesses and start-ups, that is an encouraging sign.

There are other initiatives in my constituency, including in Bloomfield ward, where Jobcentre Plus has been doing an interesting and positive pilot looking at a small number of people, who are nevertheless important, who have been out of the work force for a long period. It is just as well that we have taken that approach, because there is a structural weakness in, or structural challenge for, second-level cities and towns in dealing with some of the current problems.

In January, the Centre for Cities highlighted as potential problem areas in the region—particularly in Lancashire—Blackpool and Warrington, because of leisure and distribution redundancies, with Blackpool again, and Bolton, in terms of construction. We have to recognise that although we have done fantastic things in the regeneration of our big cities over the past 10 to 12 years, regeneration has not always trickled down to second-level towns and cities; in Lancashire, for example, we are talking about Preston, Burnley and Blackpool.

The phenomenon does not exist just in Lancashire. On the other side of the Pennines, the same thing can be seen when comparing Bradford with Leeds. We cannot assume that city regions, however dynamic they are, will automatically trickle down their activity to such areas. It is even more important to recognise that fact in a recession. That is why public sector jobs, which are continuing to move out of the south-east as part of the Government's strategy, need to go not just to major cities, but also to second-level areas. In Blackpool and the Fylde, for example, we have enormous experience over 50 years of public sector jobs, including in the civil service. At the moment, the town council, with the ReBlackpool scheme, is redeveloping the Talbot and Brunswick gateway, which we hope may be a recipient of the net outflow of jobs from the south-east.

I have mentioned already the concentration of aerospace industry in Lancashire and the importance of employment in that sector. That employment is holding up, but it is all the more important to support the supply chain and smaller companies, because the ratio of direct to indirect jobs that are dependent on the sector is anything between 1:3 and 1:5. The executive director of the Northwest Aerospace Alliance, Martin Wright, said at the beginning of April that improvements are needed to the credit available to the 1,500 small firms making up the supply chain in the region if we are to maintain the support of companies such as BAE Systems, which is involved in a major way in fighter jet-building programmes: not just the Eurofighter—the Typhoon—but the Americans' F-35 jet-building programme.

The report also highlighted the importance of educational infrastructure in raising skills levels, especially given the rising demands of employers. Importantly, it also highlighted issues to do with retirement and replacement. Industries in the north-west—in Lancashire in particular, the engineering, chemical and nuclear industries—all have significantly ageing work forces, so it is important to look not just at how to bring new young people in, but at how to retrain and reskill older workers.

The report also identified the need to underpin skills in the so-called STEM subjects—science, technology, engineering and mathematics—and in respect of innovation. I was encouraged to see that my hon. Friend the Secretary of State for Innovation, Universities and Skills, on his recent tour of the north-west, visited a number of areas and looked at clean technologies, high value-added manufacturing and emerging technologies and, in particular, the apprenticeship centre at the Springfields nuclear fuel plant, which is one of the leading apprentice training centres in the UK. Close to 2,000 people are employed at Springfields, including a large number of my constituents. With the change and development in the economy towards nuclear power, that is a key area for development. I praise the nuclear academy at Springfields, in particular, and the sector skills council Cogent for taking those things forward and developing them. That is a bright side to what is going on.

Companies looking for new staff in a recession will be overwhelmed with quality applications from people with experience and the knowledge and qualifications to match it. Recent graduates and those in entry-level jobs will thus find it more difficult than ever to push forward with their careers and may decide to stay put on a lower salary until the recovery starts. The downturn offers new opportunities not just for Government, but for businesses to consider ways in which young people may want to do some volunteering and offer them time for community courses and other activities. Those are not just things worth doing for the sake of society; they build up practical skills and experience.

The downturn must not be an excuse for pushing young people out of the classroom and into the job market. Education and training continue to offer a strong route to success for young people and should not be seen as expendable. Promises or suggestions about

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slashing public spending as a knee-jerk reaction to a long-term problem—such as those made on occasions by the official Opposition—are not the answer. Now is the time to invest in young people entering the job market. We must not cut them adrift.

I was pleased with several announcements in the Budget that will benefit us in Lancashire. The extra support to help people find work quickly, providing a guarantee of a job or training, is needed. The £120 million for work-focused re-employment training will provide unemployed 18 to 24-year-old youngsters with real help for 12 months to find work and get into work in sectors with strong future local demand. The funding for traineeships in the care sector and the spreading of business rates over three years are both important initiatives.

In April, the Government announced the results of the economic challenge investment fund, which was set up with the Higher Education Funding Council, for universities to bid for money to set up schemes to help individuals in business through the downturn. The total value of the 77 bids accepted by HEFC, a number of which come from Lancashire and the north-west, is important, because it is in addition to the £148 million that HEFC is providing over three years to support universities and colleges to respond to employer demand for courses and training, and to raise work force skills to higher levels. The north-west is well placed to benefit from such initiatives. The regional focus of higher education in the north-west, as I shall mention shortly, is much stronger than in some other regions.

I want to say a few words about the importance of apprenticeships in skills development and in tackling the downturn. I have already mentioned the changes in demography, which have been well advertised by the head of the UK Commission for Employment and Skills, Chris Humphries, and several others. We know that demography will ensure that the profile of apprenticeships will have to change significantly from 2010, which means that we will need more flexibility in delivery. Sadly, as things stand, some of the apprentices who have been tempted into SME work under Train to Gain are now finding themselves in difficulty because of the downturn and they will need to benefit from being picked up and sheltered via universities and the further education sector, as is happening already in one or two universities in the north-west and in Lancashire.

Skills and apprenticeships were at the heart of the policies needed before the recession and that remains even truer now. Regeneration is about reskilling people as well as being about buildings and structures. What does that mean in practical terms? Apprenticeships need to prioritise a solid skills base for service and manufacturing in Lancashire, specifically in areas of growth, such as construction and green-collar jobs, but we must also ensure that teachers and employers regard apprenticeships as viable alternatives to A-levels and for higher education entry.

The signs so far are that the Government's strong, consistent investment in apprenticeships is beginning to pay off. We can certainly say that that is so in Lancashire. There is a higher number of apprenticeship starts in Lancashire than in most areas. Work-based learning grew by 30 to 35 per cent. between 2005-06 and 2006-07—significant and important figures. We have to consider in this mix whether a greater combination of on-work and apprenticeship activity and possibly a more modular approach in some cases will increase completion rates.

Further education college leavers are achieving their aims at a wide level under Train to Gain in Lancashire and the north-west, but I want a much more energetic and proactive examination of some of the missing or neglected areas. The National Skills Forum's recent report on women and skills suggested that the Government should ask the National Apprenticeship Service to explore ways of increasing the number of part-time apprenticeships, which would benefit women who want to take apprenticeships but are unable to commit themselves to full-time work.

The expansion of manufacturing apprenticeships and the Government's new manufacturing strategy provide the opportunity to develop green-collar jobs throughout the UK, and specifically in Lancashire. Expanding apprenticeships in a low-carbon economy is a vital first step in ensuring that we are prepared to take advantage of the upturn. Lancashire can benefit from investment in green jobs during the downturn, particularly in manufacturing and wind farm projects, a number of which are posited for Lancashire and the north-west, and will create jobs for sheet metal workers, machinists and truck drivers. Increasing the energy efficiency of buildings will require roofers, insulation installers and electricians. The issue is also about reskilling people with green credentials, as Chris Humphries of the Commission for Employment and Skills highlighted.

Many of the issues that I have talked about, such as older workers, soft skills and graduate output and retention in the region, can be met via further education. I shall refer to SQW Consulting's recent report to the Northwest Regional Development Agency on the impact of further education in the north-west. It emphasises that apprenticeship starts are consistently higher than in any other region, and that the proportion of 16 to 18-year-olds at sixth form and further education colleges is much higher than elsewhere, but that 37 per cent. of businesses still believe that their existing work force has skills gaps, which emphasises the need to upskill and retrain the existing work force, particularly women. Leadership and management skills are still lower than elsewhere, despite good Train to Gain figures in Lancashire and the north-west. The north-west has the highest number at 4,900 in 2007-08, while the figure for Blackpool in the same year went up from 400 to 900.

The report also emphasises the point that further education colleges are key to the economy of the north-west and Lancashire. In the north-west, they employ the equivalent of 24,000 staff, their input to the north-west's economy is estimated at £1,450 million, and they bring in learners who contribute £277 million per annum to the region's economic activity.

The report identifies expanding delivery of higher education into further education and improving progression from further education to higher education as key to success. It states:

"Much of the growth in level 4 will come from people already in employment and often supported through an employer."

That means that we must think dynamically about Train to Gain mechanisms and new initiatives such as the skills accounts, as the Select Committee said. I am pleased that the Under-Secretary and the hon. Member

for Bexleyheath and Crayford (Mr. Evennett), the shadow spokesman on education, were at the useful meeting of the all-party National Skills Forum when we discussed some of the suggestions from City and Guilds.

Higher education portability is key to delivery. We must build on the recommendations in the Burgess report, and we must do so faster and more smartly. The Higher Education Funding Council made a useful contribution via the lifelong learning networks, but it must boost its regional presence in the north-west. I have recently returned from a visit with the Select Committee to the Washington region to study the role of community colleges, skills outreach, and development in higher education, and clearly we can do much in that respect.

The north-west is well placed. We have an active North West Universities Association under a vigorous executive director, Keith Burnley. We do not have the same divide or educational apartheid between Russell group and non-Russell group universities. In my neck of the woods we have two leading vice-chancellor contributors to the debate in Paul Wellings at Lancaster university and Malcolm McVicar, both of whom have made their mark in intellectual capital and public sector training. My college, Blackpool and The Fylde, is an associate college of Lancaster university and has made a major contribution.

If we are to ensure a critical mass of higher education delivery where little existed previously, it is important that the investment already going into Lancashire, including Blackpool and The Fylde's higher education centre and the higher education hubs in Blackburn and Burnley, is sustained. It is also important that we use the experience of those with proven success in the area, such as the Open university. We should also recognise the role of union learning reps—union learning has been very successful in the north-west in getting older workers to reskill and to upskill—especially if we give them new roles in the environmental agenda, build on new rights to request training, and pass on some of that expertise to SME groups.

FE colleges are strongly engaged with initiatives to get workless and unemployed people back to work, and I make no apology for citing my local FE college, Blackpool and The Fylde college, as an excellent example of carrying forward those initiatives to support the workless and unemployed back into work. I am sure that the Minister would not forgive me if I did not take this opportunity to say that work underlines the importance of the college's bid for a site in central Blackpool under the new capital funding programme.

The initiatives to get the workless and unemployed back into work include the creation of the Fylde coast partnership; £450,000 of funding from the Lancashire economic partnership to address employability and getting people back into work; £1.2 million of Train to Gain money, which was spent on helping people to gain level 2 or Skills for Life qualifications; and national vocational qualifications in the work force, on which £468,000 was spent in 2008-09. In the past 12 months, Blackpool and The Fylde college put 900 people through Skills for Life and employability skills programmes, and under the Government's local enterprise and growth initiative programme, the successful build-up initiative matches the skills of redundant or unemployed construction workers with public sector projects in the area.

The colleges responded to the need for bespoke provision for programmes that do not attract Government funding, and have put a lot of effort into creating multi-agency partnerships. A good example is their work with Global Renewables at ICI's former Hillhouse works where, in partnership with Wyre council, Jobcentre Plus and other agencies, they are helping to recruit and train 180 new, locally sourced staff to operate a new, state-of-the-art treatment plant.

In all those areas there is a strong fit and connection between the activities of the Department for Innovation, Universities and Skills, and the Department for Work and Pensions. I draw the Minister's attention to an issue that Blackpool and The Fylde college has flagged up. There is not yet full integration between programmes provided by Jobcentre Plus and those available to the unwaged through the Learning and Skills Council's adult responsiveness funding. The rules on jobseeker's allowance favour people on programmes that last 13 weeks, which do not usually lead to a qualification. In contrast, FE provision usually leads to a qualification, is not time-limited, and is free to the unemployed. However, during a recession, when fast re-entry to the labour market may be difficult, an attractive choice for any individual would be to embark on a programme of training to levels 2, 3 and 4, but that would take longer than 13 weeks and would be impossible because they would be called in by Jobcentre Plus and compelled to attend a 13-week programme.

The head of my college, Pauline Waterhouse, said:

"The economy in Lancashire requires many more Level 3 and 4 qualified people. Some interdepartmental coordination and the loosening of some long standing restrictions would provide a unique opportunity to respond to the recession and to meet the skills needs of Lancashire."

Therein lies an important lesson, not just for Lancashire but for areas throughout the country. There needs to be—I know that this is developing—strong co-ordination between the DWP and DIUS in the way in which they tackle the economic downturn, as we stressed in our Select Committee report. The DWP may need to operate far more on a sub-regional basis, particularly if it is to address the agenda of worklessness hotspots effectively.

The same message of co-operation has to be carried through for the resilience of regional and sub-regional economies, such as Lancashire. It is about practical politics, as I said on Second Reading of the Apprenticeships, Skills, Children and Learning Bill, whose remaining stages we shall consider later today. However, it is also about applying smart research, human capital and aspirations. Those pragmatic qualities have stood us in good stead in previous downturns in the north-west and in Lancashire, despite the rather negative reaction of the Government whose access to power 30 years ago we celebrate, if that is the word, today. We have those pragmatic qualities in abundance in the north-west, across Lancashire and, of course, in Blackpool.

This debate is about the focused support of Government and the energetic activity of local regeneration agencies such as our own, ReBlackpool, under its executive, Doug Garrett, co-operating with the council and the Northwest Development Agency. I pay tribute to the agency. Whatever people's views about the role of regional development agencies, it is widely recognised as having been one of the most focused and effective agencies in respect of regeneration and skills creation under Steve Broomhead, its chief executive. Given what I have described,

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I believe that the blue-sky and, if I can use the expression, green-sky thinking that can come out of this period can deliver positive prospects in Lancashire, even in times as challenging as these.

11.31 am

Rosie Cooper (West Lancashire) (Lab): I congratulate my hon. Friend the Member for Blackpool, South (Mr. Marsden) on securing the debate, which is vital to the people and businesses of Lancashire and my constituency of West Lancashire. I would like to add just a few comments. I believe that the Government were right in their decision and strategy to offer real help to businesses and families at this time. A "do nothing" approach is not an option, as we have seen in the past. There are communities that still feel the effects of those past failures, including in my constituency. However, it is a difficult balancing act that the Government have to pull off. There needs to be real help now, but measures also need to be put in place that will ensure that the British economy and local economies such as that of Lancashire are well placed as we move out of the economic downturn.

I recently held a round-table discussion with business leaders in my constituency and was delighted to welcome my right hon. Friend the Minister for Local Government. It was an opportunity to debate the issues and challenges facing local businesses in the current economic climate. The clear message from those businesses was that they wanted targeted help and support specific to their industry to get them through this period. If we can provide that, they can be optimistic about the future.

However, economic challenges in different parts of the country vary and require a different set of solutions. For that reason, this debate focusing on Lancashire is very important. I shall give a couple of examples that highlight the types of help and support that local businesses say they need. One company at the recent round-table discussion expressed a desire to expand its operation from its current 20 staff to 40. It wanted to offer job opportunities for local people. It wanted to invest in training and skills through apprenticeships. It sought the help of the local authority and wanted to discuss plans for expansion and job creation, as well as using empty business units, but it reported a lack of engagement on the part of the local authority.

Companies that are part of the automotive industry supply chain have found themselves making people redundant. We hope that that will be only for a period of four or five months, until the larger manufacturers start to increase production again and are ordering parts from those supply companies. However, the companies are concerned that the men whom they have let go will find employment in different spheres. The companies would then lose the skills and experience of those men, which they would prefer not to happen. They need support that will help them to retain those workers. That is not only desirable but necessary. They argue for a scheme that provides training initiatives on site for a short defined period. That benefits the workers and companies by offering stability and ensuring that the pool of skills and experience is retained.

Another prime example, to which my hon. Friend the Member for Blackpool, South referred, is the construction industry. We are well aware of the state of that industry. However, there will be a time—very soon, we hope—when construction skills are in huge demand again. We cannot allow a skills drain to happen. That would only further damage the industry.

West Lancashire construction academy, which opened in 2007, is a learning centre that supports skills development for the construction industry. It offers industry-standard facilities for new learners and provides upskilling opportunities for those already working in the construction industry. Vocational centres such as that will play a vital role in preparing youngsters and in providing the retraining that the industry will require when circumstances improve and there is once more a requirement to build homes, schools and hospitals.

There will also be a £41 million investment in a new build Skelmersdale college, although that is caught up in the current review. I hope that, as my right hon. Friend the Secretary of State for Children, Schools and Families has said, the review will be needs-based and that therefore the scheme will go ahead quickly. That needs to happen for two reasons. The first is to encourage students to increase their skills and learning in state-of-the-art facilities, rather than in, I am sad to say, the near-derelict current premises that Skem college has. We need to say to the talented young people of West Lancashire, "You are valued and we want you to stay here and learn, and thereafter reinvest your skills in your community." Secondly, the investment is needed as a cornerstone of the redevelopment of Skelmersdale town centre.

As I said at the beginning, I believe that there are two strategic priorities: first, to provide short-term help and support to enable businesses to continue operating through the current circumstances, and secondly to allow businesses to expand and grow, maximising the opportunities that will exist post-downturn. The investment that I have outlined is essential. Investing in skills and the work force is also essential. However, it does not fill me with confidence when the West Lancashire area appears to be, once again, not included in a discussion about Lancashire generally. That, I fear, is not a simple omission. I am rather tired of the agendas of the main towns of Liverpool, Manchester and Preston being the only discussion in town. It is very sad that when Lancashire is divided into three skills areas, as described by my hon. Friend the Member for Blackpool, South, West Lancashire is omitted.

I seek an assurance from my hon. Friend the Minister that the various areas of my West Lancashire constituency—right across Ormskirk, Burscough, Skelmersdale, Up Holland and Parbold—are high on his agenda. I would be grateful if he could both respond to me today and write to me thereafter, as I am sure that my constituents will be very concerned about these matters. It is vital that West Lancashire is high on the Government's agenda. We need skills and resources, and we need to say to the people there, "You're valued and we need you as well as the people in the large towns of Liverpool, Manchester and Preston." It is simply not acceptable not to include semi-rural areas such as my constituency. I would be grateful for the Minister's comments.

11.39 am

Stephen Williams (Bristol, West) (LD): I congratulate the hon. Member for Blackpool, South (Mr. Marsden) on securing the debate and speaking with great knowledge

about both his constituency and the wider region. This is the fourth anniversary of the 2005 general election. He mentioned the 30th anniversary—not such a happy anniversary—of the 1979 general election. For me, today is a happy anniversary—the fourth anniversary of my gaining Bristol, West for the Liberal Democrats. In 2005, my first party conference as a Member of Parliament—as an MP, one's experience as a conference goer changes completely from what it was before—was in Blackpool, and I greatly enjoyed my four or five days in the hon. Gentleman's constituency.

The hon. Gentleman talked about the structural change that has taken place in the regional economy. He is a historian, so he will know of the great contribution that Lancashire and the north-west made to this country's becoming the world's first industrial nation. However, there has been a structural change in the industries and services from which people derive their employment.

The hon. Gentleman hinted at the fact that the role of economic powerhouse has perhaps also undergone a geographical shift, moving from the county of Lancashire and to the Greater Manchester city region. We have seen the development of the knowledge economy in the city of Manchester, with the merger of the Victoria university of Manchester and the University of Manchester Institute of Science and Technology. The forthcoming BBC media village at Salford will also contribute to the growth of that new economy.

Half the region's value added comes from Greater Manchester, but the hon. Gentleman rightly focused on the economic needs of what he called the second-tier towns in other parts of Lancashire. I hope that that would include the area represented by the hon. Member for West Lancashire (Rosie Cooper), although I do not want to intrude on the regional rivalry between Lancastrian Members of Parliament.

Like all other regions around the country, Lancashire is being challenged by the recession, and the hon. Gentleman mentioned some of the skills that will be needed to ensure that his region emerges stronger from that recession. In particular, he mentioned the skills needs of the aerospace industry, and I empathise with what he said because the south-west, which I represent, is also a world centre for that industry, and its skills needs are very similar. In particular, there is a worrying shortage of people going into engineering at the technical and graduate levels.

The hon. Gentleman mentioned several of the things that play an important role in ensuring that more people go into engineering, such as information, advice and guidance. The issue may well come up again this afternoon, when we debate the Apprenticeships, Skills, Children and Learning Bill on Report, and the Minister will know that it was a hot topic in the Committee that considered the Bill. It is important that young people are encouraged to go into STEM subjects—science, technology, engineering and maths—at school and to pursue them at college and university. If they do not, the country will not have the technical and graduate engineers that it needs.

Good information, advice and guidance should also encourage more young people to go into apprenticeships. Far too often, the advice given to young people is skewed towards the vested interests of the setting in which they receive their education, such as their school, and it does not necessarily encourage them to look at other opportunities, such as taking up an apprenticeship and forming a relationship, probably, with a further education college.

The hon. Gentleman mentioned gender gaps in skills, and that is particularly relevant to engineering, because fewer than 5 per cent. of those who take up engineering apprenticeships are women. The hon. Gentleman mentioned the report on the gender skills gap by the all-party group on skills, and I was pleased to make a contribution to that report.

Engineering skills are not only needed by the aerospace industry, but are essential if we are to meet our 2020 targets for green energy. The hon. Gentleman mentioned the nuclear academy in his area, but my party does not feel that nuclear is part of making Britain carbon-neutral later in this century. We need to develop green technologies, and the hon. Gentleman mentioned green-collar jobs, to use a phrase that we have taken from the other side of the Atlantic in the past few months. However, we will not be able to build wind farms and harness the wind, wave and tidal power of the west coast, which the hon. Gentleman represents, unless we have the skilled engineers to build and service the dynamos and, indeed, the more highly skilled engineers to design them in the first place.

There are, of course, many national pressures on the north-west, and we are having this debate in the context of a terrible downturn in the economy. The hon. Gentleman referred several times to young people's skills needs, and I for one would be fearful of entering the current labour market on graduation or on leaving school. So far, however, the Government's response has been inadequate. The youth guarantee in the Budget offers currently unspecified training opportunities for young people, but only if they have already been unemployed for 12 months—it is obviously a relief that can come into force only after the next election.

The Government's main fiscal response to the recession is £12 billion of borrowed money to fund a cut in VAT, but the Liberal Democrats believe that that money would be much better used for localised capital projects. The region's capital needs were mentioned by both the hon. Gentleman and the hon. Lady, who also talked about the construction industry and the construction academy in her constituency. Local rail schemes in my region and, I dare say, in the north-west would benefit if we used that borrowed money for capital expenditure now rather than frittering it away on small price increases.

Mr. Marsden: The hon. Gentleman and I will probably not agree on the nuclear issue, and I believe that we need both green energy and nuclear energy to meet the Government's requirements. Although I think that we agree on the importance of young people, does he agree that we also need to look at the needs of older people—those in their 40s and 50s—as I said in my speech? The skills base in tourism and related activities is key to keeping Blackpool's tourism going, but there is enormous scope for people coming from other jobs in their 40s and 50s to reskill and retrain in service industries such as leisure and hospitality. Does the hon. Gentleman agree that we need to do more on that?

Stephen Williams: The hon. Gentleman is absolutely right. I want shortly to pick up on his points about people returning to employment or finding alternative employment later in their careers. However, on his point

[Stephen Williams]

about our energy needs for the future, we will have to disagree about nuclear, although I am glad that we agree on the need for green energy. However, the choice in terms of how we make up the gap between a carbon-reduced economy and a green economy is really between nuclear and carbon capture and storage, both of which should be temporary fixes to enable us to reach our demanding 2020 targets, on which there is now broad consensus.

Part of the £12 billion for the cut in VAT could also have been spent on construction and particularly on supporting the further education college capital programme. One of the last Westminster Hall debates in which I spoke was about that programme, and it was initiated by my hon. Friend the Member for Southport (Dr. Pugh), who highlighted the case of King George V college in Southport, which is in the historic county of Lancashire.

I turn now to the subject of the hon. Gentleman's intervention. He said that many of the people whom we need to reskill and to acquire high-level skills are already in the work force. That is one of the points made in the oft-quoted Leitch report from 2007, which said that roughly 70 per cent. of the 2020 work force have already left compulsory education. If we are to meet the report's targets—we can have a debate about whether they are set at the right level or whether targets are the right way forward—and upskill our working population, we need a much more flexible approach to our learning models and to the financial help given to learners on their journey. One policy difference between the Liberal Democrats and the Government—the hon. Gentleman may have some sympathy with us on this—is over the support given to part-time learners. Many adults who will get access later in life to higher education, in particular, will do so part-time. At the moment, the financial regime does not make that easy.

The Government's response to the recession that is the context of the debate needs to be more flexible, and to adapt to the way in which people now choose to work and learn. We need seriously to consider a new economic model. Now is not the time to engage in a philosophical debate about everything that may have gone wrong in the past couple of decades with the working of capitalism, but there is an important role for social enterprise in particular in our future economic model. I have been pleased recently to support many social enterprises in my constituency. Many of the historical origins of social enterprise are in the north-west of England, and particularly with the co-operative movement, with its origins in Rochdale.

Whatever our approach may be to the future, I think that everyone agrees that we are in an economic emergency and we need an urgent response from the Government. We certainly need an apology from them for their role in getting us into this mess.

11.51 am

Mr. David Evennett (Bexleyheath and Crayford) (Con): I welcome the opportunity to participate in this important debate today. I am conscious that the Minister has many questions from hon. Members to answer, so I shall keep my remarks reasonably brief.

I congratulate the hon. Member for Blackpool, South (Mr. Marsden) on initiating this debate on opportunities, the need for skills, and the strategy for economic recovery in Lancashire. I listened with interest to his points, which were very constructive, as always in his debates. I agreed with some, and, as he will understand, disagreed with others. Speaking of anniversaries, I believe that the 30th anniversary of the election of Margaret Thatcher is to be remembered and celebrated, as she replaced a failed, bankrupt and incompetent Labour Government. Some things do not change, do they? We are 30 years on with a similar Government.

Education, training and upskilling have never been more important than they are today in our difficult economic times. As we have seen recently, unemployment is rising quickly and it is therefore incumbent on the Government to provide those who are losing their jobs with opportunities to learn new skills or retrain during the recession. Britain's ability to come out of recession will depend on the strength of its skills base. With skilled workers, businesses are better able to adapt to changing market conditions and to innovate to identify new opportunities. Similarly, skilled individuals are better able to cope with economic turbulence.

Regrettably, we start, in this country, from a weak skills base. We hear bandied around quite a lot the figures about 5 million people who are classed as functionally illiterate, and millions more who struggle with basic numeracy. One third of British adults do not have a basic school-leaving qualification. That is disgraceful and is double the proportion in Germany and Canada, with just 28 per cent. of British workers qualified to apprentice, skilled craft and technician level against 51 per cent. in France and 65 per cent. in Germany. We are also concerned about the number of young people leaving school unable to read and write to the expected standard. We want to help those who have lost their jobs, those who need new skills, and those who are in work to upskill to keep up with the changing world.

I have listened with interest to the accounts of the situation in Lancashire by the hon. Member for West Lancashire (Rosie Cooper) and the hon. Member for Blackpool, South and I see that some good points are emerging, but there are still concerns, and unemployment must of course be among those. I understand that unemployment in Lancashire has risen dramatically in the past 12 months. Clearly, more needs to be done to help Lancashire residents back into work. We have just experienced another Labour Budget and we are all aware that we live in an age of considerable anxiety. Money will be tight, and it is essential that it should be spent effectively and wisely. Regrettably, I do not share the hon. Members' enthusiasm for the Budget. Given the things that they highlighted about it, it was obviously different from the one that the Opposition listened to. Money has been wasted and badly spent by the Government in the past few years.

We need the Budget to build confidence, within our economy, work force and businesses. That is what any Government should provide in a recession; they should make people feel more confident about future prospects and about the country's ability to get through the huge problems we face. With 11,000 people becoming unemployed in the north-west in the past month, that confidence boost is urgently needed. Regrettably, the Chancellor of the Exchequer failed to deliver. He did

not use the Budget to take action on Labour's debt crisis, built up over the years. That is so dramatic and regrettable: we have the worst public finances ever recorded in the UK, and the national debt will, under Labour, soon be doubled. Perhaps the most shocking statistic of all will be the racking up of more borrowing in the next two years than was done by all previous Governments in British history, combined.

That will have a bad effect on Lancashire, as it will on the rest of the country. As a result, every child born in Lancashire will have £22,500 of Government debt hanging over them. Simply paying the interest on the unprecedented national debt will cost more than the entire schools budget. The Budget is clobbering hard-working families and businesses in Lancashire and across Britain with new tax rises: a £1,000 new tax rise for every family, including tax hikes for responsible drinkers and motorists.

Labour's tax rises for jobs and average earners are wrong. The Budget should have been set out with a different approach for a different purpose: to restrain spending, of course, but starting with waste. We would of course have looked at areas where waste could be abolished and cuts could be made in wastage and bureaucracy. We believe in helping families and savers. Helping savers—this has not come out in the speeches so far—is hopefully one way of developing an economic recovery.

We would also have introduced grants for 25,000 masters students in science and engineering, and created new training and apprenticeship opportunities in Britain. We would have unleashed more than £30 billion of private sector investment in green technology companies, to create jobs. The hon. Member for Blackpool, South raised the issue of green technology, and it is important that we should be innovative, and should look forward; however, we really need an economic recovery, and we all need to work hard together to get it.

Skills training, and the Government's financing of it, has been a matter of mixed blessings. There have been areas of considerable failure. The Learning and Skills Council budget has increased to £10.9 billion, but there are fewer people around the country enrolling on further education courses. I am not sure what the figures are for enrolments in Lancashire, but overall they are lower than when Labour came to power. They are down almost 7 per cent. from 2006 and 17 per cent. from 2005. There is a worry about people getting into colleges to train for skills and qualifications. Adult and community courses have also been hit. They are an important route into training for many people who have been out of the labour market for some time. Yet there are 1.4 million fewer publicly funded places than there were in 2005.

[Mr. David Wilshire *in the Chair*]

We know that the LSC has been part of the problem, and the Government are attempting to deal with that in legislation. We are not so keen on their proposed solutions to the problems that the LSC has. It has already been through two major reorganisations, and the cost of reorganisation is always a worry. The money is not then spent on what should be its purpose: training and upskilling. The Higher Education Funding Council for England employs far fewer staff and distributes £7.5 billion annually; it is an efficient organisation doing a good job.

Training, opportunities, funding and further education should be more available, because that is the way forward. My right hon. Friend the Leader of the Opposition and the shadow Secretary of State for Innovation, Universities and Skills, my hon. Friend the Member for Havant (Mr. Willetts), have outlined measures that a Conservative Government would take to help people to retrain and upskill during this difficult time. That would be for the whole country, but obviously Lancashire would be a vital part of that.

Mr. Marsden: There are obviously ideological points of difference between the Front Benches on such matters, and the hon. Gentleman has been drawing some of them to our attention. Does he not agree that the thrust of what has been said thus far is that regions or sub-regions need an overall strategy to take these things forward? As I understand it, the Conservative party's policy of abolishing regional development agencies will hinder rather than assist that process.

Mr. Evennett: The answer must be based on how successful RDAs have been. In certain regions they are causing great problems because they have not achieved what is needed. Indeed, the Government's failures in training, retraining and upskilling are reflected in the position that we find ourselves in today. Some matters need to be debated further, but bureaucracy alone will not achieve the economic recovery that we want.

It is vital that we give further education colleges more freedom from bureaucratic intervention, that we streamline the funding body, and that we allow colleges to offer qualifications and courses that they feel are best for their communities. We also need to remove top-down bureaucracy from FE colleges by moving towards greater self-regulation, as has happened in higher education. That will enable us to reduce the vast number of bodies that now play a part in the monitoring and regulating of FE. We will ensure quality control in our expanded FE sector by allowing the sector skills councils to accredit courses, providing £35 million additional annual funding to enable them to do so.

The Government should refocus the Train to Gain budget away from providing certificates for dead-weight courses. Instead, the money should be given to further education colleges, which are more responsive to the needs of local people and local businesses. The hon. Members for West Lancashire and for Blackpool, South said how important it was for the local business community to have the trained work force that it needs, and that both their speeches suggested it does not currently have.

We need to make a major investment in the adult community learning fund; as I said, £100 million for much-needed courses will help people to update their skills or to gain new ones. When the Conservative party comes into government, we will also make available a £100 million NEETs fund, targeting special help for the many young people who leave school only to find themselves with no education, employment or training. That is a disaster for the individuals concerned, a disaster for the economy, and a disaster for our nation. The number of NEETs is unacceptably high, and action is needed to deal with that growing problem.

We will ensure that adult community learning support and the NEETs fund will be made available for local further education colleges, so that they can take their

[Mr. Evennett]

place once again at the heart of community life. I understand the comments of the hon. Member for Blackpool, South about FE and HE working closely together in a progression. We passionately believe in that, but we also believe that FE colleges are central to community redevelopment, through economic initiatives and retraining.

With such measures in place, I believe that Britain's skills base will be strengthened. That will improve the country's ability to tackle future economic difficulties, rebalance our economy and transform people's lives. That, of course, would help Lancashire and the rest of the country. The hon. Member for Blackpool, South and everyone else could look positively towards improving opportunities for all.

I believe that we need a new Government to put forward such an agenda with dynamism and commitment. The present Government is fading and failing. I listened with great interest to the speech of the hon. Member for Blackpool, South, but he is pushing at the wrong door.

12.3 pm

The Parliamentary Under-Secretary of State for Innovation, Universities and Skills (Mr. Siôn Simon): It is a great pleasure, Mr. Wilshire, to serve under your chairmanship today, as it was to serve under Mr. Gale's for the first part of the debate.

Mr. David Wilshire (in the Chair): Mr. Gale did most of the work.

Mr. Simon: It occurs to me that Mr. Gale may have been our Job; but you shall be our Solomon.

I congratulate my hon. Friend the Member for Blackpool, South (Mr. Marsden) on securing this debate and on his speech, which was typically considered, thoughtful and erudite. He has great knowledge and experience in the matter, and speaks with real authority. The general tone of the debate has been thoughtful, considered and constructive. It avoided the yah-booism to which we sometime sink. The hon. Member for Bexleyheath and Crayford (Mr. Evennett), when speaking from the Front Bench, may be obliged to indulge in a little more of that, but he too made some interesting points; if I have time, I shall deal with them later.

It seems obligatory at this point to make a remark about the Thatcher anniversary. I say merely that it could hardly be a more timely reminder.

I know that my hon. Friend the Member for Blackpool, South shares the Government's view that skills initiatives can and must play a central role in helping to bring Britain safely through the global economic downturn, creating new jobs for the future. He has said as much in the House on many occasions, and also as a member of the Select Committee on Innovation, Universities and Skills. The Government have pledged to do everything in their power to bring Britain out of the recession as soon and as strongly as possible. In responding to the debate, I want to mention some of the ways in which we are delivering on that pledge, both nationally and in Lancashire.

The key principles of the Government's approach are clear and, I believe, uncontroversial. First, we must encourage firms to carry on investing in the skills of their work force even though they may be under considerable and even increasing pressure. We should also continue to persuade the one third of businesses that do not train their staff to begin doing so. In its open letter of last winter, the UK Commission for Employment and Skills pointed out that companies that do not train their staff are two and a half times more likely to fail than those that do. That fact has, if anything, become still more pertinent in the months since the letter was published.

I know that this territory is just as familiar to my hon. Friend as it is to me, if not more so, and that he recognises, as I do, the combined impact of initiatives such as the skills pledge, the streamlining and flexing of the Train to Gain service to employers, and the rising numbers of public and private sector employers taking on apprentices. There is an obvious link, with skills helping people to find and keep jobs and helping businesses to succeed.

The figures tell their own story. In less than two years, 14,460 employers have signed the skills pledge, covering more than 6 million workers. Since the launch in April 2006, more than 127,000 employers have engaged with Train to Gain, with the aim of improving the skills of their work force. The latest evaluations tell us that employers are satisfied, and that Train to Gain is having a beneficial impact on their business and their staff productivity. The number of apprentices has grown, from 65,000 12 years ago to about 250,000.

These are all things that have been discussed many times before in the House and in Select Committee, but we should make no apology for that. Even in really tough economic circumstances, the initiatives are making a tangible change in the country's attitude to skills and the employers' role.

The second key principle is that we should respond vigorously to the fact that, when redundancies loom, the better a person's skills, the more likely they are to keep their job or get another. Train to Gain has supported more than 971,000 people in beginning to learn. More than 461,000 learners have achieved a qualification; more than 359,500 learners have achieved a full level 2 qualification; and more than 32,000 learners have full level 3 achievements. As many as 89 per cent. of new learners said that their training gave them skills that would help them with current and future jobs; 34 per cent. of learners completing a Train to Gain course reported getting a promotion; and 45 per cent. of new learners reported receiving a pay rise. That is good news for people who are in work, but we are also providing special support for those thousands of workers who have been made redundant or who are at risk of redundancy—those mentioned by my hon. Friends the Members for West Lancashire (Rosie Cooper) and for Blackpool, South.

The new adult advancement and careers service, announced last year, will bring together advice on employment and on the skills needed to get into work or to get on in work. In addition, a new package of support, worth £108 million, is now available to those who are under notice of redundancy or who have become unemployed. It will help 40,000 people over two years to improve their employability skills, with

personalised support lasting between two and eight weeks; it will help people to increase their skills and to re-enter the job market. We are making £83 million available for 75,000 new work-focused training opportunities for those reaching six months of unemployment, to help them significantly increase their skills so that they can enter work. The training will be relevant to the local jobs market and will allow people to progress. Individuals will be able to continue training through Train to Gain with their new employer once they get back into work.

The third feature of our approach is to recognise that the recession will not last for ever and that what we do now will help to determine how well we emerge from it. We must ensure that we have the skills required to seize the opportunities of a new global economy. As my hon. Friend the Member for Blackpool, South has said on many occasions, the Government have a vital role to play in enabling us to do that. Through public policies on taxation, regulation and expenditure, infrastructure, procurement and innovation, we can set the agenda. In short, we must help to ensure that we meet current and future skills needs.

We are ensuring that we have the analytical and practical means to collect, process and deploy intelligence quickly and effectively, so that we can develop the skills that we need in order to succeed. We know broadly where the UK's future strengths need to lie: in, as hon. Members have said, high value-added, knowledge-intensive areas where the combination of a skilled work force, innovative companies and a research base that is excellent by international standards have maximum effect. I am talking about low-carbon, green technologies and high value-added manufacturing and engineering.

My hon. Friend also reminded us that there must also be a strong local and regional dimension to the Government's efforts, and he is right to note that that dimension will not be helped by the official Opposition's policy of scrapping regional development agencies. The precise needs of one region differ from another. In my own region—the west midlands—we depend heavily on manufacturing industries, which have been especially badly hit by the global downturn. Manufacturing also provides many of the jobs in the north-west, where firms are under the same sorts of pressures. At the last count, more than 250,000 people were unemployed in that region—almost 8 per cent. of the working-age population. The same is true at county level. Since 1 August last year, the Lancashire office of the Learning and Skills Council has been made aware of 82 companies making staff redundant. The majority of the companies involved employed at least 20 people. I know that my hon. Friend understands the part that the learning and skills system plays in responding to such circumstances.

Redundancy response groups have been set up in some parts of Lancashire, such as Blackburn, Chorley and South Ribble, with a further group planned for Preston. I sympathise with the concern of my hon. Friend the Member for West Lancashire that her constituency not be left out, and I am sure that my hon. Friend the Member for Blackpool, South had no intention of slighting her constituency or sub-region. I often feel that my own constituency, as an outer-city constituency, is squeezed between, on the one hand, the particular needs and glamorous clamour of the city centre and, on the other, the rich, suburban neighbourhoods. I know how sensitive those issues can be, but I assure her that the Government have no sense that West Lancashire, just because it might sometimes be squeezed by Liverpool, Manchester and Preston, is anything other than of equal importance. However, I would be happy to write to her about that in more detail.

As well as those redundancy response groups, ad hoc groups have been formed to address the needs of particular companies and their employees. Their members include the LSC, Jobcentre Plus, the Northwest Regional Development Agency, local authorities, training providers, enterprise agencies and further education colleges. For example, at the request of the employer, a group has been put in place to address the ongoing redundancies at Leyland Trucks. My hon. Friend the Member for West Lancashire mentioned the car industry, to which I, as a Member with a constituency interest in that industry, am very sympathetic. Flexible and responsive work is being undertaken in Lancashire, and across the country, to respond to the particular needs of industries such as automotive manufacturing, and the group put in place to help with Leyland Trucks has been able to identify and address some of the needs of the more than 400 people who have lost their jobs already and the 70 currently under statutory notice.

Further education providers have been keen to support staff at the plant. Notable among these is Preston college, which is delivering courses in performing manufacturing operations, handling materials and elements of business improvement techniques on site. Increasingly, first-class providers will deliver flexible courses at the time needed in the place needed. The old model where a person turns up to college at 10 minutes to 9 on a Monday morning is increasingly the old model.

Mr. Marsden: I agree entirely with what the Minister is saying about the work-based delivery of learning—the statistics that I quoted underline this point. However, does he agree that it is important that further education colleges find places in the local community—I pay tribute to my own FE college, which has done this—particularly for women with work-life balance issues, so that people can access courses and training as close as possible to their homes? That way, they will not necessarily have to travel to an FE college, which might, even if only two or three miles away, pose difficulties, given the work-life juggling that some people have to do.

Mr. Simon: My hon. Friend is right. Increasingly, the best FE colleges recognise that provision needs to be delivered where it is needed and can be accessed, and they are finding ways of doing that. However, developments in the structure and funding of FE colleges will help them to find ways of doing that on a smaller scale. In the past, FE colleges would provide courses in workplaces, or other such small locations, only if the number of learners was relatively large. It was often impractical, therefore, to offer such courses. However, that, too, is changing. Good colleges are providing courses on a much smaller scale; sometimes they are almost, but not quite, on a personal level. By the same token, as well as providing learning in workplaces and the community, which might be less intimidating for some people, increasingly FE colleges will open their buildings to community groups, outside the regular education framework, for the extension of informal adult learning. That is what we envisaged in the recent White Paper, "The Learning Revolution".

[Mr. Simon]

Other learning needs are being identified through skills training analysis interviews carried out under the rapid response fund. Lancashire LSC has identified a designated person to handle inquiries about course availability from Jobcentre Plus. Those and similar small-scale, networked and integrated ways of working are being constantly developed and trialled using practical experience. They characterise the approach throughout Lancashire and the rest of the country.

The Budget that my right hon. Friend the Chancellor published a fortnight ago will reinforce local and national initiatives of the sort that I have been describing. The measures that he announced to promote industries and jobs for the future were good news for Lancashire in particular, because the county is one of the most important centres of high-tech industry outside the south of England. The latest data available—for 2006—show that in Lancashire 3.1 per cent of all jobs were in high-tech sectors, which compares with only 0.9 per cent nationally.

Let us consider employment in high-tech manufacturing alone. In 2006, this accounted for 19.1 per cent.—nearly one in five—of Lancashire's manufacturing work force. That is more than double the national average of 8.1 per cent and the figure of 9.8 per cent. for the north-west region. Lancashire should be well placed, therefore, to benefit from the creation of a strategic investment fund worth £750 million of new money over two years. That will support priorities critical for industrial growth and jobs, as set out in our industrial activism strategy, "Building Britain's Future". For example, the Government will set aside £50 million of the fund to enable the technology strategy board, which my Department sponsors, to increase its capacity to support innovation in areas with high potential for driving growth, such as those mentioned by hon. Members today—low-carbon technologies, manufacturing, and live sciences and STEM subjects.

Looking to the future, the Budget recognises how essential it is to have a strong science and research base to develop the ideas and skills that new, high-value, high-tech businesses will need. My right hon. Friend the Chancellor restated the Government's ongoing commitment to continued and increased funding for science and research through the protection of the ring fence around the science budget. That will be worth some £4 billion next year, which is more than three times the 1997 figure.

The Budget offered more help to people without a job and longer-term measures to help us prepare to take advantage of future opportunities. My hon. Friends the Members for Blackpool, South and for West Lancashire mentioned the need for long-term training as well as short-term preparedness. There will be additional investment of more than £260 million for training and subsidies to help young adults aged 18 to 24, who are approaching 12 months of unemployment, to acquire the skills at all levels or get the experience that they need to work in sectors with strong future demand. That includes £122 million for my own Department to deliver more than 70,000 work-focused pre-employment training places in England.

The range of measures to which I have referred today illustrate the Government's activist approach. That approach is predicated on our belief that it is not good enough to stand idly by letting people and businesses suffer until things pick up again. It is our duty and our promise to take whatever action is needed to help Lancashire and the whole country cope with current problems and emerge from the recession with realistic hopes for a brighter future.

12.21 pm

Sitting suspended.

Devonport Naval Base

12.30 pm

Mr. Gary Streeter (South-West Devon) (Con): It is a pleasure to sit under your wise counsel, Mr. Wilshire, and I am delighted that my colleagues, the hon. Members for Plymouth, Devonport (Alison Seabeck) and for Plymouth, Sutton (Linda Gilroy) are able to attend the debate.

In July 2007, the Government announced the outcome of their naval base review. It stated that the three bases, Devonport, Faslane and Portsmouth, are to remain open but that each would be optimised to achieve savings for the Ministry of Defence, which is a perfectly laudable objective. More than 22 months have elapsed, but we are still waiting to find out what the announcement means for Devonport.

Why does it matter? That the ships that defeated the Spanish armada in 1588 sailed from the mouth of the Plym and that Devonport has been providing support services to the Royal Navy since 1691 are important, but it is not only about history or heritage, although Plymouth is the size it is because of the dockyard and the naval base. It matters because Her Majesty's naval base at Devonport is a huge local employer—it employs about 2,500 people directly—and because one in 10 of all jobs in the city travel-to-work area have been created directly or indirectly through the dockyard and naval base. It also matters because the dockyard and naval base support 24,000 jobs and contribute £850 million to the local economy, according to the university of Plymouth's business school, and especially because millions of pounds a year flow through the local economy because of the salaries and spending of the 5,000 men and women who serve on the frigates and submarines that are base-ported at Devonport, a significant proportion of whom—perhaps 40 per cent.—live locally with their families, spend locally and contribute to the local economy in many ways. For all those reasons, a severe pruning of our naval base or the shifting of the frigates to Portsmouth or the submarines to Faslane would devastate the local economy. It really matters to our city.

Since July 2007, there have been many meetings between the Minister and his colleagues, local Members of Parliament, business and community leaders, trade unions and others. At all times, the Minister has treated us courteously and listened to our concerns with respect. On many occasions, he and other Ministers have said that the future of Devonport is secure, but I am afraid that that is an entirely meaningless statement. First, perhaps deliberately, it fails to distinguish between the dockyards and the naval base. I recognise that there is a promising work load for the dockyard in the next five to seven years, especially once the displaced aircraft carrier work begins, but that is not what we are talking about: we are talking about the naval base. Secondly, the expression, "Devonport has a secure future" says nothing about the scale of that future. What future does it have if the frigates and nuclear submarines go? How many people will it employ? We have been told that it will be the home of our amphibious fleet, but that is very small compared with the activity generated by frigates and submarines.

We can no longer accept generalities from the Minister; we need specifics. I recognise that since the naval base review announcement, the whole of the defence procurement industry has been transformed. That is often given as the reason for the delay, which I understand. However, there have been 22 months of delay. Why do this Government find it so hard to take tough decisions?

Why have I chosen to introduce this debate today rather than at another time in the past two years? In the past few weeks, we have been beset by leaks, speculation and rumours and it is impossible for the city to continue under the current level of uncertainty. Even this morning in the *Plymouth Herald*, Tim Jones, the chairman of Devon and Cornwall Business Council, made it clear that investors are delaying their investment decisions until the future of the naval base is sorted out. He said:

"We are talking about millions of pounds."

On 15 April 2009, the BBC ran a story claiming that senior MOD sources had told it that the frigates were going to Portsmouth. A Portsmouth MP appeared on television celebrating a great success, but the MOD said simply that no decisions had been taken. On 27 April 2009, Channel 4 ran a story based on reports prepared for Faslane that were obtained under the Freedom of Information Act 2000 and stated that Devonport will cease to be a submarine base after 2015. That fits in with the Minister's well-received words that even if vessels are to leave us, they will not do so for five years. The MOD said that the Channel 4 story was only speculation, but that was hardly a robust denial.

That brings me to an important question: when the Minister says that no decisions have been taken, does he mean that they have not been taken by Ministers, but that the Navy Board has taken them and that they have not yet been signed off, doubtless because of political sensitivities, or does he mean that the Navy retains an open mind on all such issues? If the latter is true, why is it taking so long? Having been a Minister—a thousand years ago, at least—and having some knowledge of how these things work, I put it to the Minister that the decisions that the frigates will go to Portsmouth and the submarines will go to Faslane have already been taken, and that, understandably, he is trying to find a way to break this devastating news to the local population without causing political mayhem.

Rear-Admiral Mike Wood, who retired in 2003, stated recently that he suspected that MOD Ministers were holding back on revealing the real future of Devonport because the Government did not want bad news to emerge close to a general election. Can the Minister see the damage that this level of uncertainty is causing us? If the decisions have been taken—I hope they have not—it is far better for us to know the truth so that the city can plan its recovery.

I should like to mention two other things at this stage. It is not the slightest bit good for the MOD to think that taking the frigates and submarines away would be compensated, as some media reports would have it, by the contract to decommission the nuclear reactors of the submarine fleet in Devonport. That would be a highly controversial decision. It would once again confuse the naval base and the dockyard and it would require a major dialogue with city leaders and a massive public consultation exercise before it could be agreed. Will the Minister say something about the fact that it would also require substantial compensation?

It also seems to be in Ministers' minds that if our naval base shrinks significantly, the city would gain in the medium term by the release of MOD property for

[Mr. Gary Streeter]

commercial purposes. I must tell the Minister that without substantial Government investment, any such real estate is of limited value, not least because of contamination and location. It should not be seen as any form of compensation unless it comes with significant capital.

What do we want? We in Plymouth are very reasonable people. We want the frigates to remain at Devonport and we believe that we made a compelling case for that in the naval base review. We also want the submarines to stay. Is it really wise, when there is a Scottish National party Executive who want to break away from the United Kingdom, to base our entire nuclear fleet, including our nuclear deterrent, in Scotland? If Scotland became an independent country, which I very much hope it never does, where would our submarines go?

We accept that the MOD must make savings, but not that that must happen by ripping the heart out of Devonport. We want the frigates and submarines to stay but, above all, we want to call a halt to the endless foot-dragging and uncertainty. We know that the Minister is arranging a trip to Plymouth tomorrow, but let me warn him, in the right spirit, that simply saying that no decisions have yet been made will go down like a lead balloon. It would be better for him to reduce his carbon footprint and stay in London than to travel to the south-west to tell us that there is no news.

I e-mailed the Minister's office nine questions on Friday lunchtime, and I am keen to give him plenty of time to answer them today. First, will he confirm that no hidden MOD document exists suggesting that Devonport naval base will close in 2015 or at any other time? I hope that that will be an easy one to deal with. Secondly, when will the Government be able to tell us the practical, on-the-ground implications of the naval base review? What will be the job losses, savings and changes? It has been 22 months. Thirdly, which decisions in the process fall to the Navy Board and which to Ministers? When the Minister says that no decisions have been made, does that include Navy Board decisions on base-porting?

Fourthly, has a decision been taken at any level in the MOD or the Royal Navy to transfer the frigates to Portsmouth? Fifthly, has a decision been taken at any level in the MOD or the Royal Navy to transfer the submarines to Faslane? Sixthly, if we are to lose either the frigates or the submarines base-ported in Plymouth, will the Minister spell out precisely what we are to get in return? What will be the long-term operational activity in the naval base?

Linda Gilroy (Plymouth, Sutton) (Lab/Co-op): I thank the hon. Gentleman for giving way and congratulate him on securing this timely debate. He is making a strong case that has cross-party support in calling for an end to the uncertainty. Is he as worried as I am that the Trident update and the carriers will be put into the melting pot for review by an incoming Tory Government, as was widely reported last week? Is he taking his Front-Bench colleagues to task for dashing our hopes of obtaining the certainty that we need?

Mr. Streeter: I am doing my best today to get some answers from this Government, who as far as I know have at least another year to run. I hope that we will not hear for the next 12 months that the decision is very close and will be announced soon, while day follows day and it is still not made.

Eighthly, how much real estate can be released from the naval base to the city as a result of the review, and how much capital will the Government provide to make any such assets viable for commercial or residential use?

During the intervention, I forgot my seventh question, which I know the Minister is keen to answer. Seventhly, if we are to lose the frigates and submarines, what implications will that have, not just for the naval base but for the work force at the dockyard? Although I do not want to confuse his answers, co-location is an important point. Ninthly, when will the MOD engage in a dialogue with the city about the proposed decommissioning of nuclear submarines? It is a hugely significant and sensitive issue. I was told by the chief executive of Plymouth city council as recently as last Friday that no real dialogue has yet started on the matter between the MOD and the city.

If the Minister cannot give us the answers today, although I know he will do his best, will he at least give us a specific date when he will be able to do so? The endless leaks from within the MOD are deeply damaging. The Government have had 22 months to make the decisions. The city of Plymouth has served the Royal Navy since 1588, and we are seeking a long-term future. We deserve to be treated better than this.

12.43 am

The Minister for the Armed Forces (Mr. Bob Ainsworth): It is a pleasure to be under your guidance, Mr. Wilshire. It is good to see you in a nice sober tie for once.

Mr. David Wilshire (in the Chair): Mr. Ainsworth, had I known it would be you, I would have worn a different tie.

Mr. Ainsworth: The hon. Member for South-West Devon (Mr. Streeter) has provided me with a number of questions. I counted 10; he said that he had only nine, so I think I counted his final demand for a date as an additional question.

The hon. Gentleman is right to mention the history of Devonport and the fantastic support and service that it has provided for the Royal Navy over the centuries. He is also right to discuss the importance of the employment that the naval base provides for the city and the economy of the wider area.

The hon. Gentleman's frustration is understandable. I get it in the neck from my hon. Friends as well as from him for not being able to be clear as quickly as everybody understandably wants. All I ask is that he and others accept that I am doing my best to plough through the situation and get to a point where we can be as clear as possible as soon as possible in an enormously complicated situation. It is okay for him to refer to 22 months, but he knows—I think he acknowledged it in his speech—that an awful lot has happened in those 22 months. We have had to re-profile the carriers, for example, and the MOD equipment review has taken place. Both have affected our ability to enter into agreement and know exactly where we stand with regard to the situation at Devonport and elsewhere.

Alison Seabeck (Plymouth, Devonport) (Lab): I thank my right hon. Friend for giving way and the hon. Member for South-West Devon (Mr. Streeter) for securing this timely debate. My concern is that if a statement is forthcoming to finalise and explain exactly what is going on, we want something more than simply, "Your frigates are going to X, Y or Z." We need to understand the evidence behind the decision. At the moment, that is not clear. What is the business case, and why does the Navy feel that the frigates need to be moved out of Plymouth?

Mr. Ainsworth: I understand that people will not accept it. I do not see why anybody as steeped in the issue as my hon. Friend would accept decisions without evidence, backup and reasoning. If decisions are taken and we attempt not to provide that evidence, I am sure that we will hear about it in no uncertain terms.

On employment, the naval base review said that we need all three naval bases, but that we need to optimise those naval bases to increase efficiency. The hon. Member for South-West Devon and others have said that they do not disagree with that in principle, but they want to know the detail. They are hearing rumours and believing stories that the situation in Devonport will be decimated. I do not see that, and I do not believe it to be true.

The first of the hon. Gentleman's questions was whether there was some document lying around in the MOD saying that Devonport would close in 15 years. I have never seen any such document, and I am as steeped in the situation as in any other. I wind up reading the *Plymouth Herald* more often than the *Coventry Telegraph* nowadays, so I know all the stories being peddled about the situation. There is no such document or plan. I am not aware that anybody in the MOD has ever pushed the point of view—certainly not while I have been Minister—that Devonport will close within 15 years. I am completely and utterly unaware of any such information.

With regard to the employment situation, all the scenarios that we are considering lead us to believe that Devonport will have roughly the same size work force going forward as it has now. There will be no substantial change. There might be some slight decrease or increase, but there will be no substantial change in the size of the work force in Devonport in any of the scenarios that we have been considering to bring to a conclusion all the details flowing from the naval base review.

Of course, things will change over time. They cannot stay as they are. If we are to optimise the benefits of proper management of all our naval bases, things will inevitably change. The hon. Gentleman has seen change. Plymouth has changed, and has benefited from that change. It is not only an area of supply for the Royal Navy; it produces equipment such as Jackals in what were recently naval base buildings.

The hon. Gentleman must expect change. I think he knows that there will be change, but under all the scenarios that we are considering, the work force would stay roughly the same size.

The hon. Gentleman has asked a series of questions about whether decisions have been taken, when they will be taken and when they can be known about. I am not in a position to make a detailed announcement. I do not want to go to Plymouth to be mauled because I cannot make a detailed announcement. I would like to be able to put a bit more information into the public domain, but there are many moving parts in the situation.

We must try to reach a long-term commercial arrangement with Babcock, which is a private company. Those negotiations are worth a lot of taxpayers' money and we cannot do or say anything that would detract from our negotiating position. We want a long-term agreement with Babcock and we expect to be able to enter into one before the end of the year. We might be able to clarify some of the issues ahead of the terms of business agreement. Two issues have to be deconflicted: I cannot confirm things if it would weaken our position in our discussions with Babcock to do so, but I want to give assurances to the local community that things will be okay in the long term.

The hon. Gentleman talks about the leak a couple of weeks ago that spoke of all the frigates moving to Portsmouth. He said that he used to be a Minister, so he knows that it would be pretty stupid for a Minister to say that a decision had not been taken when it had. There is no final decision on moving frigates from Plymouth to Portsmouth. He should understand why that is. I gave a commitment that there would be no base-porting changes for five years. That was reinforced by the Secretary of State on a recent visit to Devonport. We were trying to give people a degree of assurance that there was no imminent decision.

The hon. Gentleman knows that a future service combatant—I get criticised for using the jargon—will replace the Type 22 and Type 23 frigates in the long term. However, that is still conceptual. We have not decided how many of what kind of variant there will be. We do not know where the new ships should be based because we do not know what complexities they will have. If all future service combatants had to be based elsewhere, it would make sense to move the existing frigates to the new location so that there was not a step change with the change of ship. There has been no decision on whether all the variants of the ship will be based in Portsmouth or Devonport. The guarantee stands that there will be no base-porting changes for five years. I hope to say more about that ahead of the terms of business agreement, and I am sorry that I cannot say more today.

Linda Gilroy: Many people in Plymouth say that Portsmouth simply does not have enough room for the frigates. Will there be a proper study of whether Portsmouth can take them?

Mr. Ainsworth: If we decide that all future service combatants and existing frigates will move to Portsmouth, we will have to study that and explain it, not least to my hon. Friend. We would have to give reasons for that decision. I would not shirk from that. I accept that we would have to do that if such a decision were taken. However, that decision has not been taken. I will clarify the situation as soon as I can. I am sorry that I cannot clarify it today.

The hon. Member for South-West Devon tends to dismiss the amphibious force. The number of ships that have sailed in and out past Plymouth sound in the history of Devonport is an absolute glory. The amphibious element is an important part of our force structure and it will stay in Plymouth. I will try to reinforce the

[Mr. Bob Ainsworth]

amphibious element in Plymouth by moving the landing craft of the Royal Marines there, along with the training. If that is possible, it will be done as soon as possible. Those landing craft could then be collocated with Ocean, Bulwark, Albion and the rest of our amphibious capability in Plymouth. That direction of travel is an important guarantee to the city. Flag officer sea training will also stay in Plymouth. Moving it has not been considered.

Mr. Streeter: The Minister has indicated that the time scale might be moving. He said he hoped that the deal with Babcock would be in place by the end of the year and that he might be able to give more information on base-porting before then. However, on a visit to Plymouth in early March, the Secretary of State for Defence—the Minister's lord and master—said that the decision on the future of the naval base would be made within weeks. The *Plymouth Herald* stated at that time:

"On a visit to Devonport yesterday, John Hutton said a decision would be made 'very soon'."

The Minister's comments today seem to push that decision further away than the Secretary of State's recent comments.

Mr. Ainsworth: I am not trying to do that, nor am I trying to be opaque. We might make further announcements fairly soon. If we can, we will. I accept the hon. Gentleman's point that the situation is not just political, but economic. The city needs to be able to plan for the future. We want to be part of that future and help the city to be successful. We must plan with the city. If I can make announcements soon, I will do so. I cannot guarantee that I will because of the complexities of the situation. I believe that I will be able to give a degree of clarity ahead of the terms of business agreement negotiations, but I am not suggesting that nothing will be said ahead of that.

It is unfair of the hon. Gentleman to say that we do not talk with the city about these things. There has been a long-standing consultation process. My hon. Friend the Member for Plymouth, Sutton (Linda Gilroy) set up the strategy group that involves local businesses and the city council. We participate in it. I hope that some land will be released under Project Roundel. The hon. Gentleman should not dismiss that. Devonport naval base covers a huge tract of land. Under any scenario, much of that would not be put to good economic use for military purposes alone. Land should be released to the city so that it can make good use of it. That is what we want to do. My hon. Friends the Members for Plymouth, Sutton and for Plymouth, Devonport (Alison Seabeck) and the hon. Member for South-West Devon are constantly exploring what Government funding might be available for that.

Linda Gilroy: I agree with the hon. Member for South-West Devon that we need good quality consultation with the Department on decommissioning.

Mr. Ainsworth: There is an ongoing consultation with the city about the submarines and no decision has been taken. I do not anticipate being able to take a final decision on decommissioning until next year. However, there will be a consultation before that. We will produce a strategic environmental assessment that will go out for consultation.

Health Food Products (Channel Islands)

1 pm

Dr. Brian Iddon (Bolton, South-East) (Lab): I am grateful for this opportunity to raise my concerns about food supplements and herbal remedies being marketed in this country by companies based in the Channel Islands. This issue has been raised before, in an Adjournment debate in June 2007, by my hon. Friend the Member for Norwich, North (Dr. Gibson). As the problem continues to grow, however, I felt it should be raised again. My attention has been focused on this issue by the Health Food Manufacturers Association, and my concern is shared by many hon. Members, including those who have signed my current early-day motion 152, and those who signed early-day motion 357, which I tabled in the previous Session.

Most, if not all, health food businesses based in the Channel Islands market at UK consumers food supplements and herbal remedies that either contain illegal ingredients or are marketed using claims that would be illegal if those products were placed directly on to the UK market—sometimes both. Many right hon. and hon. Members, and certainly millions of our constituents, will have received or seen catalogues that market vitamins, minerals, food supplements and herbal remedies, but while such marketing is tightly regulated in the UK, such regulation does not cover operators based in the Channel Islands. That is particularly worrying because many people in the UK assume that our consumer protection laws also cover the Crown dependencies, but that is not the case.

Some of the products marketed by Channel Island operators contain ingredients that are considered illegal in the UK, including ingredients such as DHEA, or dehydroepiandrosterone—I apologise for my difficulty in saying that, as I am a chemist.

Mr. David Wilshire (in the Chair): I think that we would all have trouble with that.

Dr. Iddon: I shall call it a steroid, Mr. Wilshire, which is a class C drug in this country, believe it or not. Another such ingredient, which I can pronounce, is melatonin, which is categorised as a medicine here.

Another aspect of the problem is that some products are marketed with illegal claims, including medicinal claims. The use of unsubstantiated medicinal claims is especially worrying because it targets vulnerable people. The illegal medicinal claims include claims relating to cancer, cardiovascular disease, dementia and diabetes. It has been claimed that probiotics

"significantly decrease a risk of cancer",

or that the product Chelogarde

"reduces heart disease by up to 50%".

Such medicinal claims are extremely dangerous, as they can discourage people from seeking proper medical advice, and so put their health at serious risk. In the UK, we have strict regulation to prevent that, and no medicinal claims may be made for products that do not hold a marketing authorisation under the Medicines Act 1968. The European Union has recently introduced a raft of directives and regulations, which apply to foods in general, that are designed to protect consumers. They include the food supplements directive and the

regulation on the use of nutrition and health claims for foods, the short title of which—the nutrition and health claims regulation—is more widely used.

The Government are also in the process of implementing the traditional herbal medicinal products directive, which is intended to further protect consumers. The UK has implemented, or is in the process of implementing, all that legislation, with which responsible UK operators have to comply. As my hon. Friend the Minister will be aware, I have serious concerns that much of that legislation is unnecessary and disproportionately burdensome on companies in the UK, but we are obliged, by our treaty obligations, to implement it.

Our Medicines and Healthcare products Regulatory Agency, the MHRA, and our trading standards officers, have powers to take steps against UK operators that contravene those regulations and directives, but they do not have jurisdiction in the Channel Islands. Therein lies the crux of the problem. The Channel Islands do not have similar legislation, and so companies in Guernsey and Jersey, in particular, are able to abuse the situation and market vitamins, minerals, food supplements and herbal remedies, which may contain illegal ingredients, to UK consumers using illegal claims. Clearly, operators are keen to take advantage of that lack of regulatory control. In the last decade, the turnover of Channel Island businesses that deal with such products has risen from zero to an estimated £100 million today, and the business is still growing. Meanwhile, the turnover in the UK sector has stagnated in comparison.

The problem is further exacerbated by the inequities of the low-value consignment relief, or LVCR, regime, which allows companies based in the Channel Islands to avoid paying VAT on deliveries in which the contents are valued at less than £18. I shall not go into the details of that issue, as it was raised in the House on 27 January by my hon. Friend the Member for Burton (Mrs. Dean). However, the freedom to make illegal medicinal claims with impunity, combined with the price advantage generated by the LVCR regime, has led to Channel Island operators capturing a substantial share of that market in the UK. That not only poses a serious threat to UK consumers, but gravely undermines the responsible UK suppliers and health food businesses that continue to make considerable investments to comply with the law.

That unlevel playing field has arisen because the Channel Islands are not members of the EU. The relationship between the Channel Islands—as well, incidentally, as the Isle of Man—and the EU is set out in protocol 3 to the Act of accession that was annexed to the 1972 treaty of accession, by which the UK became a member of the then European Economic Community. Even though the Channel Islands are not members of the EU, some EU laws apply to them. That was confirmed in May 2007, when a Minister in the other place acknowledged:

> "The United Kingdom (UK) view is that the nutrition and health claims directive, the food supplements directive and the medicines directive remove barriers to the free movement of goods within the European Union...it is our view that the directives should apply to the Channel Islands under protocol 3".—[*Official Report, House of Lords*, 23 May 2007; Vol. 692, c. WA113.]

However, despite the view that the Crown dependencies should implement the legislation in question, only limited progress has been made. The Medicines (Human and Veterinary) (Bailiwick of Guernsey) Law, 2008, received Royal Assent on 10 December 2008, after a protracted delay. Although the introduction of that law in Guernsey is a very positive step, it is not fully consistent with the EU medicines directive. That was confirmed by the Minister of State, Department of Health, my right hon. Friend the Member for Bristol, South (Dawn Primarolo), when she said, in response to a written question:

> "The Medicines and Healthcare products Regulatory Agency (MHRA) has reviewed the draft"—

as it then was—

> "Medicines (Human and Veterinary) (Bailiwick of Guernsey) Law 2008 in respect of human medicinal products and believes that it is not consistent with the Medicines Directive 2001/83/EC."—[*Official Report*, 27 March 2008; Vol. 474, c. 414W.]

The Government of Guernsey now have to bring forward secondary legislation to implement fully the EU medicines directive. That must be an absolute priority, and should take place as soon as possible. Only when Guernsey has fully implemented the directive will it be able to prohibit and allow enforcement action to be taken when food supplements are marketed with medicinal claims. I am keen to hear the Minister's view on what kind of assistance is provided to the Government of Guernsey in that respect. Is there a time scale for Guernsey to bring forward such secondary legislation? Guernsey has not made any firm commitment to a timetable for bringing forward other legislation, including the food supplements directive and the nutrition and health claims regulation. What steps are the Government taking to ensure that that happens?

Let me turn to Jersey. Although Jersey has some basic medicine law in place, as is the case in Guernsey, it does not meet the obligations set out by the EU medicines directive. I understand that discussions on the implementation of the EU medicines directive with the officials in Jersey are only beginning. I am keen to know what discussions have already taken place on that issue in Jersey and whether any further meetings are planned for the near future. Will my hon. Friend say what resources are provided to the Government of Jersey to assist them in implementing the EU medicines directive?

Encouragingly, Jersey has made a commitment to implement the food supplements directive and the Nutrition and Health Claims (England) Regulations 2007 as part of the major update of food safety legislation that is under way there. I am aware that my hon. Friend's colleague from the Ministry of Justice, Lord Bach, visited Jersey on 17 April this year. Based on the feedback from that visit, this debate is extremely timely. Is the Minister aware whether there is an agreed time scale for when the Government of Jersey will bring forward such legislation?

In terms of drafting legislation, I appreciate that there are limited resources available to Crown dependencies, but I am anxious to be reassured that our Government are doing everything in their power to encourage the Channel Island authorities to meet their obligations and implement these regulations effectively and without any further delay. I am also anxious to be reassured that our Government and their officials in the relevant institutions will work with other UK authorities and businesses, including the postal authorities, advertising regulators, periodical publishers, Her Majesty's Revenue and Customs and others, to ensure that every avenue is explored to protect UK consumers and the responsible UK health food businesses.

[Dr. Iddon]

I am keen to know what discussions the Minister or his colleagues have had on the issue with any of the authorities I have just mentioned. Dealing with this matter is not just about implementing the legislation; it is about effective enforcement. I would like to press the Government and the relevant authorities to provide the necessary assistance to the Crown dependencies to enable them to enforce legislation to protect UK consumers. There is a pressing urgency about the matter because the European Commission is about to introduce maximum permitted levels for vitamins and minerals under the provisions of article 5 of the food supplements directive, which may limit the potency—and hence the attractiveness—of products in the UK market. That would obviously give the Channel Islands' suppliers yet another potential advantage over the UK market.

The nutrition and health claims regulations threaten to restrict even further the ability of responsible mainland suppliers to make a range of currently acceptable modest and accurate claims about their products. That will give companies operating in the Channel Islands yet another advantage over UK-based suppliers. By 2011, the issue will have got worse because, when the directive on traditional herbal medicinal products is fully implemented, herbal suppliers on the mainland will be unable to compete in that business area with their competitors in the Channel Islands. So, urgent action is overdue, and I ask my hon. Friend the Minister to give me an assurance today that there will be no further intolerable and unjustifiable delays in requiring our Crown dependencies to address these matters by replacing the earlier promises that they have given, which have not entirely been maintained, with legislation.

I should add that the current economic recession is making it even harder for UK companies to stay in business, especially when faced with such aggressive and unfair competition. What is more, it is a constitutional quirk that, if the European Commission becomes aware of the failure to enact and implement appropriate legislation in the Crown dependencies, it is not the authorities of the Crown dependencies but the British Government who would face enforcement action. I am sure that the Government wish to avoid that.

I am grateful that my hon. Friend the Minister is present this morning. I fully understand that the Minister of State, Department of Health, my right hon. Friend the Member for Bristol, South, cannot be here because she is dealing with the swine flu outbreak. I look forward to my hon. Friend's response.

1:14 pm

The Minister of State, Department of Health (Phil Hope): I congratulate my hon. Friend the Member for Bolton, South-East (Dr. Iddon) on taking up the issue, on obtaining the debate and on putting the case so strongly—he has done so not only today but on previous occasions. He has a long track record on pursuing these issues, and rightly so. I hope that I can give him the reassurances that he has sought. Before I turn to the main focus of the debate, which is the importation of health food products from the Channel Islands, it might be useful, because my hon. Friend raised the matter, to set out the constitutional position of the Crown dependencies—not just on this issue, but generally. That is the backcloth to which the strictures he gave at the end of his remarks relate.

Protocol 3 to the treaty of accession to the European Community governs the relationship between the Crown dependencies—the Channel Islands and the Isle of Man—and the European Union. It does not govern the relationship between the UK and the Crown dependencies, or between the UK and the European Commission. The term "Crown dependencies" is unique to the relationship that the UK has with those three territories.

For the purposes of this debate, key points about the status of the Crown dependencies need to be made. Unlike the overseas territories, the Crown dependencies are not part of our colonial past and they have no representation to Government at Westminster. They are not part of the UK; they are self-governing dependencies and they have their own directly elected legislative assemblies, their own fiscal and legal systems and, indeed, their own courts of law.

We are constitutionally responsible for their defence, international representation and good governance. The Crown dependencies are not part of the European Union, but they have a relationship with it. As my hon. Friend said, protocol 3 defines the extent to which the three islands are part of the European Union. Under that agreement, the Channel Islands are part of the customs territory of the Community and they are part of common customs tariffs, levies and agricultural import measures, which apply to trade between the Channel Islands and non-member countries, so although there is free movement of goods and trade between the islands and member countries, other Community rules do not generally apply. I have set out that relationship to emphasise the constitutional position and thus who is responsible for the enforcement of directives.

Let me turn specifically to the importation of health food products from the Channel Islands. We are talking not about commercial imports, but about personal imports for use by individual consumers. It is important to be clear that businesses importing products for marketing in the UK from the Channel Islands must comply with the relevant UK law. The Ministry of Justice provides the official channel of communication between the UK and the Channel Islands. As my hon. Friend mentioned, Lord Bach, the Minister responsible for the Crown dependencies, visited Guernsey in February 2009 and Jersey only last month—nice work if you can get it, if you do not mind my saying so, Mr. Wilshire. While Lord Bach was there, he discussed the implementation of the food supplements directive and the nutrition and health claims regulations during meetings with the authorities.

The Food Standards Agency is the Government organisation responsible for the legislation that governs health food products—namely the food supplements directive and the nutritional health claims regulations. The Food Standards Agency has received representations from the UK supplements industry in relation to their concern that large volumes of food supplements, which would be regarded as illegal in the UK, are being sold to UK consumers by companies based in Jersey and Guernsey. Those concerns relate particularly to the use of medicinal claims for unlicensed supplements.

The agency's legal advice is that because the aim of the food supplements directive is the free movement of goods within the European Community, the Crown

dependencies will have to implement the provisions of the directive and ensure that food supplements produced in and supplied from those territories are compliant with the directive. That advice also applies to the nutritional and health claims regulations.

The FSA has collaborated effectively and engaged productively on matters relating to the Channel Islands with a range of stakeholders, including the food supplements industry in the UK, the Ministry of Justice, the Treasury, Her Majesty's Revenue and Customs and, of course, the Governments of Jersey and Guernsey.

A meeting was held between the agency and officials from Jersey and Guernsey to discuss matters face to face in April 2008, at which representatives of the Jersey Government indicated that they were in the process of implementing food safety legislation that will include the provisions of the food supplements directive and the nutrition and health claims regulations. Guernsey Government officials were considering implementation of national legislation to enact the provisions of the directive and the regulations.

Jersey and Guernsey also agreed to work with companies based on the islands to prevent the sale of food supplements that are illegal in the UK. In January this year, the FSA was advised by the Government of Jersey that work is still progressing under its programme to update Jersey's food safety legislation. Jersey is also working with Customs to identify importers and exporters of health foods in order to investigate their products. The Jersey Government are working with trading standards to prevent Jersey businesses making inappropriate health claims, and with the Jersey Economic Development Department on the possibility of revoking the licences of food business operators who may damage the reputation of the island.

The Government of Guernsey advised the FSA that discussions at official level on implementing the food supplements directive and the nutrition and health claims regulations are ongoing, but that priority is being given to drafting the secondary legislation that is necessary to ensure that the EC medicines directive, which prohibits marketing food supplements with medicinal claims and which allows enforcement action to be taken, is fully implemented. I am pleased to tell my hon. Friend that the timetable is for that legislation to be implemented this summer. That is a positive move, the outcome of which will address some of the key concerns raised by the supplements industry and by him.

A request for more drafting time will be put forward for consideration by the Jersey Government's Council of Ministers as part of its 2010 legislative programme. I am able to report that further progress to my hon. Friend. There will be further dialogue in 2009 with the Medicines and Healthcare Products Regulatory Agency to resolve outstanding technical issues.

In April, officials from Guernsey informed the Ministry of Justice that a detailed analysis of the implementation of the legislation is under way so that the board at the Health and Social Services Department can decide on the appropriate way forward. The pace of progress in respect of food supplements will therefore begin to increase.

Apart from implementation of legislation, concerns have been raised by the supplements industry about products on sale in the Channel Islands that would be considered illegal in the UK. The FSA brought those concerns to the attention of officials in Jersey and Guernsey who have undertaken discussions with companies. They have made several visits to companies to ensure that they are fully aware of the concerns. FSA officials continue to liaise with officials in Jersey and Guernsey to keep abreast of developments and to direct action against companies that have been identified as marketing illegal products.

I have listened to my hon. Friend's contribution and I will draw the points that he made to the attention of ministerial colleagues in the Ministry of Justice, because there are important matters that they need to be aware of and take forward. I reassure my hon. Friend that the Government recognise the concerns of the supplements industry that he raised today. I emphasise my thanks to him for bringing them forward in a variety of ways, including today's debate, particularly given the forthcoming setting of maximum levels for vitamins and minerals, and the finalisation of the positive lists of vitamin and mineral sources in the food supplements directive.

We recognise the risk that further market share could be opened up for companies trading in the Channel Islands if legislation is not fully implemented, and recognising that risk drives us all to ensure that we get the job done as soon as possible. The FSA has regular meetings with the supplements industry to maintain an open dialogue on supplements and health claims, and I urge it to do so on the issue being debated today as well. I have also asked the FSA to obtain a timetable for completion of the work in Jersey and an update on Guernsey's intentions in this regard, and I will forward that information to my hon. Friend as soon as it is available.

My hon. Friend wanted reassurance that we are aware both of our responsibilities and of the need for action on this matter. I give him that assurance today, and I hope that we will be able to take forward the action that he requires at the earliest opportunity.

1.27 pm

Sitting suspended.

Bus Regulation

1.30 pm

Steve Webb (Northavon) (LD): Good afternoon, Mr. Wilshire. I am grateful for the chance to raise an issue that has been something of a perennial for me in the 12 years that I have been a Member of Parliament, although it is particularly timely in view of what is happening in my area at the moment, following a local development on bus services which I will describe to the Minister.

I want to flag up a question and I should be grateful for a response from the Minister. Flagging it at the start may give him the opportunity to seek inspiration, as it were, as I progress. I want to know whether bus companies can subsidise less profitable routes with more profitable ones. The local company, First bus, has withdrawn a service on the grounds that it was not making enough money. My constituents wrote to First, asking, "Why don't you subsidise this service with one of your city centre routes on which you make a lot of money?" and it replied:

"We are not able to cross-subsidise routes. The Transport Act does not allow busy city routes to support less-used routes".

It would be helpful if the Minister commented on that response by the bus company and said whether its understanding of the law in this regard is correct, because I think the situation may be slightly more subtle than it says.

Stepping back to give the context for this debate, I represent a part of south Gloucestershire with many small towns and villages where there is heavy car usage and bus services are, on the whole, pretty poor. If people live on one of the main arterial routes into the centre of Bristol, they stand the best chance of getting a bus service, but if they live in a village or if they need to travel in the evening, on a Sunday or out of hours to get to a hospital appointment, for example, they have serious problems.

One local service, which was an express, or X, service—the X27—went down the M32 motorway from Yate in my constituency, past a village called Iron Acton, through Winterbourne and into the city centre. That was a popular local route. Bus changes were announced by First not many months ago. It originally proposed withdrawing its fast bus services down the motorway, but we all thought that that was ludicrous. There has been talk of bus lanes and special methods of getting buses into the city centre quickly, but here the bus was planning to take some of its express routes off the motorway. We fought a campaign and there was an extensive period of public consultation, and, to be fair to First, it revised its plans in light of that consultation and campaign, and we were able to keep some of the express motorway services going.

Given that experience not many months ago, we were all horrified to get a letter in March, telling us that in eight weeks First would stop running the X27 service. There was no consultation and minimal warning. The local authority found out about it pretty much at the same time as the rest of us. The bus company just said, "Things have turned down; we're not making the money we want to on this route. We're pulling out." An awful lot of people were unhappy about that. This company does not have the best local reputation. We ran an online petition and many of my constituents made comments, saying, for example:

"First buses truly are Worst buses!!!"

and

"Shame on you, Justin Davies"—

the managing director—

"and your company, you have returned us to the dark ages when only those who can drive have the freedom to get around and live their lives!"

The Bristol *Evening Post* regularly gets a front-page story from the latest outrage perpetrated by First bus on the benighted residents of Bristol and south Gloucestershire.

There is a history of poor service and people are unhappy about a lot of things, but First took its performance to a new level by announcing with the minimum possible notice that the X27 route would be taken away. That impacted on a range of people. In the context of social exclusion, some of the comments from my constituents are germane. One lady wrote:

"Please do not cut the X27. I will be totally unable to get an alternative bus as I am 84 and this is the only bus which goes from outside where I live...I will be unable to go anywhere, which is very depressing."

The elderly, who are heavily dependent on this service, were disappointed. Somebody said:

"Just got my bus pass—no bus."

Older people were particularly affected by all this, but they were not the only ones. Young people were also affected. One young student responded to a survey we did via Facebook, saying, "I'm doing my A-levels and you're going to cut the bus on 10 May. How do you expect me to get to my exams?" Nobody had thought about that. First just said, "We're not making money. We're pulling the plug in eight weeks."

I am worried about the structure of our bus services. It is fine to say, "Well, they're just in it to make money. They make money and we subsidise the rest." But unless there is long-term stability planning—for example, in this case people know that a service can be cut with eight weeks' notice—how will there ever be long-term growth in bus usage? People plan their jobs, their studies and their lives around transport arrangements. If bus companies can just pull the plug with eight weeks' notice, that will not give anybody confidence to plan their lives around public transport, and yet another person will assume that the only thing they can do is use the car. If we had not been able to do something about the X27, the young woman doing her A-levels said that she would have had to move out of her home for the period of her exams because there was no other way for her to get to her studies.

One woman wrote:

"My daughter…is in her final year of A-levels and works long hours in the library. Getting into college quickly makes her long day much more bearable."

Interestingly, she talks about the quality of service offered by the bus company:

"Over two years of poor time-keeping, often rude and aggressive drivers and overcrowding on the X27…A company with such a poor name for service should be doing its utmost to improve customer relations, not anger its client group of travellers."

So there is a saga of poor quality of service and unpredictability, and now the company is pulling the rug out from under people at the last minute.

We launched a campaign to get South Gloucestershire council to subsidise the route. That has happened after our successful campaign. The council agreed to step in to provide money for a reduced service once an hour for six months, but, of course, in six months we shall have the whole thing again and people will not know where they stand or whether they can rely on the service beyond the six-month period. I welcome the fact that the council will promote the service, which First should have been doing anyway, because often people stand at a bus stop along that route and do not even find timetable information. For instance, when First announced that it was planning to scrap the service, or prevent it from using various stops, it did not even put information on the bus stops.

That shows the contempt with which First treats its passengers. It can do that because it is a monopoly. In theory, Steve Webb Buses could set up and run along the same route, but we all know that First will be the only one that does so. The irony is that First won the tender for the subsidised service, so it still ends up running it anyway, but is paid by the council to do it. I cannot help feeling that we have got to the worst of all worlds in respect of buses in the last 20 years, because in many places we do not have a public monopoly, which at least could be in the public interest, or vigorous private competition, which might be efficient, but we end up with a private monopoly, which is probably the worst of all worlds.

Stepping back from that local example, where we have a sticking-plaster solution and local council tax payers are now paying to keep the service going once an hour for the next six months, but no long-term solution, what is the long-term prospect for my constituents getting a decent bus service not just on this route, but across the area?

The context, with which the Minister will be familiar, is that more built-up areas, such as Bristol and the surrounds, have suffered big time since deregulation. With a 94 per cent. rise in the real value of fares and a 46 per cent. fall in patronage, there have been huge hikes in fares and a drop in bus usage in those built-up areas. That contrasts with London. The Minister will be familiar with this, but it is worth putting on the record that in London, where the local authority can essentially dictate and co-ordinate the services, fares and routes, bus usage is growing at its fastest rate since the mid-1940s; buses in London carry the highest number of passengers since 1968; and bus mileage in London is higher than at any time since 1957. I accept that London is different, but a lot of features of the London model could be applied.

What have the Government done? The Minister's response might be that the Local Transport Act 2008 is the way forward. That Act allows more flexible voluntary deals between bus companies and councils, but, frankly, in our area First has got the councils over a barrel, because it is the only provider. I was rather alarmed to discover that, in the passenger transport executive areas, 90 per cent. of the services are run by the big five operators and, in general, they do not fight each other. It feels like a stitch-up.

First runs in Bristol. Do Arriva and all the others compete against First? Mysteriously, it does not seem to happen. The theory of competition is great, but the reality is that we all know that the vast bulk of the services will be run by First. Wessex Connect will pick up the odd one, as will South Gloucestershire Bus & Coach, but we all know that First will be in there as the main provider. We do not have realistic competition. If the bus companies have the councils over a barrel on voluntary partnerships, what about statutory partnerships? They are another option, although they are limited in scope. My preferred model is a franchise or quality contract. The 2008 Act provides for that, which is welcome, but although the Act was passed last year, the regulations and guidance are not yet in force. Will the Minister tell us when they will be?

In theory, it has been possible for some years for local authorities to franchise services throughout an area, but in reality no one has applied for or been granted permission to do so, because the legislative hurdle has been very high. The 2008 Act relaxes that, and I welcome that relaxation, but I am worried that even when its provisions are in place we may not see franchising and fierce competition between companies in the Greater Bristol area, because many tests will still have to be overcome. The decades of public transport failure in my area should be enough evidence that the alternatives have been tried vigorously. Yes, we will have quality corridors, or whatever the latest jargon is, and yes, there will be new bus lanes and better bus stops, but they will be on the major arterial routes in and out of the city, and people living in villages, young people, elderly people and those who want to travel off peak will receive limited benefit because they do not live where the major routes are.

I do not doubt that the Government want to do something about the problem, and I am sure that the 2008 Act was well intended, but when will we see a difference on the ground? I know that there is already co-operation with bus companies in Bristol and south Gloucestershire and that there will be new bus lanes, but that will not scratch the itch for my constituents who live in villages or areas that are not on major routes. We had a public meeting in Iron Acton, which would have been completely cut off by the changes. Elderly residents said that they would have to move out of the area because, for example, there is no GP in the village so they could not visit their doctor without ringing community transport. People who have appointments at the eye hospital early in the morning could not get there. Losing those services would have killed communities, and I see no evidence that anything other than a radical shake-up will address those concerns.

First is in the business for what it can get out of it, and we should stop pretending otherwise. It makes hefty profits and its bus services are profitable overall. It is not a charity, and we have given it the opportunity to prove that it has a public service ethos, but it has kicked us in the teeth. Let us not pretend that relying on the good will of First or anyone else will get us there. The answer in my area—it may be different in other areas—is for local authorities to work together and to franchise a comprehensive network of services that will be stable in the long term and not cut with eight weeks' notice, that will link in with other public service infrastructure, such as main line and suburban railways, and that will provide off-peak and rural services. I know that such services cost money and that the pot is not unlimited, but if First and other companies had to bid for the complete network, they would have to make a choice. They would have to decide whether they were going to be in or out

[Steve Webb]

of Bristol. That would force the issue, because it is in their interests to stay in the area, and we could get an awful lot more from them than if we just relied on their good will, which is the model that we have relied on too much in the past.

I could read out dozens of comments from angry people who want to be bus users and do not want to use their cars. Many of them commented on the website that they are always being told to get out of the car, but bus services are being cut. They are profoundly frustrated, and I hope that the Minister will say that the Government's changes will be implemented quickly and bring about a real change, not just in services, but in fares. I have surveyed young people who say that the cost of fares is their overwhelming problem. We have relied too much on bus companies' good will, but they are not in the business of showing any, so we must be much tougher on behalf of bus users, and I hope that the Minister will assure us that the changes will make a difference on the ground. If not, further powers may be needed to make bus companies provide a public service, which is what should have been provided all along.

1.44 pm

The Parliamentary Under-Secretary of State for Transport (Paul Clark): I congratulate the hon. Member for Northavon (Steve Webb) on securing this debate. I know that the matter is close to his heart, and he referred to a similar debate 18 months ago when he concentrated on young people and their travel. My predecessor, my right hon. Friend the Member for Doncaster, Central (Ms Winterton), responded to that debate and stated clearly that the Government were working on improving the experience for present bus users and those to come. Our strategy is for a continual increase in bus patronage, and that has started. Bus services are the backbone of transport for the vast majority of people in this country. Some 5 billion journeys are made every year, and we want the number to increase with more quality bus services throughout the country in place of the existing patchwork of services.

My right hon. Friend talked about the work in developing the then Local Transport Bill, and recorded that the Government were putting some £2.5 billion into funding local bus services each and every year, including the £1 billion-odd for the concessionary scheme for some 11 million older and disabled people, which has come into being since that debate and provides opportunities for many people who might otherwise be isolated. However, I recognise that even with a gold-plated concessionary bus pass there will be issues if there are no buses. The hon. Gentleman said that nothing short of a radical shake-up is required in the bus industry, and the Local Transport Act 2008 provides the tools for that to happen, but leadership is needed at all levels to take forward what is right for a specific area. I shall return to that, and respond to some of the hon. Gentleman's specific points.

As the hon. Gentleman said, most bus services outside London are provided by commercial operators in a deregulated market. Any operator is free to run local bus services, and Steve Webb Enterprises could apply, after gaining an operator's licence and registering the routes and timetables with the local traffic commissioner. That is one right, but it is also within operators' rights to withdraw bus services that are no longer commercially sensible, and operators are required to give 56 days' notice to the traffic commissioner of any service cancellation.

Local authorities have the power to subsidise socially necessary services, as is happening with the X27 service to which the hon. Gentleman referred, that would not otherwise be provided by commercial operators, and about one fifth of bus services throughout the country are provided in that way. However, I readily accept that in the remaining four fifths of services—the vast majority—there has been little scope historically for local authorities to influence either the price or the standard of service offered. It has invariably been left to Adam Smith's "invisible hand"—the working of competition in the free market—to drive down fares and force up quality. After more than two decades of deregulation, perhaps the fairest thing to say is that the results have been mixed.

As I have gone around the country, I have seen some good examples and spoken to people who use those services and not just to those who have briefed me. There are some good examples of partnerships that have worked and brought together both sides of the table. I say "both sides", but when it is a genuine partnership that works, we do not end up with people being seen as on different sides of the table, because they are working hand in hand. I am talking about work by local bus service providers going hand in hand with supportive action by the local authority.

Places such as Telford, Brighton, York and Milton Keynes have had increases in patronage where there has been a genuine desire to go the extra mile, if I may use that term, to provide a service that is responsive and reflective. Those are increases in ridership over and above the extra ridership from the England-wide concessionary fares scheme; I want to make it clear that they are additional increases. However, as I have said, there is far too much of a patchwork of average provision and poor provision, rather than the good services that I could point to. That is what we need to deal with and the 2008 Act provides the ability to do that.

Before responding to an Adjournment debate, I always like to ensure that I know what everyone is talking about, and when I looked at the "Focus on Sodbury, Yate and Dodington" website, I saw that the hon. Gentleman believes that we have only "tweaked the rules" in the Local Transport Act. I hope to prove otherwise. Indeed, I know that he will be deliriously happy when I tell him about the greater powers that councils now have to determine what bus services operate in their area and to cap excessive fares. He is calling for that in this debate, and I am delighted to tell him that we are delivering it through the 2008 Act.

A principal aim of the Act is for local authorities to have a variety of options for exerting greater influence on the standard of bus services in the deregulated market. There is a strong emphasis in the Act on partnership working. Where there are good examples of a strong partnership, there has been the ability to deliver and provide the ingredients for success and an increase in patronage.

The hon. Gentleman referred to previous attempts to secure better bus services, the problems of companies seeming to be working hand in glove and competition

not working. One problem with previous legislation was that competition law worked as an obstacle to sensible partnerships. We have been able to work with the Office of Fair Trading to ensure that, under the provisions in the new Act, there is not that obstacle and that we can have a far stronger bus service and provision and negotiation through local authorities and the bus operators to make it a success.

Steve Webb: As the Minister has mentioned competition law, will he address the question that I asked at the start? Is First Bus correct to say that it could not have subsidised the X27 from the profits on another route? Is it as simple as that?

Paul Clark: Let me answer that at this stage. As far as I am aware, it is not the case that companies cannot cross-subsidise between local routes. Let us think about a process of negotiations that might well happen. "Here is a package of routes that we want to be provided," says the local transport authority to the bus company. It sets that out as a specification. Some of those routes would undoubtedly be more economically viable than others, so there would be a package and one would assume that any company bidding for that franchise—that operation—would take into account the costs involved and the income streams that there would be. Clearly, I was interested in the hon. Gentleman's comments about what First had given as a reason for not being able to follow through on the X27, but my understanding is that there is no reason why it cannot cross-subsidise, unless of course that is an internal rule of its own.

With regard to the 2008 Act, there are quality partnership schemes, although the only successful one that really has flown was the one in north Sheffield. The concept was provided for under the Transport Act 2000. The provisions for quality partnership schemes have been strengthened under the 2008 Act. I am referring to the local transport authority having the strength to be able to negotiate in respect of frequencies, timings and maximum fares as part of that beefed-up role. That is important and helps to meet some of the hon. Gentleman's concerns. He referred to fares rising astronomically, and one of the provisions of the new Act will cover that.

The hon. Gentleman said that his preference would be something along the lines of the quality contracts schemes—the London style of franchising. That may be a realistic option for given areas, but again it is for local authorities and local transport authorities to decide on what would meet their requirements. We have changed the rules. I think that the hon. Gentleman said that the hurdles that had to be got over were so high as to make that unrealistic. We took the opportunity to examine the provision in relation to the Local Transport Act. The requirement was that a quality contracts scheme must be the "only practicable way" of achieving the local authority's objectives. We have now provided for a much more balanced set of "public interest criteria" that schemes would need to meet. That makes it far more realistic for people to be able to meet the requirements in relation to a quality contracts scheme.

With regard to the timetable for quality contracts schemes, one of the things that I said once we had got the Act through and on the statute book at the end of November last year was that we needed to get on with rolling out the provisions. As hon. Members know, we can pass legislation, but we also need to roll it out and get it going. That is what we have been doing in a range of areas and there is a lot of work to be done. That includes setting up Passenger Focus to have a strong voice now for the travelling public on the buses as well as the railways. That is another provision that came into being in April.

With regard to quality contracts, we will shortly be consulting on the requirement for secondary legislation. I hope to see the quality contracts provision up and running by the end of 2009. Like the hon. Gentleman, I want to see the Act a reality on the ground, making a difference for the people whom he represents here today and for the people whom hon. Members represent throughout the country. I hope that that will be a way forward.

I believe that the 2008 Act can provide the radical change required, but leadership is needed at local level, not only from elected leaders, which is fundamental, but from officials, those working in the industry and those in local bus companies. We all want one thing: more people on the buses and services being provided reliably, efficiently and effectively. I want to see that happen, but it takes two to tango. It certainly needs to happen in this case. When I was in Bristol recently, I met representatives of the West of England partnership. I hope that if one thing comes out of this, it is that the hon. Gentleman and colleagues alike will work with the leadership of the West of England partnership to see what can be taken forward from the 2008 Act to make a real difference for the travelling public, whether in south Gloucestershire, Bristol or the rest of the area.

Question put and agreed to.

1.59 pm

Sitting adjourned.

Westminster Hall

Wednesday 6 May 2009

[MR. MIKE HANCOCK *in the Chair*]

School Sixth Forms

Motion made, and Question proposed, That the sitting be now adjourned.—*(Mark, Tami.)*

9.30 am

Mr. Mike Hancock (in the Chair): The hon. Member for Hemel Hempstead (Mike Penning) has told the Chair that he is not willing to take interventions because he will make a very brief speech.

Mr. David Lidington (Aylesbury) (Con): On a point of order, Mr. Hancock. Can you give us guidance on how we are supposed to conduct the debate when, as far as I can see, no Minister from the relevant Department is present to respond to my hon. Friend?

Peter Bottomley (Worthing, West) (Con): Further to that point of order, Mr. Hancock, I am not sure that there is even an official present who might be able to tell the Minister what to say, or even what we have said.

Mr. Mike Hancock (in the Chair): I do not quite understand that latter point, but I am sure that the Minister's hon. Friend, the hon. Member for Alyn and Deeside (Mark Tami), will sit here in eager anticipation of his arrival.

I deplore the fact that the Minister is not present, which is a discourtesy to the House and the Chamber. I hope that the usual channels will report that back. I have sought advice from the Clerk and the debate may proceed. I am sure that the hon. Member for Alyn and Deeside will do his best to take copious notes of what is said. I do not want to delay proceedings any longer because so many hon. Members want to make a point. I hope that the Minister will have a very good excuse when he arrives. He owes an apology to every hon. Member who has taken the time and trouble to turn up. It is the first time in nearly 10 years that I have chaired proceedings and the Minister has not been present. It is a craven insult to the House.

As I said, the hon. Member for Hemel Hempstead does not want to take interventions, so that as many hon. Members as possible can comment, and I shall do my best to help to achieve that.

9.32 am

Mike Penning (Hemel Hempstead) (Con): I reiterate your comments, Mr. Hancock, about the insult to the House and those hon. Members who have turned up for this important debate. It is also an insult to my constituents and the children of this country, who have been so badly affected by the funding fiasco. It is a shame that the Minister was not here earlier to hear your comments.

The funding of sixth forms and further education colleges is very important for my constituents, as it is for people throughout the country. The fiasco of the past two and a half months—at least—has caused great anxiety in colleges, and among headmasters, pupils and parents. It has been described by headmasters as "incompetent and dishonest" and I am desperately concerned about the fact that, with the Learning and Skills Council in its dying throes, its chief executive still does not seem to understand the seriousness of the situation. The chief executive said in a recent interview for *The Daily Telegraph* that the Learning and Skills Council is a fascinating place to work. It may be interesting, but I wish, for the sake of the pupils, parents and headmasters in my constituency, that he was doing a bit more work, so that the current situation had not occurred. Frankly, he should be a little more contrite about how what has happened has affected pupils.

I want to give a brief resumé of what has happened in Hertfordshire. On 2 March schools in my constituency were told their final allocation of funding for 2009-10. That was the funding that they were to set their budgets by for the end of March, which they could take up to ensure that they had suitable building work done, suitable facilities, and suitable staff in employment, and so that they knew exactly where they were. I have seen the letters that went out from the LSC about that funding. By the last week in March there was a clear indication of a problem throughout the country, and particularly in Hertfordshire. By 27 March schools in Hertfordshire had their funding slashed. Thirteen schools had had their funding cut by up to £25,000; 33 schools had it cut by between £25,000 and £50,000; 24 schools had it cut by between £50,000 and £100,000; and five schools had it cut by more than £100,000. Those are huge figures, whether they are £25,000 or £100,000, when someone is trying to set funding for the following year, and achieve a legal budget—one that is not in deficit, because it is illegal for the governors of schools to set a deficit budget.

Many schools in my constituency, in good faith, gave instructions for building works. The refurbishment of a small classroom was one instance. One school took on two members of staff. The news was therefore something of a shock. We then saw the plethora of articles around the country claiming that everything would be okay, and telling us "We will try to sort this out." Interestingly, different messages were coming from the LSC, which said it just did not have the funding. The Government eventually announced that they would fill the budget hole—the cut affecting 16 to 18-year-olds throughout the country, although I am making particular reference to the constituency of Hemel Hempstead. They said they would bring forward a further allocation of funds—some £210 million.

My question to the Minister is about the description of that as additional funding. Where did the funding from 2 March go? It was clearly there. If the LSC issued letters announcing that that was the funding for the year, how could the Government later say that it was additional and was filling a hole that was already there? Not one head teacher in my constituency has said that any money was made available additional to what they were promised on 2 March. The Government's description of it as additional funding is disingenuous, suggesting that it is extra money, when it is not. It goes only part way towards the cut in sixth-form funding that had already been made. Interestingly enough, the shortfall is partly caused, it would seem, by the £65 million that was taken out of the further education budget and sent

[Mike Penning]

to the university student grant scheme. That might partly explain where some of the money comes from, but what has gone on has involved sheer incompetence.

We have heard in the past couple of days—I have raised the matter on the Floor of the House—that the money will be sorted out and will be coming. We are a month into this year's budget. It is illegal not to have set the budget by 30 March. It is a legal requirement for the LSC that the funding should have been addressed by the end of March. Naturally enough, I phoned the schools in my constituency yesterday, knowing that the debate was to take place, and realising that it had been on the Order Paper for some days, to find out whether they had had the promise of the funding that they required. They were all promised that by the end of April—admittedly a month late—they would have their funding. To be fair, some of them have been given it, although it is not, I stress, extra funding. One has received the £25,000 that had been removed from its allocation, and another has been promised that it will have the money, although there is nothing in writing. Another school is concerned about funding of up to £90,000 and is still formally without any contact from the LSC or the Government about where the funding will come from. The headmaster yesterday said to me, "What am I going to do? It is not legal for me to be operating in this framework. I have a legal responsibility to my children, but I also have a legal responsibility under the Act, to make sure that I have the funds available for the pupils in my school." Another headmaster said to me, "I will stop a capital project in another part of the school to fund this part of my school, because I will not allow a deficit budget. It would look terrible for my school."

Through no fault of their own, wonderful schools in my constituency, which are doing excellent work for their pupils and the community, many of which have expanded and done well, with dramatically improving results, received letters saying formally that they contained the final allocation. What other word can one use for "final", other than perhaps "terminal", which might apply to the LSC and the Government?

I am serious about this: the schools have had the letters and they have moved forward. They set their budgets in good faith only to be told three weeks later that there had been a mistake, a miscalculation. Frankly, the Learning and Skills Council and the Government cannot seem to get the funding ready in time for 2009-10. Telling schools three weeks before the cut-off time how much they were getting and then, two days before legally required, informing them that the funding had been cut, shows a degree of incompetence that borders on the insane.

People want some destiny for their children. They want to know what is going on. They want to be able to pick the right school. For example, my daughter is doing the second year of her A-levels. She needed to know that she would have the facilities that were promised, that the school had set the curriculum and that the teachers would be available. We hear promise after promise from the Government—jam tomorrow—but the money is coming later. The schools still do not have a promise in writing that they will receive the funding that they deserve, and it is now a month after the legal requirement for the funding has passed.

I ask the Minister not to stand up like the Secretary of State did in the main Chamber and say, "You should have listened to the Budget." I ask him please to listen to the heads and governors. [Hon. Members: "Hear, hear!"] Please listen to what is going on in the country. It is shameful that the Minister was not here to listen to the start of the debate. It is an indication to parents and headmasters of how the Government are likely to treat them in future. What guarantee is there that that will not happen next year or the year after? If things do not change, parents have the right to ask, "Are the Government fit for purpose? Are they capable of producing the education that children need and desire?"

It is an indication of how much the question matters for the whole country—certainly those who care—that so many of my colleagues are sitting next to me and behind me. I did not lobby anyone to attend this debate. I simply asked Mr. Speaker, after he made his comments in the Chamber, whether he would be minded to grant an Adjournment debate. I thought long and hard as to whether it should be a half-hour debate. I now believe that an hour and a half is too short. The Minister should allow a debate in Government time on the fiasco of funding further education.

Mr. Mike Hancock (in the Chair): Thank you, Mr. Penning, for keeping to your word and being brief. I shall try to ensure that everyone who wishes to speak can do so.

9.42 am

Anne Main (St. Albans) (Con): I shall be brief, because so many of my colleagues wish to speak. As a fellow Hertfordshire MP, I echo everything said by my hon. Friend the Member for Hemel Hempstead (Mike Penning), whom I congratulate on securing this debate. I am deeply disappointed that we have not had a statement on the subject.

I shall touch on three things to do with the Learning and Skills Council and what has been described as a funding fiasco—and accurately so. The first is post-16 funding. The schools in my area have been adversely affected, as badly as every other school in Hertfordshire. At one point, anguished teachers from a top-ranking school in St. Albans wrote to me, saying that the head and the entire senior staff would resign over the matter because they could not make a budget or balance the school's books. As my hon. Friend suggested, they could be in a perilous position. They are angry. They are voters, as are the parents, and they will remember the Government's treatment of them.

To say that the Government have no role in this is totally wrong. The Minister may remember his response to my inquiry as to why on earth we were in this state. His answer was that the shortfall was caused by more people taking up the post-16 education than had been budgeted for. When was that budget deficit recognised? The budget was set on 2 March; why did no one notice then that there were far more pupils than funding had been provided for? Has the Minister done anything to investigate why we are in this position? He recognises one of the reasons behind it.

Mr. David Gauke (South-West Hertfordshire) (Con): I am another fellow Hertfordshire MP, and my constituency has had the same experience. One school in my area,

St. Clement Danes, has suffered a reduction in the forecast of the number of pupils from more than 280 to 273, yet the school always has more than 280 sixth-formers. It does not wash to explain the sudden shortfall as an increase in the number of pupils, because the school is full, as always; there is no change in the number of sixth-formers.

Anne Main: My hon. Friend makes a valuable point. Indeed, it increases the merit of the argument for wanting a full-scale debate. There are so many imponderables to which we have no answer that the Minister owes the entire country the justice of coming to the House and explaining why that is so.

I shall deal with two other matters, as so many of my hon. Friends wish to raise their own concerns. Oaklands is a further education college in my constituency. Hertfordshire has a policy of dealing in-house with special educational needs, and Oaklands is the only FE college that can offer extra education for such pupils who are severely disabled. In recognition of that, it decided on a massive expansion programme.

The project budget was £120 million. The school received help from St. Albans district council planning department, and it put together a comprehensive package. It did deals with developers to sell off part of its land in order to meet some of the costs, but a huge and vital part of the funding was the £40 million that was to be provided by the Learning and Skills Council. It seems that that is likely not to be received. What on earth is supposed to happen to those severely disabled pupils, and every other pupil that takes advantage of the excellence of Oaklands college, if the project does not go ahead? The college has been hung out to dry by the Government, who seem not to be interested in what the LSC is doing.

David Taylor (North-West Leicestershire) (Lab/Co-op): On a point of order, Mr. Hancock. Is it not the case that the debate should be confined to Learning and Skills Council funding for sixth forms? We seem to be wandering into the capital funding of further education, which is not the thrust of the debate. We are seeing a great deal of theatrical overstatement and bogus outrage.

Mr. Mike Hancock (in the Chair): I am grateful, as always, for the advice of another Chairman on such matters, but on this occasion there is no point of order. The debate is about the funding of sixth-form colleges. As yet, I have not heard too much variance from the title given in the Order Paper.

Anne Main: It is not theatrical overstatement; perhaps the hon. Member for North-West Leicestershire (David Taylor) should visit my constituency. Many of the youngsters wanting further education there look to Oaklands college. It is not inappropriate to speak of the college, as is handles 16-plus education.

The final matter that I wish to raise today is that the LSC, finding itself in this difficulty, this funding fiasco, has wasted £12.5 million on a lease in St. Albans that it can no longer afford. I rest my case. I ask the Minister to give us a statement, and a debate on the matter. My sixth-formers do not know whether their courses will be running in September. That is a disgrace.

Mr. Mike Hancock (in the Chair): In order to help hon. Members, I intend to call first those who gave notice to Mr. Speaker of their wish to speak. I shall then call the others.

9.47 am

Mr. David Lidington (Aylesbury) (Con): I congratulate my hon. Friend the Member for Hemel Hempstead (Mike Penning) on securing this important debate.

The first question that head teachers in my part of Buckinghamshire are asking is: how on earth have we got into this appalling and shocking mess? Was nobody at the Learning and Skills Council telling the Department what was going on? Was no one at the Department listening? Did nobody at the Department or the LSC bother to tell Ministers about the impending disaster? Perhaps Ministers were too busy worrying about other priorities and the Secretary of State's future ambitions in order to take note of what was about to happen.

Frankly, it is appalling that the decay in the Government has reached such an extent that the prospects of a generation of rising sixth-formers, and the power of school governors and heads to set the budgets on which they and their pupils and staff can rely, are held as being of so little account by those who are supposed to be in charge of the national purse strings.

School governors and heads are also asking what the budget statement meant. Like those in the constituency of my hon. Friend, heads in my schools have heard the generalised statement but have seen no detail. They have had nothing in writing to indicate that the money that they were told on 30 March would be cut is to be restored to their school budgets. As my hon. Friend said, the e-mails from the LSC reached schools on 30 March, 28 days after they received what the LSC had described as the final funding allocation for each school. They arrived not just at the last minute before the turn of the financial year, but just prior to a major school holiday and after schools had submitted budgets to their governing bodies for approval. The proposed reduction in funding was timed to coincide with the mid-point of the 2009-10 academic year and the introduction of new A-levels and other new post-16 courses.

Offers of positions to staff and of places to students for September 2009 or earlier are legally binding, and whatever was in the e-mails on 30 March cannot override those legal obligations. A head teacher of one school in Aylesbury told me by letter that finding the £60,000 reduction that he was told to identify could be done only by reducing staffing. He continued:

> "No changes in staffing can be made until September. To save £60,000 in half a year means that we have to lose enough staff to save well over £100,000 in a full year."

That is the measure of the gravity of the crisis facing head teachers in every part of the country.

David Taylor: I chaired the governing body at Ashby school—an excellent sixth form—and remain a member. Would the hon. Gentleman acknowledge that the key factor underpinning the LSC's undoubtedly lamentable lapses is that the budget amendments relate to the seven months from 1 September, because of how the academic years lap around the budgetary years, and that in essence the budget from 1 April to 31 August is left in place untouched?

Mr. Lidington: The hon. Gentleman is making a valiant fist at an indefensible case. However, he ignores the reality that if a school takes on a member of staff and has promised a place now from September next year, it must pay for it then. It cannot start to make budget adjustments from the beginning of the 2009-10 financial year to take account of the last-minute change announced by the LSC on 30 March.

This is happening at a time when the Government are urging schools and colleges not to cut, but to increase provision for a greater number of post-16 students and when the recession has reduced severely the opportunities for young people to go, at the age of 16, directly from school into employment. I do not think that the argument will wash that there was an unexpected surge in the number of people seeking sixth-form places. My schools are telling me that the LSC has always funded them on the basis of the number of sixth-formers in the previous September and that the cut is being imposed on the basis of that formula, not on account of some new upsurge identified only during the course of March this year.

I cannot exaggerate the sense of anger among head teachers in my schools. I do not know the politics of these men and women. The head of Aylesbury grammar school said:

"We are losing the equivalent of three members of staff, or our entire maintenance budget, for all departments across the school".

The head of Misbourne upper school said:

"The reversal of funding levels has now destroyed coherent planning",

which

"makes providing a stable and productive learning community almost impossible".

The head of Sir Henry Floyd grammar school said:

"We will have to cut 11 A-level teaching groups...and reduce the number of teaching groups in the most popular subjects".

The head of Aylesbury high school said:

"We are working on rumours at the moment as to whether or not we will receive the original sum that we were allocated—it is in no one's interest to work in this way...The problem seems to be at the core of the LSC—the regional office does not know what is going on".

The head of Princes Risborough upper school described the episode as a "complete farce". He continued:

"To be given an interim budget with a reasonable assurance that the figures were robust and then to be told at the end of March just as we have to submit our new budgets that the amount will be cut drastically is ludicrous—how could any institution have a financially prudent plan?"

The head of Mandeville upper school, which is pushing hard for the take-up of BTECs and other non-A-level qualifications, said:

"The reduction in funding could mean a lost opportunity for those students who excel at BTEC qualifications rather than traditional A-levels".

Finally, the head of John Colet school said that

"to reduce our salaries budget further, we are going to have some staff teaching outside their specialism".

That is bad enough in a secondary school, but for it possibly to affect a sixth form is intolerable.

I hope that the Minister will pledge not just to ensure that the money will be made good, but that the schools will be told quickly and in detail how their individual budgets will be restored to the status quo ante. I also hope to hear him pledge that the Department will learn the lessons and that this sort of catastrophic failure of good administration and planning will never happen again. A strong case could be made for the Public Accounts Committee to investigate this business, because the Department has let down our schools very badly, whose interests it is supposed to defend.

9.56 am

Mr. Tobias Ellwood (Bournemouth, East) (Con): It is a pleasure to participate in this important debate. I am grateful that the Minister is in his place. I understand that he might have missed the school bus this morning and perhaps even skipped registration, but let us hope that he has done his homework and that he can avoid detention by answering some of the questions put to him on this crucial issue.

I congratulate my hon. Friend—and good friend—the Member for Hemel Hempstead (Mike Penning) on securing the debate. I underline his question: why was the subject not chosen for this week's topical debate, instead of the Opposition being left to secure this debate? For the benefit of *Hansard* readers, I would like to note how many Labour Members are filling the vast Benches opposite. I count the Minister himself and one other: the hon. Member for North-West Leicestershire (David Taylor), who has not yet indicated that he wants to participate in the debate, although he did come out with a bizarre point of order that was wisely ruled out of order by you, Mr. Hancock.

Today's debate is all about a funding gap in the money promised to schools by this Government via the LSC. They are now left with a shortfall of just less than £2.7 billion, which is the clear fault of the LSC. A succession of gaffes has finally led to the resignation of its chief executive. Those of us who participated in yesterday's Report stage of the Apprenticeships, Skills, Children and Learning Bill will be fully aware that although the LSC is to be abolished, it will be replaced by not one but three other quangos, and the very characters now working for the LSC will be transferred to these new quangos. I envisage little improvement to the system responsible for so many problems. First came the fiasco over the college building programme. That was followed by the flagship Train to Gain programme, which is also in trouble, and then by the education maintenance allowances, which also went pear-shaped. However, what really takes the biscuit is the subject of today's debate: the underestimation of the demand for sixth-form places.

Did the Government not anticipate the rise in places? First, there was the obligation for students to remain in education until the age of 18, although the Minister might say, "Actually, it is not just education; it is other things as well." If he is honest, however, he will accept that level 3 apprenticeships are on the decline. Germany, France and other countries do not even have levels 1 and 2, because that is called normal education. Real apprenticeships kick in at level 3, but we do not have enough people going through them. It is no surprise, given the recession, that students are choosing to remain in the safety net of the educational environment, rather than wandering out into the unknown wilderness of the business world. The Government should have anticipated the increase in numbers, but they did not, which has led to today's fiasco. What were the LSC's tactics to deal

with this crisis? It simply sent out letters, not to apologise, but to alter the values of funding to be given to schools—to the tune of about £200,000 per school.

My hon. Friends have cited schools in their areas and I shall do the same. The Minister will be familiar with some of the names because he is a fellow MP for the Dorset area. I refer to St. Peter's school, the boys' school and the grammar school, which he has visited. Those schools were told that they could offer places to students. St. Peter's, for example, was told that it could offer places to 430 students in September. The boys' school expects 350 students in September and the girls' school 369. However, they do not have anywhere near enough money to cover the cost of those places. When I spoke to all the head teachers this morning, they said that their funding would not cover those numbers. They say that it will cover considerably fewer students, with the number matching the 2007-08 figure. It is a scandal that the Government have not recognised the increase and assisted pupils who have followed their advice and stayed in education until they are 18. St. Peter's has a shortfall of £90,000, the boys' school £52,000 and the girls' school £79,000. Moreover, there is a shortfall in funded places of between 50 and 100.

Tim Loughton (East Worthing and Shoreham) (Con): Does my hon. Friend not agree that there is a double whammy here? Worthing college and Northbrook college in my constituency face a £1.5 million shortfall in the money that they were promised to cover the expansion of their college buildings, and they will not get that money for the foreseeable future. They are having to borrow the money, which is putting their finances in jeopardy. They are now faced with the additional shortfall in funding for the students to whom they have offered places. Therefore, this is not just a single problem, but a double whammy affecting the survival of many colleges.

Mr. Ellwood: My hon. Friend makes a very astute point. That is exactly the problem with the Government's whole education strategy.

The problem with the funding is that it is retrospective. We look back at last year's figures and say, "Okay, that's how many student they have; we will offer a set amount." However, the figures are based not on the number of pupils, but on a bid. Today, head teachers have to write a business plan to meet the numbers for next year. St. Peter's, for example, has money for 350 students, but it has 430. There is a lag of a year until it can pay for the 80 or so additional students going through its doors.

The Government have taken a while to act. We have not heard a statement or any real comment; there have been hints and innuendo, and indications that the money might come through. In the Budget, £250 million was earmarked right now, with another £404 million promised for next year and another £1.2 billion supposedly for the next five years. None the less, those are only indications because nothing has been confirmed. Perhaps we will hear something today. Let us not forget that we were also promised a loan guarantee system to help small and medium-sized businesses, but that has not come through. We were even promised aircraft carriers, but they have not turned up either. Schools will not hold their breath for the funding—they will not do anything until they get the cheque through the post.

The sad thing is that the Government identified the shortfall more than five months ago. They recognised that the money would not be there for 5,000 students. It was the threat of legal action that made them realise that they had to address the problem. The Learning and Skills Council must be killed off and replaced with something more appropriate that recognises the importance of education.

We have had a decade of Labour promising, "Education, education, education", but what has happened instead? It is true that the budget has been doubled, but has that been reflected in a twofold improvement in education? I do not think so. One in four primary school children fail to meet basic standards. As I mentioned earlier, level 3 apprenticeships are on the decline. Grade inflation came up in yesterday's debate—that made the Minister rise to his feet. We have had the introduction of A* grades, employers refusing to recognise the worthiness of A-levels and GCSEs and setting their own exams—that is happening in universities as well—and now we have the fiasco of the LSC. I plead with the Minister for clarity, honesty and leadership to help us through the crisis. I ask for that not only for our benefit but for the benefit of our students.

10.4 am

Mr. Stewart Jackson (Peterborough) (Con): It is a pleasure to serve under your benign chairmanship, Mr. Hancock. I congratulate my hon. Friend the Member for Hemel Hempstead (Mike Penning) on raising this important issue.

Let us talk about what this debate is not about. It is not about my hon. Friends asking for more money, or asking for more money in order to cut budgets elsewhere—the rather puerile student union dividing-line approach taken by the Secretary of State for Children, Schools and Families last week, which was rather demeaning and symptomatic of the Government's decline, as we watch them crumble in front of our eyes. If that were happening to a budgie, we would take it to a vet and have it put down.

The issue is about basic honesty, communication, administrative competence and transparency. Hon. Members rightly want to know why there was such a disconnect between what the LSC and the Department knew in January—if not before—and the schools' expectations, and why there was such a time lag in getting the right information to schools. Moreover, they want to know why there was no honesty when the difference first came to light. Why was it necessary to include the figures in a footnote on page 13 of the Learning and Skills Council's funding letter that arrived on 2 March 2009? It was almost as if those figures were hidden away in the hope that schools would not notice that they were several thousand pounds short in their budget for sixth-form education. Perhaps the Minister will consider that.

Last autumn, the Government told us that they were uniquely placed, well equipped and fully prepared to deal with the economic recession. Why then was there no robust, predictive model to ascertain the likely and accurate take-up of school sixth-form places? If it was the case, as Mr. Geoff Russell told *The Guardian* recently, that it was impossible to predict student numbers accurately, why was there not better communication and liaison between the Department, the LSC and individual schools?

[Mr. Stewart Jackson]

As my hon. Friend rightly said, the situation has caused significant distress, unhappiness and worry for head teachers, senior staff, governors, pupils and parents. In my local education authority, 10 secondary schools have been affected, suffering a loss on paper of £397,000. We are already underperforming in terms of the skills agenda, particularly with respect to NVQ level 3, compared with other education authorities in the east of England and elsewhere. Moreover, jobs in our area have been significantly hit by the economic recession. We cannot afford to lose sixth-form places for young people. We have lost funding for 70 learners in 2009-10. That does not sound much, but we are a relatively small unitary authority. Such a loss will have an impact on participation rates and on the delivery of the September guarantee. Inevitably, it will lead to larger class sizes, and there will be less flexibility to offer more specialist provision for some of our sixth-form learners, which will lead to an increase in the number of young people not in education, employment or training. Such a problem is already a significant issue in Peterborough.

The Voyager school in Walton will lose £71,000—the equivalent of two full-time teaching posts—the King's school in Peterborough will lose £66,000, the Jack Hunt school, a specialist language college, £52,000 and Ken Stimpson community school £36,900. Two of those schools already have problems with respect to school improvements, and losing staff and being unable to fund and plan properly will mean that the school establishment only adds to its difficulties. Indeed, it will have an impact on staff morale, which will feed through to results. There will also be an impact on Peterborough regional college, which has similar problems. Don Lawson, the principal, to whom I spoke three weeks ago, told me that the college has been impacted severely by the further education capital programme debacle, which has not been fully resolved to the college's satisfaction. Frankly, that will jeopardise the very ambitious city regeneration plans for a university centre to complement the extra FE provision.

Finally, as John Richards, the director of children's services in Peterborough, has said, schools do not operate their post-16 funding discretely from their statutory provision, which could have significant implications for their ability to deliver better outcomes overall.

The Minister has some pertinent questions to answer. How did we get into this mess, who was responsible, who will be accountable for it and, more importantly, how can we have equitable funding for our schools? We do not want promises or extra money, but cash, so that young people in Peterborough and throughout the country can achieve their ambitions.

10.11 am

Peter Bottomley (Worthing, West) (Con): I am grateful to my hon. Friend the Member for Hemel Hempstead (Mike Penning) for introducing this debate and I echo his thanks to Mr. Speaker for making it possible. Clearly, this subject should have been debated for a full day on the Floor of the House, with a Minister saying at the beginning, presuming he had arrived, what is happening and what is going to happen, followed by proper winding-up speeches.

The catastrophe of schools and colleges that provide post-16 education having to cut staff must have been known about by Ministers and their advisers well in advance of the institutions and Parliament being notified. It comes on top of the current problems associated with the Government's supervision of the LSC and the capital funding for colleges. In Worthing, as my hon. Friend the Member for East Worthing and Shoreham (Tim Loughton) has already pointed out, virtually every young person goes to Worthing and/or Northbrook college at age 16. One of the colleges uses huts that were rescued from Southampton docks at the end of the great war from 1918 to 1920, which should have been retired; the other was built for 600 pupils but now has more than 1,500, half of whose lessons take place in huts.

We can leave aside capital spending, which is not the main theme of the debate. The colleges are being squeezed for £1.5 million cash. The Government require the LSC to pay the money as a legal commitment, but it has not been received, and the LSC's had to go to the banks for money. The unpaid governors of colleges have major legal responsibilities, but they also have to deal with the question of how many staff they may have for post-16s. Will the Minister make it plain that the LSC has paid or will pay within days the money for those fees and ensure that the other costs on the capital schemes are capitalised so that they are not pushed into deficit? Capital sums can come in a week or so. I hope the Minister answers those two precise questions today.

Will the Minister ask his advisers to send to each hon. Member present and all hon. Members for affected parts of the United Kingdom a copy of the document, marking the footnote on page 13, which is the relevant piece of information? Is the information in the footnote the least important piece of information—perhaps it is simply a detail—or was someone, in a clever-clever way, trying to keep the catastrophe away from publicity?

Let us ask questions in terms not of "education, education, education", but of "statistics, statistics, statistics." I will even answer some of them for the Minister. How long has he and the DCSF known how many 16-year-olds there would be in September? The answer is 16 years—births are registered, so the number of 16-year-olds cannot be a big surprise. Did he or his predecessors, and will his successors, know participation trends? Yes, they did and they will. Do they watch the cash? No. Who is going to lose? Late applicants will lose—the people who thought they were going into work or who thought they were not going to be in employment, education or training, who decided that they wanted to apply for a post-16 course. Who will the colleges and schools turn down? They will reject those who apply late, so the person who needs the place most is the most likely to be turned away.

I do not want to repeat what my hon. Friends have said—the Minister will be able to read a report of what was said in the first two minutes of the debate in the *Official Report*, and his Parliamentary Private Secretary, the hon. Member for Erewash (Liz Blackman), will be able to read a report of what was said in the first 20 minutes of the debate—but there is not a single Labour Back Bencher in the Chamber, yet half the colleges affected have Labour Members of Parliament. Either there has been a Whip's operation, or Labour Members—I am not saying that they do not care—do

not dare speak up. Perhaps the Whips had a meeting and told them, "This is what you ought to say if you go to the debate."

When the Minister speaks, I hope he focuses on answering these questions: where is the cash and who will be excluded? I hope that he understands that our colleges are finding that they have to have eight fewer members of staff and perhaps to double-up, and that he explains the situation and does not pass the responsibility on to somebody else.

10.17 am

Mrs. Jacqui Lait (Beckenham) (Con): I congratulate my hon. Friend the Member for Hemel Hempstead (Mike Penning) on securing this important debate, some six weeks after it first became obvious that the funding promised to our sixth forms in our schools was to be severely cut. I should like briefly to point out, if I may, that it is something of a disgrace that those six weeks passed without the Government volunteering any statement whatever, even if there have been answers to parliamentary questions and an apologetic passage in the Budget saying that they are trying to remedy a situation that should never have arisen in the first place.

I was first alerted to the situation when I received a copy of a letter that was sent to the Minister by Langley Park school for boys, which is in my constituency. The school is expecting a huge increase in the size of its sixth form—Bromley schools offer a very good education, so it was no surprise to any of them that their sixth forms should increase when children are faced with a lack of opportunity that has largely been brought about by the Government's economic incompetence.

The schools are facing 7 per cent. cuts in their budgets and they are having to say to children who need sixth-form education, "You are not welcome." My LEA has worked well and has been prepared to dig deep into its reserves even if it should not have had to do so. It told me that it was going to try to accommodate the children, and that was followed by the Budget, which sounded as though the £650 million was extra, new money, rather than money that was being cut. We saw through that fairly quickly.

Although my head of education is somewhat reassured that the money will be available for the first year, so we will be able to educate our children up to the level that they want, need and deserve, there are serious concerns about education the year after. The biggest outrage of the lot, as many of my colleagues have mentioned, is that although the Labour party's mantra is "education, education, education", no Labour Members are interested enough in education to be here.

My local schools are determined to educate the children of Bromley and get them into university, but the 7 per cent. overall cut is extremely hard for them to deal with in what is a tight economic settlement anyway. Langley Park school for boys, the school that wrote to the Minister and first alerted me to the situation, pointed out that it had expected to be able to provide education for every person who applied.

In one sense, I rejoice in the fact that the Learning and Skills Council is disappearing; on the other hand, I am heavy-hearted that it is being replaced by yet more bureaucracy rather than a return to the status quo ante, which was that the Department took responsibility for sixth-form funding. That was one of the biggest mistakes that this Government have made, but as usual, they wish to deny responsibility for their decisions, pass it on to quangos and hold their hands up.

Schools cannot impress on the LSC the need for the money. The departing LSC members are probably suffering from something that we all suffer from: end-of-termitis. They know that they are going and they have no responsibility, so they do not care. This Government have set up a system that has let down children of all abilities, in order to keep theoretically within a budget that is clearly so expandable that within days during the Budget proceedings, they found the £650 million that would have been cut from senior school funding. It is yet another example of how the Government are falling apart as we watch. Every single person in this country is affected by sheer incompetence right across Government and the loss of the will to govern. We as a society will have to deal with the consequences of the incompetence emerging daily not just from the Department but from the whole of Government.

Mr. Mike Hancock (in the Chair): Before I call the next speaker, we have about eight minutes and only two speakers left. I hope that they will recognise the importance of giving the Minister sufficient time to answer the many points made, as I am sure he is eager to do. We should make sure that he gets enough time.

10.22 am

Tim Loughton (East Worthing and Shoreham) (Con): I had not intended to speak in this debate, but I am so incensed by the complacency and indifference shown by the Government that I have been moved to speak. It is extraordinary. I have never been in a Westminster Hall debate where the Minister has arrived five minutes late, the officials 10 minutes late and the Parliamentary Private Secretary 21 minutes late. It shows complete and utter contempt for a subject that is important to Members of all parties, and no Government Member has bothered to turn out.

I echo the comments of my hon. Friend the Member for Worthing, West (Peter Bottomley). We share the serious problems faced by Worthing and Northbrook colleges, our two major colleges with a sixth form. It is a double whammy. About a month ago, we took a delegation from those two colleges to see the Minister with responsibility for further education, the Under-Secretary of State for Innovation, Universities and Skills, the hon. Member for Birmingham, Erdington (Mr. Simon). The situation that they are facing is desperate. They put up £1.5 million that they can ill afford, and that money has now been put in limbo, as has the future of their necessary rebuilding programme, for the reasons that my hon. Friend mentioned.

The colleges do not just want to upgrade for the sake of upgrading. We are trying to deliver education for students in the 21st century in huts, in an area of high need. The colleges have tried to do everything that the Government have asked of them to improve the training and skills of the local work force, and they have been kicked in the guts by the way in which the Government have handled the situation. The finances of those colleges are already stretched because the Government, through the incompetence of the Learning and Skills Council, have reneged on the capital spend anticipated by the colleges.

[Tim Loughton]

I have a letter from the head of the Coastal West Sussex partnership that says:

"Investment in skills is a key plank of economic policy in our region, and supported through the South East Plan, by SEEDA through its education-led regeneration policies, and by all the local authorities along the coastal strip. There is a strong consensus that investment in skills is a critical action for addressing the economic issues of the coast".

It is important in our part of the world. It is not an affluent area. We have had serious unemployment problems recently due to job cuts by big employers. Norwich Union announced the loss of more than 600 jobs, and GlaxoSmithKline and BOC Edwards have also announced job losses. One serious problem that local employers face is an insufficiency of local skills. If they can take on more skilled people, they can take on less skilled people on the back of that.

Peter Corrigan, the principal of Worthing college, e-mailed my hon. Friend and me. In the wake of all the problems with capital funding shortfalls, he said:

"At Worthing College our allocation should have been based on 1,451 full-time 16-18 year olds as a minimum. The allocation is 1,425, giving us a £130,000 funding reduction on our baseline income. However, because we have successfully retained more students this year and applications are running at record levels, our most conservative estimate of numbers suggests we will recruit 1,500 16-18 year olds. This would mean educating 75 students without funding. The funding for 75 students is in the order of £340,000.

The implications of this are that Colleges may turn away students and not be able to offer places to later applicants, who are often more needy and vulnerable. The recession means there are more young people looking to stay in education without the requisite funding for them. This would be a real negative for Worthing and Adur, increasing the number of young people who are NEET and not gaining qualifications and increasing their life chances."

That is crucial. It is a double whammy that should not have happened at all. It has been compounded by the Government's incompetence and now by their indifference, and they have the brass neck to challenge the Opposition to match their funding commitment. That commitment was given late in the day, and we still lack the details, which are sorely needed at the sharp end by schools and colleges.

This debate is timely. It should have been a topical debate in Government time. There is little more topical at the moment, or of interest to so many Members. I congratulate my hon. Friend the Member for Hemel Hempstead (Mike Penning) on bringing it to the attention of a lacklustre Government Front Bench.

10.27 am

Bob Spink (Castle Point) (Ind): We have before us one of the most caring and assiduous Ministers in the Government. He is an excellent chap and a superb Minister, but I do not envy him his position today. He has a difficult wicket on which to play. The King John school in my constituency was one of the first sixth-form colleges in the country—perhaps the first—and it certainly remains one of the best. However, like others, particularly SEEVIC college, it has suffered cuts in its capital funding. Such colleges trusted the Learning and Skills Council, and they now feel betrayed. However, we have been over all that, so I will not trawl through it again.

The cuts have come at a time when we should be expanding the provision of further education and sixth-form opportunities for youngsters who will need them, particularly in my constituency, where traditional opportunities and outlets for them in the City of London have dried up somewhat, as we all know. I put it to the Minister, though, that creating yet more quangos is not the way to solve the problem.

We should not be churlish, of course; we must be fair-minded. We should welcome the extra money that the Government have put into education. Over the past decade, they have done extremely well, but this problem is serious. I am sure that the Minister will do all that he can to address it. I look forward to hearing what he has to say. I want him to tell my sixth-form colleges how they can continue to provide a superb service for local people in my constituency.

10.29 am

Stephen Williams (Bristol, West) (LD): It is a pleasure to serve under your chairmanship, Mr. Hancock. I congratulate the hon. Member for Hemel Hempstead (Mike Penning) on securing the debate and drawing such a crowd from his own party. I am pleased that the Minister turned up eventually. As those of us who have just completed consideration of the Apprenticeships, Skills, Children and Learning Bill will know, including the hon. Member for South Holland and The Deepings (Mr. Hayes), a habit is developing of Ministers not turning up on time for proceedings. However, I will follow your exhortations to other hon. Members, Mr. Hancock, and try to keep my remarks brief so that the Minister has plenty of time to answer questions.

This debate is on the latest in a litany of failures in the two new education Departments. Last year, they failed to send out confirmations of education maintenance allowances for young people. Moving to the next age group up, that was followed by a complete miscalculation of the number of people who would qualify for student grants. That led to the budget for higher education places being trimmed, which will cause a crisis this summer. On the Learning and Skills Council, we have had several debates in Westminster Hall and in the main Chamber on capital expenditure for further education colleges. There has been a long-term gap between the funding received by colleges and schools for 16 to 19-year-olds.

This year, there is a real cash shortage in the provision that schools and colleges are receiving from the Government. That has led to yet another emergency announcement and emergency measure. Why has that taken place? As the hon. Member for Worthing, West (Peter Bottomley) said in his powerful speech, it appears that it is partly because the Government were taken completely by surprise by the over-subscription caused by students deciding, rightly, to stay in education beyond the age of 16. That is amazing because, as he rightly said, the number of people in that cohort was known with considerable certainty before that time. We know from previous recessions that more 16 and 18-year-olds decide to stay in education and training at such times.

With last year's student grants fiasco and the upcoming crisis in university places this summer, the two education Departments are building a record of being caught out and surprised by what goes on in the real world. Whichever

party is in government in two years' time, I hope that the Departments will not be caught out again because we will have more people staying on at school sixth forms and going to further education colleges post-16. I hope they will ensure that there are enough places for 18-year-olds to continue in training or education, whether through adult apprenticeships or higher education.

The Chancellor announced more emergency funding for this sector in the Budget, just as he had to do for the college capital expenditure programme. This year there will be an additional £250 million and next year an additional £400 million. That is not recession-related funding. It is not a bail-out for the banks or a loan for car companies; it is a bail-out for another Department that is guilty of mismanaging its budget. It is ridiculous that one reason why the Government were forced into the bail-out was the spectre of being sued by schools and colleges. That remains to be seen.

A squeeze on future education budgets was also announced in the Budget. There will be a renewed efficiency drive in the sector with hundreds of millions of pounds having to be saved. Extra money was announced on the one hand, and on the other the sector was told that it will have to make significant savings. That could take us back to square one. What a way to treat a sector that is central in delivering the objective of the Government and other parties to have skilled people who can weather the recession and enter the workplace. This sector is crucial in delivering the diplomas for 14 to 19-year olds that are being rolled out across the country. It will also be crucial if the participation age is raised to 17 and then 18 over the next few years.

After the fiasco in college capital expenditure, the Government were obliged to set up an inquiry into their own mismanagement or into that of an agency under their control. With this fiasco, I hope that the Minister will not announce an inquiry, nor hide behind officials at the Learning and Skills Council, but will take some responsibility for the two education Departments and answer the pertinent questions that have been put to him by hon. Members.

10.34 am

Mr. John Hayes (South Holland and The Deepings) (Con): The subject of this debate characterises the fallacy, falsehood and failure that lie at the heart of the Government. Falsehood follows fallacy, and failure follows both. The most eloquent expression of those failures is in the field of education, in which the Government go from one farce or crisis to another. As my hon. Friends the Members for East Worthing and Shoreham (Tim Loughton) and for Aylesbury (Mr. Lidington) and the hon. Member for Bristol, West (Stephen Williams) said, Ministers refuse to come to the House to explain serious matters that have damning consequences for schools, colleges and universities, and therefore for learners and potential learners up and down the country.

This debate on sixth-form funding is yet another expression of the tortuous calamity that characterises the Learning and Skills Council and its relationship with the Department. There is blather and there are blunders: blather when promises are made and blunders when those promises are broken. The blunders illustrate institutionalised maladministration. We can examine this issue because my hon. Friend the Member for Hemel Hempstead (Mike Penning) has brought it to our attention, on which I congratulate him. As has been said, this debate would not have happened had it been left to Ministers. As my hon. Friend the Member for Beckenham (Mrs. Lait) said, we have known about this matter for six weeks, yet there has been no statement and no debate in Government time.

If I sound cross, it is not for myself or for the Opposition. I am cross for the learners, teachers, managers and governors in the schools and colleges that are so seriously affected by this incompetence. There will be a shortfall in funding for the next academic year brought about by what my hon. Friend the Member for Surrey Heath (Michael Gove) has described as a catastrophic miscalculation of the number of students staying in education. He said:

"Many schools planned their courses on the reasonable assumption that they would not be penalised for increasing participation post-16."

Indeed, that course of action was positively encouraged by the Department.

Although I acknowledge that £250 million was found hastily to cover the shortfall, this debate is vital. We must know why this happened and we must be assured that it will not happen again. Fallacy, failure and falsehood are symptomatic of a Government in their death throes. Edmund Burke wrote:

"Nothing turns out to be so oppressive and unjust as a feeble government"—

this Government are certainly feeble.

The LSC wrote several times to schools and sixth-form colleges about provisional funding allocations for 2009-10. It seems certain that it knew that those provisional calculations were wrong. We want to hear whether Ministers knew that too, and if not why not. On 2 March, the LSC wrote again to confirm the funding and indicated that the number of learners was

"in excess of the anticipated number"

and that it was seeking permission to fund the learners in full. Finally, on 30 March, the LSC wrote a third time with reduced allocations for school and sixth-form funding. Did realisation dawn on Ministers in the space of just one month? Surely that suggests falsehood—it is certainly indicative of failure. In respect of fallacy, what about the Prime Minister's claim that Labour has "transformed" education?

The Association of School and College Leaders said that a sixth form of 250 pupils would be £50,000 to £55,000 worse off than expected under the new arrangements. As my hon. Friend the Member for Hemel Hempstead said, many schools are worse off than that. A sixth-form college of 3,000 students stands to lose more than £300,000. The minimum funding guarantee of an annual increase of at least 2.1 per cent. per learner for school sixth forms that have a funding rate per "standard learner number" of less than £3,200 has been scrapped. It is therefore unsurprising that Dr. John Dunford, the general secretary of the ASCL, wrote to the Chancellor telling him that there was

"widespread disappointment and considerable anger"

among schools that will suffer from the shortfalls.

There seems to be an emerging pattern in which quangos and Ministers do not speak. Rather like estranged partners in a marriage, they seems to have no

[Mr. John Hayes]

communication, even though they are living cheek by jowl. It is extraordinary that the lines of accountability have been broken—or perhaps Ministers knew and did not say. I cannot believe that of this Minister or any others, but if that is not the case, there are fundamental problems with how the Government communicate with some of their key quangos and the way in which they act upon information from those quangos. As we have heard, however, they are about to set up several new quangos, which is likely to lead to further problems, as my hon. Friends have indicated.

The tendency that I have described is perhaps most damningly seen in the administrative upheaval surrounding the Building Colleges for the Future programme, which has been mentioned. Those who have argued that their sixth forms are having difficulties could equally have said the same of colleges in their locality. I know, for example, that Peterborough Regional college is struggling, and that colleges across the country are suffering a similar fate, because we heard that in yesterday's debate. This is the second time that I have spoken on this issue in just a few hours, so I am certainly earning my crust. I guess, in that regard, that the Minister is too.

The colleges programme was mismanaged by the very same officials in the LSC who are responsible for the problems that we are debating today. There seems to be endemic failure: information about capital projects has been mishandled, mismanaged and miscommunicated to Ministers. How could that possibly have happened? Perhaps we do know because, in that case, the Government commissioned a report from Sir Andrew Foster, who concluded that there was

"insufficient clarity and understanding around the relationship between the LSC and"

the Department. The price for that insufficient clarity and understanding is being paid by learners and teachers across the country. That is why the outrage that we have heard this morning has found form in this debate and why this matter deserves to be debated on the Floor of the House. I hope that the Government will take the opportunity, as a result of this debate, to do just that.

Colleges and schools have progressed to an advanced stage of planning only to have their plans halted and their hopes shattered. Some 144 colleges have had their budgets frozen. Both situations are tied together by the inefficiency and sluggishness of the response—limousined Ministers arrive late and react slowly. When both crises broke, an explanation from the LSC was notably absent, and the ministerial response was little better, consisting of reactive statements and soundbites that went little way towards allaying the legitimate concerns of the sector.

Some £250 million has been committed to sixth forms and £300 million has been committed to colleges, but those pledges have been accompanied by a vast, confusing silence. No one seems to know where the money is going to or whom it will benefit. The £300 million for the Building Colleges for the Future programme is little more than a drop in the water. Colleges and schools are still confused and uneasy about the direction in which their institutions are heading, and, as the weeks pass, key decisions cannot be made. The severity of the situation seems to grow daily, but there is now an opportunity to remedy that. As the LSC has not managed to explain to schools how it plans to compensate for the mistake, perhaps the Minister will take this opportunity to guarantee that all schools and colleges will receive full funding allocations. I have asked one of his colleagues to confirm that all schools and colleges will be fully funded, regardless of which stage in the process they are at. Will the Minister give that guarantee today, which was suggested in the letter of 2 March? Will he also comment, in those terms, on exactly how that money will be allocated and on what basis it will be delivered to schools and colleges?

Will the Minister show that he understands the gravity of the situation and the outrage that people feel? To be helpful, I shall pose a number of questions that might assist him to give the assurances sought by the House and those affected. First, will he comment on the strategy that he intends to put in place to make such failures impossible in the future, in the way that my hon. Friend the Member for St. Albans (Anne Main) demanded? Secondly, will he explain the structures and mechanisms that will make that possible, as my hon. Friend the Member for Bournemouth, East (Mr. Ellwood) suggested? Will he outline when he first knew of the crisis, and how and when he made that information available to the House? Will he say what lines of communication broke down between the LSC and the Department? We know that the Department's officials attend key LSC meetings, so it is inconceivable that there was not a channel of communication. How, then, was that channel broken?

Will the Minister comment on the possibility of carrying out an independent analysis of this matter, as my hon. Friend the Member for Aylesbury suggested? Perhaps that should be done by the Public Accounts Committee, or maybe Sir Andrew Foster should be revived to say a further word on this subject, as he has already reported on the debacle in colleges. Finally, will the Minister apologise unreservedly, up front and without passing the buck to officials? Will he say that Ministers owe the House and those who have participated in this debate—and, much more significantly, teachers and head teachers, governors and parents, and, most of all, students—an absolute apology, along with an assurance that this will never happen again?

Mr. Ellwood: On a point of order, Mr. Hancock. I seek your guidance. Would it be in order for the Palace of Westminster, which put such an effort into setting out the chairs for Labour Members—all 30 of them—to get a rebate considering that only two of them have been used in the debate?

Mr. Mike Hancock (in the Chair): That was a good try, Mr. Ellwood, but even your enterprise does not give me the right to say that is a legitimate point of order—it should be ignored by all.

10.47 am

The Minister for Schools and Learners (Jim Knight): Let me start by giving you, Mr. Hancock, as I have in writing, and the House, an apology for being two minutes late. I should have either walked or allowed more than seven minutes to get here from the Department, but I am seeing the Mayor of London today, on the anniversary of his election, and I will pass on my comments about the traffic situation around Westminster.

I congratulate the hon. Member for Hemel Hempstead (Mike Penning) on securing the debate, which has given an important opportunity for the Members present to express their concerns and anger, which we have heard this morning, and for me to explain what has happened in respect of the problems with post-16 funding, particularly for sixth forms.

Obviously, the background to this issue is the importance of post-16 education. That is why the Government have raised the participation age and have introduced the September guarantee, which I shall talk more about later. As hon. Members have commented, the Learning and Skills Council has apologised, on 3 April, for the problems. I should like to say, at the outset, that I am very sorry for the disruption that has been caused to school and college leaders over the conflicting content of the letters that they received in March. Thanks to the Chancellor's Budget statement, we can now confirm that there will be expanded funding—not just up to the levels that were promised, without the funding to back them, on 2 March, in the LSC letter, but beyond those levels—for post-16 education from September, when the money will be received by colleges.

Let me work through the sequence of events—

Mr. Hayes: Will the Minister give way?

Jim Knight: I want to work through the sequence of events before I give way to interventions, so that I manage to explain properly what went on.

As Members who follow these things will be aware, the funding process starts in November every year, as it did last year, with the annual statement of priorities. The funding agreement between the Government and the LSC sets out the allocation of funding for post-16 learning. During the December to January period, that is then followed by a dialogue between schools, colleges and the LSC over what capacity they have in the system to deliver post-16 learning. In January, as the problems in the economy caused by the global banking crisis became clear, we agreed with the Treasury that there should be an additional 17,000 apprenticeship places to cope with some of the increase in demand that was starting to emerge. That figure not only took account of the data on previous years' out-turns, which is a normal part of the process, but looked at some of the projections of increased learner numbers for September.

The moderation of bids then proceeds during February and the notification is usually sent to schools and colleges in March. This year, that happened with the letter of 2 March, which was sent to school sixth forms. Unfortunately, that letter was not seen by Ministers and it did not have clearance. In the first paragraph, the letter included the phrase that it

"establishes your final allocation for 2009/10".

As I have said, the money was not there and it had not been agreed to make final allocations on that basis. The letter went on to state

"We are awaiting the Secretary of State's approval for this increase".

However, the apology that the LSC published on 3 April states:

"it is clear that our letter of 2 March to schools has caused them confusion and concern for which we apologise. The letter set out that there were ongoing discussions with the Department and that further checks needed to be done; however, it was misleading to say that these were final rather than provisional allocations."

I first saw the letter of 2 March on the same day that that apology was issued—on 3 April. That was the first time any Ministers saw that letter.

The LSC wrote again to school sixth forms in a letter that I had approved to say, among other things—

[Interruption.]

Mike Penning: Will the Minister give way?

Mr. Mike Hancock (in the Chair): Order. I am trying to give the Minister the opportunity to be heard by everyone, not just those who want to harangue him.

Jim Knight: Thank you, Mr. Hancock. I know that the hon. Member for Hemel Hempstead wants to intervene. As I said to the hon. Member for South Holland and The Deepings (Mr. Hayes), I would like to conclude outlining the sequence of events so that they are clear and on the record.

The letter of 27 March that was sent to schools gave them their allocations. It has since caused anger and concern among leaders, which has been reflected by their representatives in the House. There are statutory reasons why a letter had to be sent out then: it was so that schools and colleges could rightly set their budgets. That letter said

"We continue to consider options for further funding, including meeting emerging pressures from the impact of the recession and further recruitment during the year, especially to deliver the September Guarantee and tackle the needs of those not in education, employment or training. We continue to work with DCSF on the funding pressure and best estimates of demand."

That letter was signalling that, beyond the estimates of learner demand that were emerging during February and March, recessionary impacts meant that demand was continuing to emerge—particularly because of the numbers of people aged 16 to 19, who were in employment but not training, losing their jobs. Such people wanted to come into learning in college and we needed to respond to that. The matter was the subject of discussions across Government, which concluded in the announcement made in the Budget. I was able to negotiate an additional £655 million from the Treasury to fund post-16 learning over two years—£251 million for this financial year and £404 million for the following financial year. That will allow us to deliver our September guarantee and not only to fund the allocations that were made wrongly on 2 March, but to go beyond those allocations.

A letter was then sent to schools and colleges by the LSC on 27 April informing them about the news in the Budget and saying among other things:

"This means that I can provide immediate reassurance that you will be funded for your level of recruitment for the coming year discussed with the Learning and Skills Council (LSC) in early March. However, since you last discussed your forecast levels of recruitment with the LSC earlier this year, you may have had further evidence of the likely demand by young people, or you may be in a position to stimulate additional demand to make sure more young people continue in learning rather than becoming unemployed. We therefore need your further advice and information on extra likely demand to meet the September Guarantee."

So, the LSC was signalling for the first time that schools and colleges could, indeed, come forward for additional funding if they identified additional demand to that identified in February/March.

Mr. Hayes *rose—*

Jim Knight: I have almost finished. At the end of last week, in relation to the detailed allocations, I agreed that the 2 March figure could go out to learners, with the exception of four institutions. The reason I have been unable to be absolutely clear on that until now is that there are four institutions that will not get up to the 2 March allocation. I will be talking to the MPs who represent those institutions today—the hon. Members for Braintree (Mr. Newmark) and for Mid-Norfolk (Mr. Simpson) and my hon. Friends the Members for Basildon (Angela E. Smith) and for Norwich, North (Dr. Gibson). Technical reasons relating to how the formula was worked out mean that those institutions will get less than they thought. In all but one case, significant numbers are not involved and, in every case, I think that the school and college know the situation in respect of those allocations.

Finally, before I take a couple of interventions if I have time, it is worth reemphasising that the allocation from the Budget means that we can fund more post-16 learners than ever before. The allocation is up from £1.5 million to £1.55 million. That is on top of the 17,500 additional apprenticeship places to which I referred earlier, and it includes funding 55,000 extra educational maintenance allowance places. A detailed process will now go on until 22 May to agree the very final allocations, including that extra amount for those colleges and schools that are able to stimulate additional demand in order to meet the needs of young people.

It is also important for me to say that—I know that the Opposition will not like this—we are committed to a September guarantee and, going forward, we are committed to funding places for every 16 to 19-year-old in school and college who wants one and wants to carry on learning. In terms of skills, it is important that we come out of this recession stronger than when we went into it. That is not a guarantee that I have heard repeated by the Opposition, who are so well represented in this Chamber.

Mr. Hayes: I will be very brief. The Minister said that he was not aware of the letter that was sent out on 2 March. Were his officials aware of it? In other words, did the Department know because, presumably, he has at least conducted some kind of internal investigation into these matters? Perhaps when answering that point, he will also tell us—he referred to this glibly earlier—whether all those colleges that were promised extra capital funding by the LSC will get the money that they were promised.

Jim Knight: Certainly all those schools and colleges that were promised money on 2 March will get that allocation, with the exception of the four institutions that I mentioned. The issue of capital is different and continues to be debated in the House with my colleagues from the Department for Innovation, Universities and Skills.

In conclusion, we set ourselves the bold ambition of having a world-class education system that brings out the best in every single learner. That means a system that can adapt to the changing world in which we now live—*[Interruption.]* Sorry, on the other question, one official was aware of the letter that went out on 2 March.

Mike Penning: On a point of order, Mr. Hancock, is it acceptable for a Minister of the Crown to make a commitment during a debate that he will give way to an hon. Member and then refuse to do so, knowing full well that the time scale means it is impossible for that hon. Member to get in before the debate is terminated?

Mr. Mike Hancock (in the Chair): A Minister should not only arrive on time, but, if he gives such a commitment in a debate, he should, according to the conventions of the House, find time to let that hon. Member come in.

Jim Knight: Thank you, Mr. Hancock.

Mike Penning: Give way.

Jim Knight: I will give way for a very brief intervention.

Mike Penning: It is absolutely fascinating that the Minister now gives way because the Chair has lambasted him on the basis that he will not answer the question. Will he answer a simple question and if he cannot do so, will he write to me? Why are some of my schools today telling me that they have not had written confirmation about the shortfall—in one school of £60,000 and in another of £90,000? They have had nothing at all. Some schools have received something and some have not. Why?

Mr. Mike Hancock (in the Chair): You have 20 seconds, Mr. Knight.

Jim Knight: Thank you, Mr. Hancock. There are 1,730 schools and colleges in receipt of the letter. If some have not received it, I shall pursue the matter when I leave this Chamber.

Our education system must change. We are responding to a global recession—

Mr. Mike Hancock (in the Chair): Order. I would like to thank all Members and the Minister for the courtesy that they have shown to the Chair, and Members for the courtesy that they have shown to each other to enable them to speak in the debate. I request those Members who are leaving to do so quietly, and we will move on to the next debate.

Government Procurement

11 am

Mr. David Kidney (Stafford) (Lab): It is a pleasure to see you in the Chair for this debate, Mr. Hancock, and the Treasury Minister who is here to respond to it.

The premise of this debate about sustainable procurement is that the Government have fine policies for sustainable procurement promotion, but there is confusion over responsibility, and some practical guidance is missing. That means that there is not the leadership and direction necessary to make as big a success of sustainable procurement as we should.

For much of my speech, I shall focus on the power of public procurement, but sustainable procurement is the responsibility of every procurer. In fact, in some instances, the private sector is ahead of the public sector, particularly in respect of private finance initiative contracts. Whatever people think about the politics of such contracts, those who bid to construct and then run a building or a series of premises for 30 years are clearly focused on the cost over the whole life of the contract, not just the up-front building costs. In some senses, the private sector is already aware of whole-life costing, which I shall discuss, when the public sector is a bit slower.

The public sector has enormous purchasing power, and it would be interesting to hear whether the Minister has a figure for that. I estimate that £175 billion a year is spent by all public sector organisations on goods, services and utilities. I contend that that purchasing power could be used to lead by example to promote sustainable procurement, which is the procurement of goods, utilities and services in a manner that maximises the environmental, social and economic benefits for all of society over the whole life of the procured asset.

In 2005, the Government set themselves the ambitious goal of making the UK a leader in the European Union in sustainable procurement by 2009—this year. A little over a year ago, I chaired an inquiry into sustainable procurement which last summer resulted in the report, "Costing the Future: Securing Value for Money through Sustainable Procurement", which was intended to be a contribution to the debate about how best to achieve the Government's ambition.

Our inquiry took evidence from private sector companies, the public sector—central Government, local government, the National Audit Office, the Audit Commission, the Office of Government Commerce—and many others, and we published our report in the summer of 2008. The report states that many of the necessary policies are in place for sustainable procurement but they have not been consistently translated into practice. We found some instances of good practice but many missed opportunities. I shall try later to give some examples of where we felt opportunities had been missed. Since the report's publication, I have been happy to see several further Government initiatives—for example, the creation of the Centre of Expertise in Sustainable Procurement, which will help to address the issues raised in the report.

What can sustainable procurement achieve? Clearly, there is a great deal of focus today on the dangers to the environment and the urgency of tackling climate change. As a result, there is a focus on environmental sustainability. That is one aspect, and it is one with which sustainable procurement clearly can help. After all, the Government have pledged to reduce carbon emissions by 80 per cent. by 2050, and the whole of Parliament bought into that by passing the Climate Change Act 2008. Just consider the Building Schools for the Future programme, which provides schools that will be used well past 2050, yet so far it is nowhere near making the design changes and reductions in energy consumption that will make a contribution to the tough target that we have set ourselves.

If we want to be at the forefront in leading the world in low-carbon technologies—both for consumption in this country and as exports that will earn us money—and resource-efficient economies in the future, we have to be attuned to the potential of global green market opportunities and innovate now. Sustainable procurement policies would help with such innovation.

As well as the environmental sustainability argument, there is an argument for better value for money. We must take into account the medium and long-term costs as well as short-term costs. That is the crucial point of whole-life costing, which I shall come on to. It means sometimes spending marginally more at the outset of a project in order to reduce drastically the whole-life costs throughout the contract.

A project may cost more up front, but if people are mentally attuned to doing things the right way, some features may actually cost nothing extra. For example, orienting a building to be in the right position to catch the maximum amount of daylight and sunshine does not involve more money, but it does involve thinking about the whole-life cost of the procurement, not just the actual building costs.

More sustainable construction can help by drastically reducing energy prices. It would be interesting to hear whether the Minister has any forecasts for future energy costs. We clearly see that gas and electricity prices are on an upward curve. People are talking about investing in a new generation of nuclear power, which will be expensive. Even some renewable energies are expensive, because they are at the beginning of their process. Therefore, we need to attune ourselves to wanting to reduce energy consumption in new buildings and projects where we can.

The same applies to water consumption. We can all see that with an increasing population and greater demands for water, the cost of using water will be higher in the future. We must invest in ways to minimise the consumption of water. Reusing water and harvesting rainwater are ways of keeping costs down over the long term of contracts.

Also on sustainability and better value for money, we could get long-term unemployed people back to work if there were incentives to help people into work as part of procurement contracts. We would reduce social benefit costs in this country and hopefully reduce the social problems associated with long-term unemployment more generally.

That brings me to promoting social cohesion and sustainable communities as an objective of procurement. An example is the Building Schools for the Future programme. It has enormous potential to promote opportunities for small and medium-sized enterprises to bid for parts of contracts, as long as the process is welcoming and open to them. Consider the building of a new school. A traditional procurement approach might simply advocate the construction of a building in which

[Mr. David Kidney]

students can be taught. Sustainable procurement would bring an appreciation of how features such as renewable energy technologies offer the potential to minimise the environmental impact of the building. Furthermore, such procurement would be a practical demonstration—a learning tool—of environmental sustainability for the school community itself, and, being set in the wider community, for people at large to learn about new technologies.

In addition to that benefit, through the inclusion of social clauses such as requirements in respect of regeneration of the area and using apprentices in the construction process, sustainable procurement could be used to address unemployment, social mobility and social cohesion. For an extended school—is that not the ambition these days for every school?—early engagement in the procurement process with community leaders would ensure that the building is designed and constructed to meet the wider needs of the community. That one example of building one school shows that best value for money and environmental, economic and social concerns can be addressed through sustainable procurement.

Correctly made up, the contracts can encourage greater social cohesion by including provisos on using people in apprenticeships or the long-term unemployed, and they can make a difference to the whole community in which the project takes place. Therefore sustainable procurement is not an abstract, idealistic goal, but a practical, achievable objective for government. By using procurement to promote the goals of sustainability, economic efficiency, environmental sensitivity and social justice, the Government can help to foster a better society composed of sustainable communities that are more able to respond to the global economic market. Why is this not happening every time now?

The first barrier, which I learned of from the inquiry, is affordability. There is always enormous pressure to make short-term cashable savings, yet there is little or no incentive to reduce the long-term costs. Often, that is exacerbated by the split between capital and revenue budgets, meaning that procurers cannot think long term. Three-year settlements have been helpful, but when we are talking about 30-year contracts, as many of the relevant contracts would be, people need to be able to move between revenue-in-the-future costs and capital costs up front to complete a whole-life estimation and a contract built on whole-life costs.

Budget silos are another problem. Sometimes, different people make decisions in different parts of the project. Let me give a simple example from my constituency of Stafford. My local authority wanted to replace an ageing leisure centre and did a deal with a private developer, under which he would build the new leisure centre for free and, in return, would have the site on which the old leisure centre stood. So the developer's ambition was to build a new leisure centre as small and cheaply as could be got away with, consistent with good standards of modern construction—I have no criticism of my new leisure centre in Stafford, in that sense—but he was not able to conceive of my argument about including renewable energy technologies in the design, for example, as it was not in his interest. The borough council now picks up the running costs for the next 30 years, which will be higher than they could have been. That is an example of how people dealing with different parts of the project are not willing to work with each other. That is why leadership and guidance is so important.

Although the Treasury procurement green book says that we should not always go with the lowest cost, it does not give sufficient guidance on what sustainable procurement actually means. Despite Treasury guidance stating that projects should be whole-life costed, the public sector does not possess the tools to do that meaningfully, let alone take account of the social and environmental benefits in its calculations.

The solutions are as follows. First, the report strongly advocates whole-life costing to incentivise people's behaviour and get them thinking about the long-term effects of the contract that they enter into, and for them to start to provide an accurate cost for sustainability and see how budgets can be adjusted between the revenue costs and the capital to get the right outcome. Secondly, a stronger theme of the report was commissioning for outcomes instead of just trying to procure outputs. Enabling people to use their own solutions to get to the outcomes that they want helps to promote innovation and allows for additional and unforeseen social and environmental benefits to be weighed in selecting the right bid for the contract. Those desirable outcomes are achievable, but there are barriers to the solutions.

It is difficult to get Ministers to take responsibility and show leadership. That is a not a criticism of my hon. Friend the Minister, but let us consider what happens when I ask the Government who is responsible for leadership. The Department for Environment, Food and Rural Affairs says, "We're responsible for sustainable procurement"; the Cabinet Office Minister says, "I'm responsible for sustainable procurement"; the Office of Government Commerce says, "But we're responsible for it"; and the Exchequer Secretary is our Minister, so a Treasury Minister is responsible. I keep going round the circuit of the Ministers in those Departments to get somebody to say that the detailed work needs to be done on whole-life costing and that incentives are needed to be able to do the right thing in the procurement process—and to get something done. Is the Minister the one responsible for this and is she aware, and willing, to do the things that need to be done to achieve this? I hope that we can get to the point at which somebody says, "I am the person who is going to sort this out. What needs sorting out?"

There is a need for standardisation. As we saw when we talked to the bidders for the contracts that I have mentioned, there is a great lack of benchmark data and of standards to work to in presenting a bid that shows a whole-life cost. Benchmark data help everybody to have a common understanding of what the ambition is and they show what things need to be taken, and not taken, into account. For example, the Audit Commission said to us: "If it's a whole-life contract for a building and at the end of its life it's finished, should the whole-life costing, as part of the contract, take into account the decommissioning costs at the end?" Some people do that, but most do not because it ramps up the costs still further. But if people are not bidding with a common understanding, it is like comparing apples and pears.

Some people are working to try to develop helpful standards. The British Standards Institution, for example, has a whole-life costing standard to try to bring uniformity to the process. I am not saying that the BSI is the one

and only organisation that can do this. If we can develop standards that everybody applies, at least we are all singing from the same hymn sheet in assessing who wins the bid.

People working in procurement need a greater level of skills to be able to work with the benchmark data and standards, and with the idea of being much more flexible about how to achieve the best contract over a longer period. To some extent, new metrics on standards are needed to standardise the methods of financially valuing things that do not always have a price on them—for example, the social and environmental benefits that I mentioned.

We found some relevant examples in our inquiry. In a project for eight schools, the bidder wanted to put in biomass boilers instead of natural gas boilers, and although the installation cost of the biomass boilers was £800,000 more, in round figures, than the natural gas ones, over 30 years the running costs would have been £8 million less. But the natural gas option went ahead because it was £800,000 cheaper. A hospital wanted to put in environmental and energy-reducing measures as part of its contract, but those were all removed because it was said that the payback in the benefits of reducing energy costs versus the extra capital costs would have happened over 47 years. When somebody looked at the probable energy costs over 30 years and included a shadow price for carbon, which the Treasury green book says should be done, they saw that there would be payback over 11 years. But by the time that somebody mentioned that, the decision had already been made to cut out all the environmental and energy-saving measures and to go with the lower cost option. So the opportunity was lost.

The message that came across strongly from the report was that everybody feared European Union procurement policy. People might say, "We want whole-life costing. Aren't we breaking EU law on procurement?" or "We want regeneration of apprentices employed under this contract, but are we discriminating in favour of buying local, which is against EU law?" People can use the EU as their whipping boy as much as they like, but mostly the answer to those questions is no. Actually, they can do those things as long as they get the process right. Firm advice and guidance is necessary from the top to ensure that people have the confidence to procure in the right way.

We found good designs and good projects, but too few of them were making it through the process: they were dropped at planning or final-cost stages and did not make it through to become the buildings of the future. It is urgent, for all the reasons that I have mentioned in respect of the environment, social cohesion and social justice for the future. We have had to borrow a lot of money to meet the needs of coping with the greatest economic downturn since the second world war and things will be tighter in future, so it is all the more important today to stand up for good quality buildings and contracts that are going to be with us for the next 30, 40 or 50 years and will, hopefully, contribute to tackling climate change along the way. It is even more important now for us to stand by our standards.

Will the Minister be serious about addressing climate change, look for long-term cost efficiency and not just short-term gains, and help to promote more sustainable public sector procurement? To do so, whole-life costing for public sector procurement contracts must be adopted.

11.20 am

The Exchequer Secretary to the Treasury (Angela Eagle): It is a pleasure to respond to the debate and the good and expert points made by my hon. Friend the Member for Stafford (Mr. Kidney). As chair of the Westminster sustainable business forum, he has a long history of involvement and great expertise in the matter. I agreed with almost everything that he said, although borrowing against future revenue streams goes slightly too far in public accounting procedures for now, although we could perhaps consider it in the future.

It is clearly important, as my hon. Friend did, to put the necessity for sustainable procurement in the appropriate context. He was right to say that, in the recent Budget, we published three carbon budgets—the first such budgets in the world—requiring substantial and stretching reductions in carbon emissions. He expanded his definition of sustainable procurement to encompass other aims—equality, social issues and innovation—in addition to green sustainability. I hope that he recognises that the Office of Government Commerce is keenly aware of the re-engineering processes in procurement that will have to feed into society's efforts to cut carbon emissions by 80 per cent. by 2050.

At my instigation, we have published a series of pamphlets. "Buy green and make a difference" deals with waste, sustainability and environmental efficiency, but others cover social issues, equality and innovation. It is important to recognise that there has been a change in approach. I was anxious to proceed with that and to get over the default option of a narrow definition of value for money, which is clearly a bane of my hon. Friend's life when considering the potential for reaching targets other than value for money and having a whole-life cost view of what can be achieved with capital expenditure and procurement.

My hon. Friend asked about the amount that the Government spend on procurement and he had the right figure: £175 billion. There is enormous potential to achieve more value for money from that expenditure, and I share his exasperation that that does not always happen. He gave some examples. One explanation for the situation is the diffuse nature of the procurement process throughout central Government and the whole public sector, because many of those who are responsible for procurement work in their own areas, often with a narrower view of value for money than we might want promulgated nationally, which is part of the reason behind producing the pamphlets.

In expanding the view of what value for money is and embedding a more active and innovative approach to whole-life costs, which my hon. Friend urged me to do, we must ensure that we improve the capability, confidence and professionalism of procurers throughout the whole public sector. My hon. Friend said that some people in the private sector are more confident in this area than those in the public sector.

My hon. Friend also mentioned something that crops up whenever I go out and talk to public procurers: the dead hand of EU procurement law. It is often used as an excuse for not doing things differently. There is often, but not always, a tendency for those in public procurement to be defensive about doing that and to take a narrower view of value for money, rather than taking account of the increasing need to take a wider,

[Angela Eagle]

whole-life cost view and to be innovative about what other value can be achieved when letting a contract. It is all too easy, for a quiet life, to say that nothing innovative can be done with apprentices or equality issues in specific areas because the EU does not allow that. The EU does allow it if the processes are right, as my hon. Friend rightly said.

I am sure that my hon. Friend has perused some of the OGC publications, which I wanted out there to get over the refrain, "The EU will not let us do it this way." Actually, the pamphlets demonstrate precisely how the EU allows public procurement to take account of some important advantages, and I hope that my hon. Friend recognises that we have made progress in getting that fact over.

Mr. Kidney: I was greedy with my share of the debate, so I should not intervene on the Minister, but will she wave the leaflets under people's noses at the vital times when they are making decisions so that they can overcome their fear of EU laws and apply whole-life costing properly?

Mr. Mike Hancock (in the Chair): Order. The Minister might not be able to do so personally, but I am sure that she knows someone who will.

Angela Eagle: I am not sure that I could be in so many places at once, which comes back to the diffuse nature of the public procurement process. However, I evangelise about the pamphlets and, as the Minister with responsibility for Government procurement, I wave them around when I attend conferences for professional procurers. I point out that we want innovative procurement and that the Government should lead by example, not trail the field in innovative solutions for the best and most effective use of £175 billion of procurement every year. I assure my hon. Friend that we do that. All the guidance is on the website, and we then evangelise about it.

I hope that my hon. Friend recognises that the procurement approach is diffuse and that it is difficult to be present when decisions are made. We must increase the capability, confidence and professionalism of public procurers to ensure that they are confident enough to know that we want them to proceed with that approach. For example, the Green Book requires, as my hon. Friend suggested, the use of a whole-life costing approach to value for money to ensure that sustainability is embedded at the centre of value-for-money decisions. He gave some worrying examples of terrible missed opportunities. Practical guidance for Departments on value for money will be released at the end of the month so that the impact of carbon, water and waste can form part of procurement decision making.

The whole area is changing rapidly—it needs to change so that we can reach our carbon targets—and procurers must be retrained and updated all the time. It is certainly my responsibility and that of the OGC to ensure that we make our public procurement function much more up to date, confident and professional than it has been, and that we expand the view of value for money from the narrow place where it has been into much wider areas. I am more than happy to tell my hon. Friend that as the Minister responsible for taking that forward, I am happy to work with him to put his ideas, as well as ours, into practice.

Mr. Mike Hancock (in the Chair): Order. I apologise to the Minister, but I will have to interrupt her. I thank Mr. Kidney and her for their courtesy to the Chair and the excellence of the debate.

11.30 am

Sitting suspended.

Tax Avoidance and Evasion

2.30 pm

David Taylor (North-West Leicestershire) (Lab/Co-op): It is a great pleasure to speak under your chairmanship, Mr. Hancock. I am grateful to Mr. Speaker for selecting this vital subject for debate in a long slot, especially as it precisely coincides with this year's Christian Aid week. I shall focus my opening remarks on the international development implications of tax avoidance and evasion and then highlight the impact on the UK Exchequer and our society of the corporate culture of tax avoidance that has taken root in this country.

As the Finance Minister of South Africa, Trevor Manuel, has said:

"the correct spelling of the word 'aid' is 'T-A-X'".

It should be a source of consensus, or a no-brainer as the tedious phrase goes, that tax is the most sustainable source of finance for development work in poor countries. It promotes accountability and allows Governments to generate revenue from their nations' economic activity to invest in their own infrastructure, health care and education. A broad tax base improves representation and accountability between states and citizens. It encourages good governance, as Governments who depend on their citizens for revenue are more likely to act in the interests of the people.

Because promoting economic development for all means greater revenues for the state, Governments have a vested interest in ensuring that economic growth is shared among the population. Progressive taxation also benefits the poor by redistributing wealth through society, and it can limit consumption that has harmful effects on society or the environment through the levying of heavier taxes on products and services. Angel Gurría, the head of that international free market acolyte the OECD, certainly believes that. He has observed that

"taxes provide the long term financial platform for sustainable development. Taxes are the lifeblood of state services."

It is estimated that between $500 billion and $800 billion of illicit capital flows from developing countries every year. Of that, $160 billion is lost through commercial tax evasion—or £20 million during this 90-minute debate. It is about twice the annual bill for global aid from rich countries to poor countries. It is also several times larger than the $40 billion to $60 billion that the World Bank estimates will be needed annually to meet the United Nations millennium development goals, which are intended to halve poverty by 2015. If that money—that avoided tax—were allocated according to present spending patterns in poor countries and with the same degree of effectiveness, the additional revenues could, among other things, save the lives of 1,000 children under the age of five every day.

There is much discussion about the role of tax havens in facilitating these capital transfers. It is recognised by, among others, the current Pope—he must be infallible—that offshore centres play a major role in the imbalances of development, causing a gigantic flight of capital that is the result of tax evasion. Christian Aid estimates that, between 2005 and 2007, £35 billion of illicit capital flowed from non-EU countries to the United Kingdom as a result of trade mispricing—a practice whereby multinational companies sell goods and services across borders at inflated or sometimes deflated prices to minimise their tax burden. Of that, £5 billion of illicit capital flowed into the UK from the world's 49 poorest countries. That is almost equivalent to the Department for International Development's entire programme budget for 2006-07.

The estimable researcher on these matters, Professor Prem Sikka, has pointed out that transfer pricing is used as a "key mechanism" for dodging tax by multinationals all over the world, yet its abuse is scarcely on the political agenda. These are not abstract figures. They represent essential services that the world's poorest people are being denied by merciless and venal exploitation, not just of individual states but through the lack of regulation applied to the global movement of capital.

Bob Spink (Castle Point) (Ind): The hon. Gentleman mentioned the plight of children between the ages of one and five. He will know that malaria particularly attacks those children, that it affects 40 per cent. of the people in the world and that it infects 500 million people each year. Can he estimate just how much good it would do for mankind if just 5 per cent. of the tax that is avoided were put towards malaria research?

David Taylor: The answer is in the hon. Gentleman's question. The figures that I have given show the scale of progress that could be made towards achieving the millennium development goals, and the point that he raises is very important. We are considering African countries. Zambia has some of the richest deposits of copper in the world, but it failed to benefit at all from the commodity boom between 2003 and 2008. Why? Because some multinational companies pursued aggressive tax avoidance strategies by pushing for special tax breaks and keeping mining contracts secret. In a country in which just 2 per cent. of people in rural areas have access to clean drinking water, there is an urgent need for more tax revenue. The concept of corporate social responsibility rings particularly hollow in the context of the fact that 98 per cent. of people in rural areas of Zambia do not have clean drinking water.

Andrew Stunell (Hazel Grove) (LD): Does the hon. Gentleman agree that Zambia has a problem not just from the direction that he mentions, but from the purchase of its sovereign debt at a discount by so-called vulture funds, which are also showing a complete lack of social and corporate responsibility?

David Taylor: I agree with that so strongly that I was on the other side of the River Thames with my hon. Friend the Member for Northampton, North (Ms Keeble) just 24 hours ago with a vulture on my arm to highlight the issue to which the hon. Gentleman refers.

The ability of sovereign Governments in both developed and developing countries to tax effectively is seriously undermined by international tax avoidance and evasion. Under-resourced tax authorities struggle to track the extent to which taxable income from multinationals is moved offshore. Few developing countries can navigate the complexities of multinationals' structures in order to determine tax liability, especially when their people are dying for want of clean drinking water, malaria treatments and sanitation services. Long-term policies

[David Taylor]

in areas such as tax collection and enforcement cannot realistically be adequately supported in crisis and disaster-led circumstances.

This is clearly an issue of policy coherence. We cannot continue to spend billions of pounds of UK taxpayers' money only for it to come back to the western world, including to the UK, as illicit money. Trevor Manuel has also said:

"It is a contradiction to support increased development assistance, yet turn a blind eye to actions by multinationals and others that undermine the tax base of a developing country."

That is happening on a grand scale. Greater transparency is required globally to ensure that more of those resources stay in developing countries and are used for development. That can be achieved by implementing a new international accounting standard and addressing secrecy in tax havens and offshore financial centres.

Mr. David Drew (Stroud) (Lab/Co-op): I thank my hon. Friend for taking up this issue again. One way in which it could be dealt with is through a Tobin tax. That is an idea whose time came five or so years ago, yet lamentably we have made no progress on it. Is there a reason why?

David Taylor: I genuinely do hope to come to that point at the end of my speech and I hope that my hon. Friend will be able to stay until then.

The problems of capital flight and the financial crisis show clearly that the complexity of global financial flows has grown far beyond the ability of Governments—any Government—to monitor and regulate them effectively. The fight against poverty demands an end to the secrecy surrounding tax payments made by multinationals to poor countries' Governments. The International Accounting Standards Board provides the framework for regulation in this area and should require multinationals to report the scale of their economic activity and the taxes paid in every single country in which they operate. That would enable sovereign Governments and civil society to ensure that multinationals paid the right amount of tax in the right place at the right time. Many investors are also keen to have that information, which allows a much closer understanding of the risk associated with investments. Such reform of global accounting practices would also promote the concept of ethical investment, which is regarded in many quarters as oxymoronic.

Christian Aid and others, including ActionAid, are calling for two key measures of global financial regulation: first, an international accounting standard on country-by-country reporting to provide investors, regulators and tax authorities with a powerful indicative tool to assess risks and highlight abuses; and, secondly, automatic tax information exchange between all jurisdictions, including tax havens, based on a global agreement, instead of a piecemeal approach involving bilateral treaties, which have been shown to have limited impact and tend to exclude developing countries.

The London summit not long ago—the G20 meeting—delivered significant progress towards financial transparency. Indeed, for the first time, the Prime Minister publicly acknowledged the link between tax evasion and development. Prior to the G20 meeting, he stated:

"we will also set down new measures to crack down on those tax havens that siphon money from developing countries, money that could otherwise be spent on bed nets, vaccinations, economic development and jobs."

However, the measures proposed by the G20 are agreements on sharing bilateral tax information between tax havens and wealthy countries that have the economic and political muscle to negotiate. They are rushed measures; they do not help the developing world and will hinder tax investigators in countries such as the United Kingdom.

Tax information exchange agreements—TIEAs—as proposed by the G20 and the OECD, are of limited value to developing countries. First, only the richest countries have the economic power to negotiate such agreements and gain speedy access to the necessary information. Using a bilateral model, if only UN member countries had fair access to tax information, each of the 192 countries would have to sign 192 information exchange agreements. I know, Mr. Hancock, that you are good at mental arithmetic: 192 squared would mean a total of 36,864 agreements globally. There are between 50 and 72 tax havens in the world, and more than 100 countries with which they could negotiate TIEAs, so that is potentially more than 7,200 bilateral agreements. However, by March 2009, only 49 TIEAs had been signed between OECD countries and secrecy jurisdictions, and only 18 have entered into force.

The second reason why TIEAs do not work is that poor countries do not have the power to offer strong sanctions on their own, and thus cannot access the information that they need through that channel. The proposed agreements enshrine "on request" information sharing. If a poor country wants information on a tax payment, it will need to provide significant evidence that criminal activity is occurring, but it simply will not have the resources to conduct such investigations.

Andrew Stunell: I entirely support what the hon. Gentleman says. Perhaps he will take into account the words of the right hon. Member for Leeds, West (John Battle): Africa needs accountants. Many African Governments are not professionally equipped to deal with the kind of challenging financial regimes that confront them. This is a major problem. Even if the partners are willing participants, how will they evaluate the material that they receive and move on to enforcement?

David Taylor: I agree, and Zambia would be a great example. Soon after I qualified—it was quite a few years ago—I was on the point of moving to one of the towns in the copper belt in Zambia to work as an accountant, but it did not happen.

Evidence so far shows that TIEAs have produced only a trickle of information. For instance, the TIEA between the US and Jersey—two of the biggest players in the offshore system—was used only four times in 2008. States may also maintain or introduce other restrictions on the procedures for obtaining or supplying information. For example, some states consider that before any information is supplied, the person concerned must be notified of the request and given an opportunity to object. That, of course, gives tax evaders ample opportunity to cover their tracks, which highlights again the culture of secrecy and privilege that the activities of powerful multinationals are afforded by domestic and international authorities.

The Government must recognise that automatic tax information exchange between all jurisdictions, including tax havens, is the only system that can deliver rightful tax flows to poor countries. The Minister's response to that specific point would be immensely helpful and much appreciated.

Of course, some will argue for a bilateral agreement on tax information exchange. Indeed, the Government have argued against automatic TIEAs, saying that developing countries might not have the capacity to use the data that would be transferred and that the information transfer would thus be for nought. That argument is patently absurd and deeply patronising to developing countries. It suggests that they do not have, and could not quickly develop, the ability to deal with large quantities of data of the sort that automatic information exchange would generate. In fact, many developing countries already use international software and data sources to deal with vast quantities of data—most obviously, when one's passport is scanned at any customs point when entering an airport in almost any country at any income level.

At present, no one can tell what profits are made by companies operating in developing countries, or what taxes they have paid there, because companies are obliged to provide only a total profit figure for the whole world. That is an open invitation to avoid or evade tax liabilities—an invitation that most companies take, given the $160 billion figure for tax evasion and avoidance that I cited earlier. It is critical that the Government actively try to secure an international accounting standard on country-by-country reporting. That would provide investors, regulators and tax authorities with a powerful indicative tool to assess risks and highlight abuses.

An international accounting standard for all industries that would require companies operating internationally to disclose the profit that they make and the tax that they pay in each country in which they operate would equip developing countries with the information that they need to target corporate tax abuse. To secure an IAS on country-by-country reporting, the Government, acting in alliance with other leading economies, would need to ask the International Accounting Standards Board to create such a standard. It is important to note that the gang of four—the four big accountancy firms of Deloitte, Ernst and Young, PricewaterhouseCoopers and KPMG—are represented on the IASB, so they have a direct say in setting international accounting rules and standards. Interestingly, Christian Aid's proposals for the country-by-country reporting of corporate profits, which are supported by ActionAid, have been rejected by the big four, and no convincing argument has been posted to date to explain why, although we can draw our own conclusions.

The IASB is little more than a trade association for international accounting firms that is funded largely by the gang of four and other corporate entities. It might be time to relieve it of responsibility for setting international accounting standards. Perhaps that should be passed to a supranational body such as the UN so that appropriate mechanisms can be developed. I am not sure whether that idea was floated at the recent G20 summit—perhaps the Minister will tell us—but the current situation is untenable. It demonstrates, once again, that in spheres as important as global accounting, self-regulation does not work—it militates against the public interest and the public in the poorest countries. However, G20 Governments should commit themselves at least to approach the IASB in support of a country-by-country profit reporting system. I hope that we will receive an assurance that such an approach will be made today.

If implemented, the measures would have the potential to deliver a sum that would have a big impact towards eliminating poverty on a scale never seen before and achieving and embedding the millennium development goals. The Minister, who is a highly regarded, efficient and conscientious member of the Administration, might be able to elaborate on the UK's interpretation of the G20 agreements on the regulation of capital flows to tax havens, and the way in which the impact on developing countries can be reduced.

On 12 May 1789, William Wilberforce made his first major speech in the House of Commons on the abolition of slavery. He argued that slavery was morally reprehensible and a matter of natural justice. Tax evasion on the present massive scale has been described as the most harmful economic condition since slavery, as it contributes to the desperate global poverty endured by millions every day. The financial crisis has presented us with an opportunity to reform the economic system and to address global injustices, which are hugely damaging to the world's poorest people. Left untouched, the current system will for ever cast doubt on the legitimacy of profits derived from corporate activity in poor countries.

I do not have time to deal with the role of the Commonwealth Development Corporation, which was rebranded as the CDC on privatisation. Why do we allow the corporate culture of "greed is good" to spread into international development policy to such an extent? The Minister will not have time to answer all my questions, but the Government must answer them at some stage, and be forced to do so if necessary.

Finally I turn to the impact of tax avoidance in the United Kingdom, which is another area in which reform is overdue. We need to combat the advances made under such a highly dubious corporate culture. It is a tale of merciless profiteering that again features the infamous gang of four. Government borrowing is about to double, but we should not expect private householders alone to bear the brunt of the problems caused by the failure of regulators and the City.

I strongly support and applaud President Obama's action to close tax loopholes, including offshore tax havens, that are exploited by US companies, which we read about in the press a day or two ago. The new Administration in Washington estimates that US companies paid an effective tax rate of 2.3 per cent. on the $700 billion that they earned in foreign profits in 2004, so action is long overdue. I hope that there is more to come. I urge the Government to display similar principles and conviction in dismantling the tax avoidance industry in the UK.

As we know from a series of excellent articles by the tax gap team of *The Guardian*—I referred to it in an early-day motion at the time—the tax avoidance industry and its clients will go to exceedingly convoluted lengths to avoid their full liability. The evidence of Barclays bank's commitment to stretching Denis Healey's famous prison cell wall that exists between tax avoidance and evasion is not only astonishing, but significant for gaining an understanding of the relative ease with which existing tax laws may be manipulated.

[David Taylor]

There is a compelling argument that complex tax avoidance strategies were a major factor in the collapse of our over-leveraged and indebted financial system. However, the bottom line is that HMRC annually loses a minimum of £25 billion in tax revenue as a result of the tax avoidance activities of the wealthiest individuals and 700 largest businesses. This places an unfair and intolerable burden on working families, small businesses and pensioners at the best of times, but during a recession, when general taxation is expected to increase to meet the Government's higher borrowing, that potentially toxic load that could fuel serious civil unrest.

As an accountant myself, I have been studying the special purpose vehicles and other formulae used to channel funds offshore to avoid tax liabilities. We all need to be aware of the damage that such complex instruments wreak on the public purse. We do not let scientists develop chemicals that have a destructive environmental impact, so we should never exempt accountants from the social consequences of their actions, no matter how lucrative their proposals might be in the short term.

The Public and Commercial Services Union's tax justice campaign, which builds on the work of its members and that of the Tax Justice Network, focuses on the loss of local tax offices and the consequent problems for HMRC when tackling tax avoidance. Given the Chancellor's Budget announcement just two weeks ago of more resources for HMRC to devote to closing tax loopholes and tackling tax avoidance, it is vital that the programme of so-called efficiency measures does not include the continued closure of local tax offices, as that is akin to tying one hand behind HMRC's back as it tries to deal with the serried ranks of accountants employed by private sector firms to avoid tax.

Mr. Drew: I concur totally with my hon. Friend and pay due tribute to the work of Richard Murphy of the Tax Justice Network. Does my hon. Friend agree that one of the good things that the Government did—this has been heavily criticised since—was to shut down advanced corporation tax? Quite simply, that was a major loophole for larger companies and a scam that could be used to hide many things relating to pension arrangements—not least early retirement problems—and company pension holidays. Is it not about time that the truth came out about advanced corporation tax? There are too many fables about what it was really about.

David Taylor: The criticism of that measure in the 1997 Budget is often misplaced. It has been developed and promoted by Opposition parties and demonstrates quite vividly their financial illiteracy—that is a great pity! I have always believed that although there is a register for tax avoidance schemes, the enforcement of the registration is pathetic. Some organisations fail to register with tax avoidance schemes and accept the relatively small fine incurred as an operational cost. Why do we let people get away with that?

Finally, we need to look beyond limited measures, such as a Tobin tax, on regulating the global flow of capital, and to set independently and enforce international accounting standards and equitable tax information sharing agreements—KPMG is particularly bad in that respect. Accountancy might be boring—that dreadful suggestion was made in the "Monty Python" series years ago—and taxation might be seen as a black art, but the devil is in the fiscal detail. We politicians must make a stand against endemic greed and corruption before it infects the values of fairness and equality that bind humanity.

Several hon. Members *rose—*

Mr. Mike Hancock (in the Chair): Order. A number of colleagues want to contribute to the debate. I intend to start the winding-up speeches at 3.30 pm. If people are generous to, and tolerant of, each other, everyone will get a chance to speak.

2.54 pm

Tony Baldry (Banbury) (Con): There is a danger that we might be conflating two separate issues. In a communiqué put out immediately after the G20 summit, our Chancellor noted that leaders had agreed to

"take action to protect the world's financial system and our public finances by cracking down on tax havens".

His statement made no mention of the need to take action to protect developing countries. Almost all the references in the Library paper prepared for today's debate relate to tax avoidance schemes in developed countries depriving the Exchequers of developed countries of funds. The first paragraph of the first article in the pack reads:

"UBS yesterday defended itself against attempts by the US Internal Revenue Service to extract names of thousands of American customers holding offshore accounts, telling a federal court that matters should be resolved via talks between Bern and Washington. The beleaguered Swiss bank was responding to a legal challenge by the IRS to reveal the names of up to 52,000 accounts as part of the US administration's efforts to combat tax evasion."

There is not a scintilla of a quarrel—I suspect—between hon. Members about it being right for mature democracies, or indeed all countries, to bear down on tax evasion. However, in none of the briefings that I have been sent have I seen evidence supporting the suggestion that developing countries are losing huge amounts of revenue each year through commercial tax evasion. Not a single article in the Library pack gives any statistics or evidence in support of that suggestion. I am not saying that it is incorrect, but I am bemused. If we are not careful, this will become an article of faith, and the danger of such articles of faith is that they can be used as alibis in other ways.

In other words, developed countries can say to developing countries, "Well, you would be in a much better position, and you would not need so much development assistance, if you had in place a better tax system, and if you were properly taxing companies doing business in your jurisdiction." As times start to get hard, the risk is that countries that signed up to the millennium development goals and increased development funding will seek to find such excuses. If it is to be asserted that developing countries lose large amounts of money through commercial tax evasion, it needs to be much more evidence-based. We then also need to consider how we can strengthen developing countries' tax systems and administrations through increased targeted aid.

I find something else bemusing about this debate: I cannot recall having seen, in any of DFID's country plans—I stand to be corrected—a reference to enhancing the efficiency of Exchequers and Treasuries in those

countries. Much work is being done on good governance, on bearing down on corruption, and on improving the judicial system, courts and general machinery of governance, but very little, as of yet, is being done on improving and strengthening developing countries' tax systems and administrations.

As I said, I am slightly concerned that we are conflating two issues. If we are not careful, we will create an article of faith that says that huge amounts of revenue in developing countries are going missing, and we will give an alibi to developed countries to say, "If only developing countries sorted out their tax system better, they would not be in so much difficulty."

Mr. Drew: As the hon. Gentleman knows, my knowledge of the Sudan is better than that of any other African country. When the government of southern Sudan were setting up their administration, the British Government paid for a number of people—admittedly from the private sector—to go in to help them set up their tax system. Without such a system, southern Sudan had no mechanism to raise revenue. The hon. Gentleman was right to draw attention to the matter but, to be fair, the British Government have a history of trying to help.

Tony Baldry: As yet, there is no de jure state of southern Sudan. The government in Rumbek are pretty sui generis. We will have to see whether they hold a referendum and decide to go for a de jure state. I am not saying that the British Government have never given funding to help Exchequers, but having read through a large number of plans for developing countries, I cannot recall seeing that they have.

The difficulty with such debates is that we approach them thinking about the developed north and the developing south. We need to think about a system that will be effective for Chinese companies operating anywhere, be it in the Sudan or in Kazakhstan. If we are to have a system that is globally transparent—this is not just about UK banks and companies or US companies—it must apply to companies throughout the world, or it simply will not stick.

Dr. Vincent Cable (Twickenham) (LD): Is the hon. Gentleman aware that he is suggesting that there is a lack of evidence on the subject of revenue loss from tax avoidance in developing countries? Is he aware of the Christian Aid report on death and taxes that seems, on first sight, to be a very serious piece of econometric work? It suggests that somewhere between 10 and 15 per cent. of the revenue of developing countries, and medium and low-income countries, has been lost as a result of systematic manipulation of prices and, therefore, the revenue deriving from them?

Tony Baldry: If policies are to be taken forward, they must be based on evidence. I am slightly concerned that in the four years that I served on the Select Committee on International Development, very little work was done on that issue. It may well be that Christian Aid is one of the first organisations to have done some work. There is a danger that we create an impression that developing countries would have access to more money than they do currently if only they started taxing more efficiently and more effectively. Ironically, when one visits pretty much any country in Africa, the major concern relates to jobs. Most countries are worried about jobs and employment. Interestingly, most developing countries will offer substantial "tax holidays" to new inward investors. That is true of almost any capital city in Africa. Many developing countries in Africa have free ports and other such mechanisms to encourage investors and job creators to invest in those countries because their primary concern is job creation.

Andrew Stunell: The hon. Gentleman seems to be developing an argument that poorer countries are giving such incentives of their free will to provide the right business environment to create jobs. Surely the reality is that the multinationals go on a reverse Dutch bidding war to see which country will give them the biggest discounts. One only has to look at copper pricing in Zambia to see how damaging it is to the income stream of poorer countries. Surely the balance of trade in that negotiation is very much with the larger multinational corporations and not with the developing countries' Governments.

Tony Baldry: There is a slightly 1960s feel about how we describe the multinationals. If the hon. Gentleman goes to Khartoum, Freetown or Dar es-Salaam, he will find that the major new investors seeking the best fiscal arrangements are Chinese or Russian. Most African countries will seek to attract those companies—whether they be from China or elsewhere—by giving fiscal incentives.

My next point relates to tax havens, but I will try to be brief because I am conscious that others wish to speak. If the UK Government believe that something is wrong with tax havens, they are probably in the best position to sort it out because a large number of them are UK overseas territories. In part, UK overseas territories, such as the Turks and Caicos, the Cayman Islands and Bermuda were encouraged by successive UK Governments to go into banking and financial services as a means of becoming self sufficient. That also applies to the British Virgin Islands and, to a lesser extent, Anguilla, Montserrat and Gibraltar. I have never been entirely clear as to the constitutional status of Guernsey, Jersey and the Isle of Man. None the less, if it is being said that there is something wrong with tax havens, it is within the gift of the UK Government to take action. After all, they managed the constitutions of all of those overseas territories.

The Government have decided to return the Turks and Caicos to direct administration under the governor, but that is because of allegations of corruption and nothing to do with it being a tax haven. I am slightly surprised that the Chancellor has proclaimed at the G20 and elsewhere that they will take action on tax avoidance and evasion because many of the tax havens are under UK jurisdiction. Therefore, if action needs to be taken against tax havens, it is within the gift of the UK Government. However, if we are going to take action, it should be based on evidence. We should not put developing countries in a position in which they are being accused of being the authors of their own misfortune. There is a danger of giving an alibi to developed countries to cut back on their assistance to developing countries on the grounds that if only developing countries took the necessary action to increase their own tax yields, they would be in a far better position. If we say that the amount of taxation in developing countries is roughly

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one and a half times the amount of annual global aid from rich countries to poor, we will see where that argument goes when the developed world is under pressure.

3.9 pm

Nia Griffith (Llanelli) (Lab): I very much welcome the attention that the G20 is giving tax havens and tax avoidance, which is long overdue. No one can pretend that ruling out the immoral and devious practices that companies use to avoid playing fair and to wriggle out of paying their dues—in short, to cheat—will be easy. Those involved defraud the exchequers of the world of billions of pounds, and we all pay for that because we are defrauded as consumers and taxpayers. When we as consumers buy something from a company, we expect a certain amount to go towards legitimate taxation, not towards lining the pockets of millionaires. Similarly, we as taxpayers will pay more or enjoy fewer services if others do not pay their dues.

The Government are a big consumer, and procurement can be a powerful tool. My hon. Friend the Minister will be aware that I introduced a ten-minute Bill—the Public Contracts (UK Tax Requirements) Bill—last year. Its purpose was to place certain requirements relating to the payment of UK tax on companies bidding for public contracts, to prohibit the transfer of such contracts overseas and to require such companies to provide certain information about tax payments. My hon. Friend the Member for Great Grimsby (Mr. Mitchell) introduced an early-day motion in a similar vein.

The problem is that some companies that have won Government contracts, including private finance initiative contracts, can transfer ownership of the company to a tax haven. In that way, they can avoid paying UK tax on their income and profits. I find it particularly outrageous—and so, I think, do the electorate—that those untaxed profits come from the public purse and from taxpayers' hard-earned money.

The real difficulty is that there is a lack of transparency and that those who award public-private partnerships or PFI contracts are not required to request sufficient explanation and detail about the tax arrangements of the companies that bid for them. We all understand that large companies have projects and businesses in many different countries, but the British public want to be sure that the money that they pay in taxes does not go into schemes that pay companies that do not pay their full UK tax dues.

It would be nice to think that we will see the end of tax havens and that we will no longer need a Bill such as mine, but there is still a long way to go and much international negotiation to do. I therefore ask my hon. Friend the Minister to do everything possible to demand much greater transparency from companies that bid for public contracts. In that way, we can ensure that we do not aid and abet some of the practices we have heard about today and that British taxpayers do not pay companies that use tax havens to avoid paying their dues.

3.12 pm

Mr. Austin Mitchell (Great Grimsby) (Lab): I congratulate my hon. Friend the Member for North-West Leicestershire (David Taylor) on raising this important subject. He, I and others have been lobbying Ministers and HMRC to do something about it for several years, and we have always received an interested hearing along the lines of "Gosh, we didn't know that!" but no action has resulted. Now that we are in a recession or near-depression, and the manipulations, greed and derelictions of the financial sector have produced their own nemesis, something will clearly be done. When the Minister speaks, and when Ministers do act, however, I hope that they will not just fob us off with the idea that everything is very difficult and that we can act only through international agreement. As my hon. Friend said, there are actions that this country can take at a national level.

One of the basic problems that we face is the avoidance of taxation through the formation of holding companies, which can be found around the world. Thirty per cent. of Barclays subsidiaries are in tax havens, Lloyds has 80 holding companies in Jersey and BP has 3,000 holding companies. Such companies are used to manipulate profits. News Corporation is very adept at that. It makes huge profits from *The Sun* and now from Sky television, which do not pay tax on their earnings in this country as they should, because those earnings are manipulated through holding companies.

Google is a classic instance. It must generate between £1 billion and £2 billion of its £7.5 billion worldwide profits in this country. It is headquartered in Ireland, and the money is filtered out through Ireland. It does not pay any tax in Ireland, so the Irish get no benefit from providing the European headquarters—ultimately, the headquarters are in Bermuda. Google has more advertising revenue than ITV, which produces programmes in this country, but it does not pay tax on that revenue and is making no contribution to production in this country.

Last year, in an interesting pamphlet entitled "The Missing Billions", the TUC estimated—its estimates are very moderate—that such practices cost the British taxpayer £25 billion in lost revenue. That will become increasingly important, because we need the revenue to repay the debts that we are accumulating as a result of trying to expand the economy at a time of deflation. Individuals are failing to pay £13 billion in tax in this country, while companies are failing to pay £12 billion.

As my hon. Friend said, we can deal with the problem through action in this country. We need not to tax companies registered as subsidiaries, but to view corporations and multinationals as a whole. We need a unitary tax system with formulaic apportionment. Where is the revenue generated? As my hon. Friend said, we need national accounts of what is generated where so that we can tax in this country the revenues accruing from profits, plants and workers in this country. Such a system of unitary tax with formulaic apportionment operates between states in the United States and it could well operate here. Why do we not introduce it? That would put an end to the loss of tax capacity and tax revenue in this country.

Dr. Cable: Will the hon. Gentleman give way?

Mr. Mitchell: I would rather get through my speech, because the hon. Gentleman will have some interesting opinions to give us.

The system that I have set out should be the basis for our tax system given that we need the revenue in the current crisis.

A second general principle that this country could and should adopt is anti-avoidance. Why not? It works well in Australia. Under legislation from 1903, Australia does not look at what the law actually says about what is due—lawyers will quibble about that for ages, and corporations have huge staffs of well-paid lawyers. Instead, it looks at the intention of the legislation. As a result, any structures that are designed to avoid taxation, rather than to improve a company's competitiveness and strength, are struck down. Why do we not have that principle in this country to avoid the manipulations that are going on?

The third thing that we can do unilaterally is deal with the tax havens, although the hon. Member for Banbury (Tony Baldry) indicated some reluctance to do that. As he said, there are two categories of tax haven. The British overseas territories—particularly the West Indies—are mainly of concern to America because of tax avoidance in the United States. The hon. Gentleman was correct to say that we encouraged those territories to develop financial and banking centres as an alternative to paying them aid. We said, "We won't give those West Indian chappies aid. We'll let them develop banks such as we have"—the same successful banks that have brought this country to its knees. We used that as a substitute for paying them aid because it was cheaper—that is what it was all about. However, the countries involved are British overseas territories and they can be dealt with as such.

The consequence of such development is the corruption that we see in the Turks and Caicos Islands, with its corrupt regimes and inefficiency. It failed to develop the economy's industrial and agricultural potential because it concentrated on financial services, which are skimming off the cream.

The second category of overseas territory, as the hon. Gentleman intimated, is the Crown dependencies—the Channel Islands and the Isle of Man. Those are of more interest because they are escape hatches—subsidiaries—which allow finance in the City of London to manipulate its money. We can deal with such dependencies quite effectively. The only inhibition is the constitutional one, which Governments make much of, although they do not hesitate to cross that line on moral issues, equality issues or rights.

The Channel Islands are a British concern, and there is not as much of an issue about American companies as there is in the West Indies, so we can deal with the problem by insisting on the principle of absolute openness. All ownership of companies should be on the public record. All the name plates that flourish in Jersey and Guernsey make a fascinating tour; people could think they were touring a mighty industrial empire as they went around looking at those name plates gleaming on the doors of companies there—but there is nothing behind them. They are just name plates. There should be openness about ownership in the public record; all accounts should be on the public record, so that we would know who was passing the money through, and could deal with that; and there should be full compliance with the European savings tax directive. In other words just paying withholding tax and keeping the accounts secret should not be allowed; full compliance with the directive should be insisted on. That transparency would produce radical change and a substantial reduction in the kind of financial sector that is found in the Channel Islands. It might drive them back to their old basics of tomatoes and tourism, and they might need financial help with that, but we cannot avoid the principle.

There is a need to build such measures. We can do it on a national basis without waiting for international agreement, and we should. There is a need to act quickly rather than wait for international agreements, because we are now in a situation of some desperation. We need the companies in question, which do not pay their tax dues or their social rent to this country, to pay.

I conclude with an important point, which my hon. Friend did not deal with. We are now concerned about the environment and global warming, and it must clearly be dealt with on an international scale. Global warming and the development, control and management of industries cannot be dealt with unless the financial side of the question, and the management and control of the tax capability of the relevant companies, is dealt with. It must be done, and soon.

3.21 pm

Mr. George Mudie (Leeds, East) (Lab): It is with some humility that I take part in the debate surrounded by accountants and international aid experts. I was considering whether to contribute to the debate, but I came to support my hon. Friend the Member for North-West Leicestershire (David Taylor). He has done us all a service by obtaining the debate; he has also done a great service, to which other hon. Members have added, in what he has said. The scandal has been going on for too long. I am interested in what the hon. Member for Twickenham (Dr. Cable) will say.

I view the past 20 years as a time when there was urgent need for various actions by the authorities, but, as happened with so many things, no one was prepared to blow the whistle, or to stand up and attempt to stop the over-exuberance.

David Taylor: My hon. Friend says that no one has been prepared to stand up. An organisation is nominally charged with that responsibility: the International Accounting Standards Board, which is, as I said, predominantly funded by the gang of four large accountancy bodies. He who pays the piper calls the tune, and you do not bite the hand that feeds you. There are all sorts of sayings that come to mind to explain why the IASB has been so torpid in tackling the problems.

Mr. Mudie: I have some agreement with that; but there is a larger question concerning Governments and financial authorities. Why have those not been willing to intervene? The picture, certainly in the UK, has been that the City has earned so much money and had such a large part in the economy that I do not think any Governments have been willing to stand up against some of the practices that were current.

The hon. Member for Banbury (Tony Baldry) questioned international aid development, but I do not think that the situation is anything to do with international aid; and the debate is not set out in those terms. It is clear that the credit crunch and the global financial crisis are having an effect on the major developed countries; they

[Mr. Mudie]

are desperate to get their hands on billions that have been lost to them in the past few years, but which, in the eyes of the authorities, they could afford to lose. They cannot afford the loss now, and it is self-interest in Europe, America and the UK that is now the spur to action.

The basis on which I came to the Chamber to support my hon. Friend was my hope that the Minister will take a firmer line than has been taken in the past by Ministers, including the Chancellor. Only two months ago, when we were discussing the banking crisis with him in the Treasury Committee, I pressed the Chancellor on *The Guardian's* excellent articles and could not get him to say a word of praise about *The Guardian*. I do not think that it was *The Guardian* that upset him; but he certainly refused to be forthcoming. I wonder about the depth of the Government's commitment, and whether the current issue has been forced on to the agenda by the G20 as part of the political furniture that shows the people that we are taking every action. If that is so, it is outrageous.

My hon. Friend raised questions about the OECD standards; we shall all, apparently, be grateful if every country and all the offshore centres meet those. However, there is clear evidence, as my hon. Friend said, that those standards are too low and would not do the job alone. I should have thought that we now have the political opportunity, with a public who face public expenditure cuts and tax increases, and who do not see why big firms, multinationals and banks should not pay their proper whack in tax, to raise the bar and take steps that were not politically opportune in the past. To return to the comments of the hon. Member for Banbury, I wonder whether it is any coincidence, or accident, that the latest adventure of Barclays is to set up an offshore bank in Ghana. If the hon. Gentleman is not alarmed at that, I do not know what world he lives in. Certainly, all the development agencies rightly raise issues of money laundering, drug money and tax evasion. They all see the move as something that should not happen. I want to ask the Minister whether we have made any representations—such things have been done by Governments in the past—to suggest that Barclays should not go ahead with the adventure.

While I am dealing with Barclays, it would be good to mention its disgraceful record. My hon. Friend the Member for Great Grimsby (Mr. Mitchell) and I grew up—as did the hon. Member for Twickenham—in a world where Barclays was rightly considered the villain, when it supported apartheid in South Africa. I thought in my innocence that it had reformed and was a different sort of organisation, until *The Guardian* drew the curtains aside and we saw what the structured capital markets division of Barclays Capital was up to. Barclays went to court to get a gag and stop the information coming out. Thanks are due to the hon. Member for Twickenham who got a copy and sent it out. We could see what was happening. We ought to mention Rog "the dodge" Jenkins whose annual salary is £40 million, and his colleague, Bob Diamond, who runs the capital division, who has a modest salary of £250,000 a year but an annual bonus of £20 million. It is quite right to ask what on earth they do to earn such money. Barclays engages through offshore banks in activities in which it is the leading international bank, involving firms, banks and individuals avoiding tax—but that shades into evading tax, and in the event that is what it is. That is what Barclays is up to.

When Barclays refused Government help and went to the middle east for more expensive help, we all thought that it did not want Government intervention because of those salaries. Clearly, that might have played a part, but the bigger part in the decision was stopping the Government getting into the firm and seeing what it was up to and putting a stop to those measures. If Barclays is taking Government money in any way, I hope they will go into it and do what they did by agreement with Royal Bank of Scotland, and stop its tax avoidance activities.

3.30 pm

Dr. Vincent Cable (Twickenham) (LD): I congratulate the hon. Member for North-West Leicestershire (David Taylor) on securing the debate. This is a very topical issue and he presented the case extremely well. Rightly, the focus has been on tax havens—the common theme is secrecy—which my colleague, the noble Lord Oakeshott, called

"sunny places for shady people."—[*Official Report, House of Lords*, 26 March 2009; Vol. 709, c. 772.]

People go to the British Virgin Islands or the Caymans not because they want financial expertise but because they have got something to hide, even if there are other reasons why people want secrecy.

The debate is on the revenue side. The hon. Member for Banbury (Tony Baldry) rightly asked for an evidence base. There is fragmentary evidence. Her Majesty's Revenue and Customs estimated three years ago that the British Exchequer was losing something in the order of £10 billion to £40 billion a year—a wide range—to tax avoidance and evasion activities of various kinds. Richard Murphy, who has rightly been praised for his practical work on the matter, has estimated that HMRC is losing something in the order of £18 billion specifically through tax havens. High net worth individuals account for about half of that through legal avoidance; £3 billion is lost through corporates; and the rest is lost to illegal evasion. A lot of evidence has come through in the past few years, for which *The Guardian* has rightly been praised, on corporate tax avoidance, as distinct from evasion.

In 2005-06, a third of British companies in the FTSE 100 paid no tax at all on their profits—none whatever—and a third paid very little. We have an extraordinary state of affairs. The average corporate tax rate for small companies in Britain is 21 per cent., which is supposed to be concessional, but the average tax paid by big companies is 20 per cent., because the latter have access to the lawyers and accountants that the former do not. That is utterly perverse.

Before I go any further, we need to clarify the language. We all use the words "avoidance" and "evasion", but there is clearly a continuum—it is not one or the other. On the one hand, there is outright criminal activity, and on the other the form of tax avoidance that all taxpayers engage in when the Government, sometimes rather foolishly, openly give a differential that invites people to take advantage. We had a good example in the Budget: we now have a 50 per cent. top rate tax on earnings, but only an 18 per cent. rate on capital gains tax, which is an open invitation to perfectly law-abiding individuals

to turn their income into stocks so that they can pay tax at a much lower rate. We cannot blame people for that. The measure could have been simple incompetence, but it could also have been deliberate.

Somewhere between avoidance and evasion is a very grey area, on which the debate has centred. The hon. Member for Great Grimsby (Mr. Mitchell) and the hon. Member for Leeds, East (Mr. Mudie) helpfully described the complex structured arrangements in which organisations such as Barclays engage. I believe that Barclays has 110 specialists working on the absolute edge of the margin between evasion and avoidance, so that they stay on just the right side of the criminal law. They nevertheless have the very clear intention of avoiding paying UK taxes, which is our main concern.

The big question that the hon. Member for North-West Leicestershire asked was, what do we do about it? It is partly about taking international action and partly about domestic policy. Internationally, the fundamental issue raised by the G20 was transparency, and he raised two of the three key issues, the first of which is the automatic exchange of information. The current OECD white list is very good at creating transparency, but it leaves substantial hurdles when it comes to getting information from tax havens. Information exchange has to be made automatic to be effective. As he mentioned, the Government are resisting such a measure. There are good reasons for resisting automatic exchange in some cases—one would not want automatic exchange of information with, say, Mugabe's Zimbabwe, for human rights reasons—but, as a general principle, between countries that have satisfactory human rights, automatic exchange of information should be the norm.

The second transparency issue that the hon. Gentleman raised was country-by-country accounting. As several hon. Members mentioned, it is an issue for the IASB. There is a lot of foot-dragging, and political leadership is needed, but that is the way to stop the systematic abuse through transfer pricing, the manipulation of profits and the minimisation of corporate tax payment.

The hon. Gentleman did not mention the third transparency issue, namely the identification of the beneficial owners of trusts and companies. A lot of tax avoidance through tax havens takes place by hiding the names of the ultimate owners. The EU savings directive precludes that, but it is not being enforced. One difficulty that the UK has in being righteous about the matter is that our trust system is incredibly opaque. Many trusts are never registered and other countries might reasonably ask, "Why are the British getting heavy-handed about this when their own system of tax law in relation to trusts is so opaque?" Until we deal with that problem, it will be impossible to crack down effectively on the tax haven system.

On the specifics, the Prime Minister has now taken the initiative of writing to all our Crown dependencies and overseas territories and challenging them to come up with standards of behaviour that meet the requirements of the G20 and OECD systems. That is a step forward. One could legitimately ask why he did not take that step 12 years ago, but he has done it now. I guess that he did not introduce the measure earlier partly to protect the City, which has sustained many such relationships, and partly because DFID encouraged many of the territories to get into tax haven activities supposedly as a way of making their economies sustainable. That was foolish, as the hon. Member for Banbury pointed out, but we are stuck with it.

What action is going to be taken to follow up that initiative? I have two specific questions for the Minister. First, what sanctions are going to be taken against the seven British territories that are on the OECD grey list which do not even comply with the OECD's fairly modest demands? What powers do we have in respect of those territories to which the Prime Minister has written? I suppose that we cannot be too draconian. Fifty or so years ago, when General de Gaulle was annoyed by the tax avoidance activities of Monaco, he cut the water supply off; by the following day, Monaco complied. We are not in a position to do that, but I assume that sanctions against British territories are available. If so, what are they?

Secondly, the three United Kingdom Crown dependencies—Jersey, Guernsey and the Isle of Man—comply to pretty high standards under the OECD rules, but they do not automatically exchange information. What steps are being taken to make them comply with that higher requirement which, I think we have agreed in the debate, is necessary to make the crackdown on tax havens effective?

That deals with the international dimension, and I wish to pose a series of questions to the Minister on domestic policy in my remaining three minutes. First, what resources are the Government putting into HMRC to crack down on avoidance activities such as the complex structured arrangements in the banks that have been described? My understanding is that the budget for the relevant department within HMRC was cut by 5 per cent. for the current financial year. Is that true? What is being done to ensure that HMRC is properly resourced to pursue its activities? Is it true, as I have been told, that HMRC is not yet even so much as investigating the information that came to light as a result of the German crackdown on Liechtenstein? That brought to light a lot of British names. As far as I know, they are not being investigated. Is that true? What will be done following the Government's promise to name and shame companies and individuals who are engaged in systematic tax avoidance? What form will that action take and when will it start?

Secondly, as the hon. Member for Leeds, East said, we cannot be in a position in which the Government are guaranteeing banks and simultaneously allowing them to participate in tax avoidance activity. There is a lot of ambiguity about that. It is clear that the Government intended that the beneficiaries of the asset protection scheme comply with British tax rules, but in subsequent statements, including to me, the Chancellor has said that it is a separate issue. How separate an issue is it?

On the legislative provisions—several hon. Members referred to this—there has been a general expression of belief that we need to move to general anti-avoidance rule processes. What is the Government's time schedule for that, and do they have any specific provisions to introduce a purposive rule in order to ensure that the courts, when dealing with marginal cases, are clearly directed to ensure that companies and individuals seeking to avoid paying taxes are prosecuted?

The hon. Member for Great Grimsby correctly described how companies establish subsidiaries for the purpose of avoiding tax. My understanding is that such subsidiaries

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are required to be disclosed under the Companies Act 2006, but evidence unearthed by newspapers investigating the issue suggests that they are not being registered. They are not compliant with the law. Are the Government investigating the matter? Is action being taken against companies that do not comply with those legal processes?

Thank you for your indulgence, Mr. Hancock. I think that we all recognise that raising revenue is now a critical task, given the serious problems with the public finances. We should start by cracking down on the people who do not pay the taxes that they should pay.

3.40 pm

Mr. David Gauke (South-West Hertfordshire) (Con): It is a pleasure to serve under your chairmanship for the second time today, Mr. Hancock. I congratulate the hon. Member for North-West Leicestershire (David Taylor) on securing this debate. It is, as others have said, timely and topical, indeed fashionable, although to be fair to the hon. Gentleman, I do not think that anyone would describe him as a slavish follower of fashion, intellectual or otherwise. None the less, it is helpful for us to debate the issue. I know that he has pursued it for some time.

There is a clear consensus that secrecy within the financial services sector and various tax jurisdictions is creating great problems. The public mood has shifted, partly because at a time when most people's tax burden is increasing, it is essentially unfair that a wealthy minority can avoid their tax obligations. Also, as the hon. Member for Leeds, East (Mr. Mudie) pointed out, the Government are desperately searching for revenue, we are borrowing a huge amount and debt is increasing.

I share the focus of the comments made by the hon. Member for North-West Leicestershire and Christian Aid in its campaign. Secrecy is key. We must find practical ways to improve the exchange of information. In the Crown dependencies and overseas territories, the picture is not all bad. Progress has clearly been made in our offshore financial centres, according to the interim Foot report commissioned by the Prime Minister, on a test of compliance with the Basel Committee on Banking Supervision, the International Organization of Securities Commissions, the International Association of Insurance Supervisors and the anti-money laundering standards published by the Financial Action Task Force. The International Monetary Fund assesses those financial centres as broadly comparable to other jurisdictions and, in some cases, better. It is also worth noting that the G20 assessment for the Crown dependencies suggested that they are substantially implementing the international standards for exchange of information. The overseas territories are committed to doing so, but they have not substantially implemented them yet.

We must not be complacent, of course, and there is clearly a great deal of progress to be made, but as the hon. Member for Twickenham (Dr. Cable) rightly pointed out, terminology is important. What do we mean by a tax haven? I would argue that a tax haven is not simply a jurisdiction with low tax rates. That is a sovereign right. The Republic of Ireland, for instance, was sometimes accused of being a tax haven for having a corporation tax rate of 12.5 per cent. I think that the focus should be secrecy.

Another point of terminology that the hon. Gentleman rightly raised is that there is a spectrum that runs from tax evasion, which is clearly illegal and unacceptable and must be addressed, through tax avoidance to tax planning. I quote:

> "It's perfectly legitimate for people to tax plan. They are only obliged to render unto Caesar what is due to Caesar."

That comment was made by the Chancellor of the Exchequer to the Treasury Committee in his evidence; I suspect that the hon. Member for Leeds, East will recall it.

We must be careful about what we are addressing. There is a danger of confusion in some of the criticisms made about the level of tax avoidance. A number of hon. Members have mentioned the Trades Union Congress report that refers to a tax gap. The work was undertaken by Mr. Richard Murphy, who identifies a £25 billion tax gap caused by tax avoidance. Essentially, he looked at headline tax rates and then at the total tax rate, measured the gap and said that it was caused by tax avoidance, but that fails to take into account that we as a Parliament deliberately introduced measures that mean that entities, individuals and companies are not necessarily paying the headline rate.

It appears that half of the £25 billion gap is due to a combination of independent taxation in the UK between spouses and civil partners and the fact that companies can defer taxation through capital allowances. Bill Dodwell of Deloitte put it well when he said:

> "The TUC's report doesn't inform the tax avoidance debate: it seems to be challenging policy choices (independent taxation; the taxation of the self-employed; capital allowance rates) by labelling them as tax avoidance."

We must be careful not to devalue the terminology. There is such a thing as tax avoidance, which should be addressed, but let us not become confused.

Christian Aid has led the argument on the international development element of the issue. I know that it is in frequent communication and contact with my hon. Friend the Member for Sutton Coldfield (Mr. Mitchell), our spokesman on international development. Christian Aid makes the point made by the hon. Member for North-West Leicestershire: it is better that countries should be self-sufficient and rely on their own tax revenue rather than aid. That is an interesting point for the Minister to answer. How much are the Government doing to assist in that?

On a note of caution, my party and I believe that globalisation has many positive effects and that it is good for countries to trade with each other and for multinationals to be active in developing countries. As my hon. Friend the Member for Banbury (Tony Baldry) pointed out, multinationals go to developing countries and create jobs, which benefits those countries. One reason why they may do so is the lower tax burden. It might be a combination of accident and design—my hon. Friend referred to tax holidays, for example—but if the lower tax burden is no longer available, it is legitimate to question whether multinationals would invest in the same way and create the same number of jobs.

To what extent do the numbers in the Christian Aid report incorporate a dynamic model? If not for what it describes as the tax leakage from developing countries to developed countries, would there be as much economic activity? I question whether that is the case.

Nia Griffith: Will the hon. Gentleman give way?

Mr. Gauke: I have only one minute, so I apologise to the hon. Lady for not giving way.

To conclude, in order to allow the Minister his full time, there should be more transparency and greater exchange of information, and it is right that we should debate the practical ways of developing them, but I have two questions about the UK and anti-avoidance. To follow the comments made by the hon. Member for Twickenham, how much is HMRC investing in enforcement and tackling tax avoidance? There were reports that the amount being spent on those matters increased to £1 billion, although we do not have comparable figures for previous years. Will the Minister put that £1 billion figure into context?

Secondly, avoidance activity is likely to increase when tax rates increase. A new 50p income tax rate has just been announced. It was reported that Treasury modelling said that 69 per cent. of those affected by the 50p rate will avoid or evade paying at least some of the tax. Will the Minister confirm whether those reports are accurate?

In conclusion, it is right that we tackle this issue in a practical way. We must address secrecy so that those who have to pay a fair amount pay it.

3.50 pm

The Economic Secretary to the Treasury (Ian Pearson): It is a pleasure to serve under your chairmanship this afternoon, Mr. Hancock. The debate has been excellent with well-informed and interesting contributions from the hon. Member for Banbury (Tony Baldry) and my hon. Friends the Members for Llanelli (Nia Griffith), for Great Grimsby (Mr. Mitchell) and for Leeds, East (Mr. Mudie), as well as from the Opposition spokesmen, the hon. Members for Twickenham (Dr. Cable) and for South-West Hertfordshire (Mr. Gauke). In particular, I congratulate my hon. Friend the Member for North-West Leicestershire (David Taylor) on securing this timely debate on tax avoidance and evasion.

The Government believe that for any tax system to be effective, everyone must pay their fair share. Tax evasion and avoidance damage the ability of the tax system to deliver its objective of paying for services that we all use and need. It is important to say that the vast majority of people in Britain pay the right amount of tax. It is unsurprising that those who pay are angered by reports of the small minority of people and companies who seek deliberately to evade or avoid paying their fair share. The Government have been consistent in challenging avoidance and evasion through legislation and litigation, and by working closely with other countries, which is increasingly important in the global economy.

It is said that businesses that operate internationally can most readily reduce the amount of tax they pay and that globalisation opens opportunities to avoid tax. From the UK point of view, we must keep our rules under review and work with international partners to support our competitive position and protect our tax base. We must also ensure that our partners' systems are not open to abuse. I will shortly say more about the important international agenda that we are pursuing in response to the points made by my hon. Friend the Member for North-West Leicestershire.

The Government are also taking strong domestic action to counter tax evasion and avoidance. The Budget set out a further package of measures to tackle tax evasion and avoidance. In addition to closing down a number of abusive and artificial tax avoidance schemes, we announced measures to tackle cross-border tax evasion, including an opportunity for holders of offshore bank accounts to come forward and pay what they owe. The Chancellor announced steps to ensure that large taxpayers take responsibility and accountability for paying tax, including a duty on the senior accounting officers of the largest companies to sign off on tax returns. As hon. Members noted, we are also introducing legislation that will allow HMRC to publish the names of serious tax defaulters. That package of measures will raise more than £1 billion in the next three years and, by 2010, will protect a further £3 billion of tax receipts from evasion and avoidance each year.

I mentioned that this problem is international. We are not the only country acting domestically to tackle tax evasion. Earlier this week the US Government released proposals to tackle the problem, which we will watch with interest. The need for international collaboration on taxation has never been clearer. The global financial downturn and the shocks that precipitated it highlight the extent to which our economies are intimately interconnected. The ability of large firms to move large flows of money around the world with ease provides greater opportunity for tax arbitrage through structures designed to minimise tax, as we have heard from hon. Members. As well as leading to a loss of tax revenues at home and in the developing world, such structures add capacity to the financial system and increase uncertainty about the location of risk and value.

The Government have long been committed to supporting developing economies. As well as providing aid to the poorest developing countries, we have been clear about the role that tax can play in the development process. I assure my hon. Friend the Member for Leeds, East that that is not a new conversion—it has been a consistent policy over many years. In effect, we have led G20 discussions on taking action in this area. It was among the key issues discussed in London, where a great deal of progress was made. The G20 leaders agreed to take action against tax havens and noted the published OECD list of jurisdictions that do not meet international standards for exchanging tax information. They are ready to deploy sanctions, if necessary, and I will say more about that in a moment.

Tax information exchange agreements play a key role in combating evasion and avoidance by enabling tax authorities to obtain information on the foreign income and assets of their taxpayers for tax assessment and compliance purposes. That makes it more difficult for people to hide income in foreign accounts and to avoid paying tax to their own authorities. Perhaps more so than developed countries, developing countries suffer from flows of capital to tax havens. Tax information exchange agreements provide greater transparency and make it possible to ensure that tax is paid where it is due, meaning that illicit flows of ill-gotten gains are more easily discovered. Transparency has been a key theme of our debate.

The Government's priority is to ensure that momentum in this area does not falter and that our G20 commitments are delivered. We are looking to countries that do not

[Ian Pearson]

meet international standards on exchanging tax information to make swift progress. As the hon. Member for Twickenham mentioned, the Prime Minister has written to all our overseas territories to remind them of their commitments. The hon. Gentleman also asked about G20 sanctions. The G20 is certainly prepared to take counter-measures, and I refer him to the communication annexe of the G20 report, which outlines them.

We are talking to countries such as Switzerland and Lichtenstein, which were mentioned, about the implementation of their commitments to exchange tax information with the UK through bilateral treaties. Those steps will not only bring benefits for tax collection in the UK, but help developing nations to improve their tax systems. Rising revenues and sustainable economic growth are important for the strategies of developing countries to move out of aid dependency. With that in mind, we were able to secure the support of our G20 colleagues on ensuring that developing countries benefit from new measures to enhance co-operation on tax. The Prime Minister has written to the OECD to ask it to look at ways to enable developing countries to participate in and benefit from the exchange of tax information. He wrote specifically about extending global forum membership to developing countries. We will continue to explore mechanisms to support developing countries.

Transparency is the key to tackling tax evasion. Tax authorities need the capacity to collect the taxes that are due, but they also need to be able to assess the full extent of tax liabilities. The hon. Member for Banbury commented on the measures that we have taken in Sudan. In addition to those, we are exploring the OECD's model multilateral tax information exchange agreement—perhaps that addresses the 192 squared point that my hon. Friend the Member for North-West Leicestershire made about bilateral agreements. That agreement could be a significant step towards allowing developing countries access to relevant tax information without requiring time-consuming and resource-intensive bilateral negotiations.

David Taylor *rose—*

Ian Pearson: If my hon. Friend will forgive me, I will not give way because I have precisely two minutes in which to address the other points that he made.

HMRC will continue to work closely with other jurisdictions through the Joint International Tax Shelter Information Centre and other international groups to combat avoidance and global tax risks. HMRC deals with all information that is received on a resource-to-risk basis. I cannot comment on individual cases, but it is important to understand the operating efficiencies that have been made by HMRC in recent years. We are also building a better evidence base to underpin our work.

The Secretary of State for International Development has commissioned detailed research on the impact of tax evasion on developing countries and the interim review is expected imminently. Between 2001 and 2006, the Department for International Development undertook 101 tax-related projects to support developing countries in improving their tax systems. We are doing a lot with developing countries, not just Sudan, and I could give many further examples of the action we are taking. We are working through the African tax administration forum to share experiences on policy and process.

Mr. Mike Hancock (in the Chair): Order. I am afraid that I will have to interrupt you, Mr. Pearson. I thank all Members who have taken part for the courtesy that they have shown to the Chair and to each other, and I ask them to leave the Chamber quietly as we progress on to the next debate.

NHS Whistleblowing

4 pm

Dr. Richard Taylor (Wyre Forest) (Ind): I am delighted to be having this debate at such an appropriate time, and I am very pleased to see the Minister, with whom I often exchange shots across this Chamber. I am also very pleased to see, behind me, the hon. Members for Stafford (Mr. Kidney) and for Cannock Chase (Dr. Wright), who have been, and are, closely involved in whistleblowing issues.

The debate is absolutely relevant. First, the country was staggered by the revelations from mid-Staffordshire, after which people inevitably asked why no doctor or senior nurse appeared to have spoken out. Then, at almost the same time, we got the answer with the case of the whistleblower from Brighton. She admitted that she had done wrong in breaching confidentiality, but felt that she was doing good by exposing publicly and effectively the standard of hospital care. She thought that was exactly the right thing to do, but she has been struck off. That has raised an absolute furore in the press, and there has been a petition by the Royal College of Nursing. The letter that I liked best was a short and brief one in *The Independent* of 20 April, from a lady called Fleur Ball, from Plymouth, who wrote:

"I surely can't have understood this properly. A nurse has been struck off, not for failing to care for elderly, terminally ill patients, but for breaching their confidentiality by revealing how little care they received...And this only after alerting managers to the appalling lack of care given on that ward."

I looked up the Nursing and Midwifery Order 2001 and discovered that the conduct and competence committee has four options of punishment when it feels that allegations that have come before it are well founded. In this case, it elected to give the harshest punishment because, according to the report of the judgment, the panel's view was that

"the misconduct found is fundamentally incompatible with being a nurse."

It is not my place to express a particular opinion about the correctness of that decision, because it could well go to appeal, but one can say that it has been an absolute disaster for anyone in the NHS who was thinking of whistleblowing. Surely, the habit of leaving helpless elderly patients in pain, in filthy beds, without food or fluid, is incompatible with being a nurse, or indeed a doctor, if he or she condones it by not speaking out.

Recently, the Select Committee on Health had a trip to New Zealand, which was a long way to go, but was extremely useful. I have the Chair of the Committee's permission to comment on one or two things. We met the chair of New Zealand's Quality Improvement Commission, who told us:

"The excuse, 'I'm too pushed to do better,' is rubbish."

The Royal College of Nursing has produced a very useful booklet called, "Dignity at the heart of everything we do: Defending Dignity—challenges and opportunities for nursing". It says in the executive summary:

"As one nurse explained: 'I believe there is always a way around obstacles and primarily it is you, yourself, your actions, standards and behaviour that deliver care.'"

So, however pushed people are, it is up to them to get over those obstacles, and that should be possible even on the most stressful occasions. Otherwise, people should at least speak out and say that they cannot do something, and say what they need to be able to do it. Therefore, I ask the Minister an absolutely straight question: is there no way of reviewing or reversing the independent panel's decision to strike that nurse off, other than appealing to the High Court?

Turning to Stafford, about which much has been said and written—there was an exemplary debate on it in this place recently, which was led by the hon. Member for Stafford—several hon. Members have expressed their amazement that there were apparently no staff whistleblowers there. Dr. David Colin-Thomé, the Government's GP tsar, wrote in the introduction to his review of the lessons learned in mid-Staffordshire:

"What has particularly shocked and disappointed me is that no NHS organisations, staff or representatives of the public reported any serious concerns about emergency services in the hospital. Yet patient complaints and patient surveys all pointed to poor care."

We need to know whether senior doctors and nurses attempted to speak out and whether they were silenced. I know that the Government are against it, but an independent inquiry is probably the only way to find out. I have permission to raise this matter in the Health Committee tomorrow, when I will see if its members will consider taking on an inquiry into whistleblowing. Personally, I am not sure whether that would be the best way of getting at doctors and nurses, and I might suggest, tomorrow, that a small group of Committee members, who are not in any way related, geographically, to the problems in that area of Staffordshire, could go there and meet one or two representatives, completely anonymously, just to talk about what they tried to do, if they tried to do anything.

My interest in whistleblowing arose after a number of complaints at home about the out-of-hours service that has taken over in Worcestershire. Three staff have talked to me about their concerns, which I quickly passed on to the chair and chief executive of the primary care trust, with whom I have a very close relationship, and I am glad to say that they are taking it very seriously, having ordered an independent review. Already, sources tell me, that service is improving, so I have not had to go to the press about it.

Why are staff scared? Allegations of bullying in the NHS are rife. If we look at back editions of the *Health Service Journal*, the editions of 2 April, 16 April and 23 April all had articles about bullying in the service. Thinking about it from the point of view of senior nurses and senior doctors, they are dependent on their managers for their jobs, their mortgages, their advancement, their salary and their salary increments. What has changed from my day? I am often accused of being a dinosaur, and it was some time ago, but in my day a hospital was run by a team that included a senior nurse, a consultant and an administrator. They were all part of the team that ran the hospital, delivering the best care possible for their patients, and there were no secrets—they knew what was going on. If they had a bad doctor, or if the standard of nursing was appalling, they knew about it and addressed it.

The Minister probably will not like what I am going to say next, but since the purchaser-provider split, the emphasis has had to be on finances, competition and targets, primarily, other than patient outcomes. A split has occurred between managers and staff, and that can

[Dr. Richard Taylor]

lead to these sorts of disasters. In some cases, but not all, it is noticeable that when a doctor or nurse moves from a purely clinical role to one that involves a large amount of management, their loyalty is tested. Are they fully loyal to the patients and staff, or to the management of the trust? That is where a problem arises. What can be done about that? I have one or two suggestions.

First, the Public Interest Disclosure Act 1998 is vital. I obtained a copy of a health service circular produced way back in 1999, at the back of which an annex provides a summary of the main provisions of that Act. The most useful paragraph is the one headed "Wider Disclosures", which is so important I must read it out because I desperately want the Minister to publicise it widely. The circular states:

"Wider disclosures (e.g. to the police, the media, MPs, and non-prescribed regulators) are protected if, in addition to the tests for regulatory disclosures, they are not made for personal gain and if they satisfy a further two provisions. That is the concern must have been raised with the employer or a prescribed regulator, unless, there was reasonable belief of victimisation ... there was no prescribed regulator and there was reasonable belief that there would be a cover up, and the matter was exceptionally serious. If one of these preconditions is met and the tribunal is satisfied that the disclosure was reasonable, the whistleblower will be protected."

My first suggestion is that that paragraph be widely publicised.

The hon. Member for Stafford had two—he had more, actually, but I refer just to the first two—board meetings in public. Of course such meetings have to be in public. People must be given a chance to report what is going on and their suspicions. Again, in Prime Minister's questions today, I think the right hon. Gentleman mentioned that there should be stronger patient and public involvement. We have these funny things called LINks—local involvement networks—which are very variable across the country. Where were they in Stafford? Presumably, they had not really got off the ground—in fact, all over the country LINks have been slow to set up.

I shall mention another point from New Zealand. In one hospital that we visited, it was a strategy for all the staff to ask whether the patient would pass the granny test—"Would you mind your grandma being in that hospital?" I do not think that I have quoted *Private Eye* before, but I have a regard for that publication and what it sometimes publishes. In the 17 to 30 April issue, we were reminded:

"In a 2006 Healthcare Commission survey, only 27% of Mid-Staffs staff said they would be happy to be treated in their own hospital—a powerful indication that standards were unacceptable".

What a condemnation!

Since this debate was announced, I have had a number of communications. A helpful communication was sent by Dr. Rod Storring, who asked why the question to which I have referred is not still asked. He points out that a number of related questions can be answered by staff anonymously and he suggests that those could be used

"as litmus paper as to whether a Trust is functioning well".

These statements are, I think, still in the staff survey:

"I am able to do my job to a standard I am personally pleased with ... I can decide on my own how to go about doing my work ... I am consulted about changes that effect my work ... Senior managers where I work are committed to patient care ... Care of patients is my Trust's top priority ... I am able to deliver the patient care I aspire to ... Senior managers act on staff feedback."

I agree with Dr. Storring. Those statements should be put to staff anonymously as a litmus paper test of how the trust is doing.

Finally, I do not know whether this is possible in the UK, but I shall mention a radical change. In New Zealand, they have a health and disability commissioner who is accessible to patients and staff through outreach work. He believes—these are not quotes; they are his thoughts on the matter—that patients must have an independent medical opinion available to them and an easily available advocate, which he regards as his job. He would welcome whistleblowers, provided they have a real case about which to blow the whistle and they are absolutely honest. If the mid-Staffordshire and Brighton cases achieve anything to improve the future quality of care, it will be to blow wide open the fact that there is protection for whistleblowers and that they can speak out without fear of victimisation.

4.16 pm

The Minister of State, Department of Health (Mr. Ben Bradshaw): I congratulate the hon. Member for Wyre Forest (Dr. Taylor) on securing this debate on such an important and topical issue. Let me at the outset state unequivocally that the Government support whistleblowing and the NHS is expected to support it too.

The NHS exists to serve the needs of patients and the public, not for the convenience of managers or staff. Staff have the right under the law and a professional duty to raise any concerns that they may have about the quality of patient care with their employer. They must feel free to raise legitimate concerns with their line managers, more senior managers or, on occasion, publicly. NHS organisations are required to have policies and procedures in place that support, encourage and celebrate whistleblowing. In well run organisations, it should not get to the stage where staff feel they have to approach their MP or go to the media. Legitimate concerns will be listened to and acted on.

Of course, it may not always be easy to distinguish between someone who has a genuine, legitimate concern, and someone with a personal grievance or axe to grind. Good management is about being able to make the distinction in an atmosphere where people feel able and encouraged to come forward. Of course, there is also an onus on the concerned member of staff to act responsibly and professionally. They should go through the correct procedures first and only go public if they feel their concerns are not being listened to or acted upon.

Back in 1998, one of the first pieces of legislation passed by the new Labour Government was, as the hon. Gentleman has mentioned, the Public Interest Disclosure Act 1998, which provided statutory protection for whistleblowers for the first time. He described it as a vital piece of legislation—and, indeed, it is. It came partly in response to a report by the Nolan Committee on Standards in Public Life, which had criticised the fact that people often felt compelled to go public with concerns because of the lack of protection for whistleblowers and the lack of robust procedures in place for organisations to deal effectively with employee

concerns. The Government require every NHS organisation to have policies and procedures in place to comply with that Act.

Indeed, we have seen a significant increase in the number of successful whistleblowing exercises thanks to the Act, and there have been hundreds of successful uses of the Act—for example, the case of a cleaner at Charing Cross hospital, who raised concerns about cross-contamination due to unsafe hygiene practices in 2005. She was initially dismissed, but an employment tribunal found that her concerns were well founded and that the 1998 Act applied. She was reinstated and awarded £7,000 compensation.

We have also commissioned a charity that specialises in the issue called Public Concern at Work. It provides an independent helpline that is staffed by lawyers with expertise in whistleblowing. That is available to all NHS staff and calls are treated in the utmost confidence. Last year, *Nursing Standard* magazine, along with Public Concern at Work, asked nurses about whistleblowing. Of those who had been concerned about a serious risk to patient safety in the last three years, 87 per cent. had raised that concern—43 per cent. did so with their line manager, 18 per cent. with their team leader and 20 per cent. with senior management. Some 232 nurses said that they had successfully blown the whistle and protected patients from harm by doing so. When asked if they would raise such an issue again, 85 per cent. said that they would.

Public Concern At Work said:

"Week in and week out, staff blow the whistle across the NHS...This is a welcome change from the culture that bedevilled the NHS a decade or more ago where staff were too scared to raise concerns and which allowed the scandals of Harold Shipman and the Bristol Royal Infirmary to go unchecked for so long."

We also know from our staff surveys that more and more NHS staff know about their right to whistleblow and how to go about doing it.

The hon. Gentleman raised two recent high-profile cases that have brought whistleblowing to people's attention. Let me deal first with the case of Margaret Haywood. She was the nurse who, in 2005, helped the BBC's "Panorama" programme make a film highlighting poor quality care at the Royal Sussex hospital in Brighton. She was recently struck off by the Nursing and Midwifery Council. I do not intend to go into the ins and outs of the case. The NMC is an entirely independent professional regulatory body and its fitness-to-practise panels operate independently within it. That independence is a vital component in securing public confidence in the system. Hon. Members can read the NMC panel's report at their leisure.

It is still open to Mrs. Haywood to appeal to the High Court against the decision. Her union, the Royal College of Nursing, has said that it will support her in any appeal and has made it clear that it thinks that, given the range of sanctions available, the decision to strike Mrs. Haywood off was unduly harsh. Having studied the report myself, and having considered the wider implications of the ruling on our whistleblowing policy, I have to say that I agree with the RCN's position.

I can confirm, as the hon. Gentleman asked, that the NMC does not have the power to overturn the decisions of its panels itself. The appeal must be made to the High Court.

The second recent high-profile case that the hon. Gentleman raised in connection with whistleblowing was the devastating report by the Healthcare Commission into the standards of care at Stafford hospital. He raised one of the great questions in this case, which was highlighted in the Healthcare Commission report and by others who have looked into events at the hospital in more detail: where were the whistleblowers? Where were the professionals, the royal colleges and the unions?

Since the report was published, there have been suggestions that some staff did raise concerns but were not listened to. I urge anyone who has had experience of that or has had it reported to them to bring evidence of such examples forward. But, to be frank, given what we know was going on at the hospital, one would have expected not one or two whistleblows but a cacophony of whistleblowing. One of the things that is clear about how the hospital was run is that there was a closed culture in which the management failed to take public and staff concerns seriously.

In response to the two follow-up reports on Stafford hospital that were published last week, the Government announced a range of measures to ensure that NHS organisations fulfil their existing obligations to include the public and staff in decision making, including taking their concerns seriously. We also announced that we will reinstate a question in the annual staff survey asking people what they think of the quality of care where they work. As the hon. Gentleman rightly said, it was one of the measurements that helped alert the Healthcare Commission to the problems at Stafford. I understand that the commission—it is its survey, not ours—dropped the question in 2007 because of concern that it might skew results against certain types of provider; for example, a psychiatric hospital where staff may answer when asked whether they would be happy to be treated in their hospital with, "No, because it would mean that I have a mental health problem." A problem with the wording led the commission to drop the question from its survey, but we strongly believe that asking staff what they think of the quality of care in their hospital is important, and that, done anonymously, it can tell a great deal about the quality of care at a hospital.

I hope that I have made it absolutely clear to the hon. Gentleman, both in my general remarks and in what I had to say about the Margaret Haywood and Stafford hospital cases, that the Government fully support whistleblowing. We have provided unprecedented legal protection for those who whistleblow and have emphasised those rights in the new NHS constitution. We will not tolerate management that bullies or discourages whistleblowers. Listening to and acting on the concerns of staff are vital ways to drive up standards and help ensure against poor or unacceptable quality care.

4.25 pm

Mr. David Kidney (Stafford) (Lab): I congratulate the hon. Member for Wyre Forest (Dr. Taylor) on securing such an important debate.

Recently I was watching the regional television news—I believe that it was for Warwickshire, not Staffordshire—and there was a story of a doctor who was celebrating getting his job back seven years after he had been wrongly suspended from work for whistleblowing. It is one thing to say that there is already a law that protects

[Mr. David Kidney]

people, but when clinicians read or see that they could have seven years of hell for whistleblowing, it is not that much consolation that the law is as it is.

I was at a public meeting in Stafford last night, which I mentioned at Prime Minister's questions today. The room was packed with angry people who had suffered terribly either because of the loss of a relative or because of how they had been treated by the hospital. They told some frightening stories about hospital staff being bullied to make them toe management's line. We need to say that that is totally unacceptable throughout the national health service, and I was pleased that the Minister firmly stated that to be the case.

I was interested by the hon. Member for Wyre Forest saying that in his day the hospital was run by the doctor, the nurse and the administrator. I have had a couple of letters since all this blew up in my local media, one from a retired consultant and one from a retired doctor. They both make the same point about the rise and rise of the manager. It is no longer the administrator but the manager who controls the hospital—the consultant has been pushed aside. One thing that we could say, independently of Stafford, is that Lord Darzi's report last year on quality care and restoring the centrality of the clinician's role in our health service is an important development that we must support and sustain.

I am sorry to bring Stafford into the hon. Gentleman's debate, but he was right to say that, in the end, it is the public, the patients and the patients' relatives supporting a caring staff in the hospital, and the dialogue between the two groups, that will eradicate the kind of problems that he described and that I have just described in my brief contribution.

4.27 pm

Dr. Tony Wright (Cannock Chase) (Lab): I declare an interest, in that I initiated the thought that we might have a whistleblower protection Act more than 10 years ago. It finally became the Public Interest Disclosure Act 1998. I knew that whistleblowing mattered, but I did not realise that we would have a situation such as Stafford, where the absence of whistleblowing was so serious. It is perplexing why that was the case, and we need to do more investigation into it.

The Minister referred to a closed culture, and that is what the report clearly said was the fundamental problem. It is all right having general whistleblowing procedures, and what the Government have produced in the years following the 1998 Act is very good. The stuff that the Department has put out is excellent—it says all the right things—but the test for guidance is what happens to it on the ground. What happens to it when it confronts, as the Minister said, a closed culture such as the one in Stafford? Is the guidance good enough to convert it into a different culture? Can it break open the kind of closed culture that we saw in Stafford? Clearly not.

I urge the Minister to reinforce the guidance, to do all the things that he is doing, to have the helpline and so on, but also to accept responsibility for ensuring that every health organisation in this country not only has words on a piece of paper but puts into practice a robust whistleblowing policy that staff have the confidence to use. If they do not do that, we shall again ask after another incident involving horrors like those at Stafford: why were people not able to speak out in the way that they clearly ought to have done?

Mr. Mike Hancock (in the Chair): The Minister has 30 seconds.

Mr. Bradshaw: I entirely accept what my hon. Friends the Members for Stafford (Mr. Kidney) and for Cannock Chase (Dr. Wright) have just said. Briefly, in response to my hon. Friend the Member for Cannock Chase, I invite him, if he has not already done so—I am sure that he has—to study the details of what was announced last week in response to the David Colin-Thomé and George Alberti reports. Without going through the details, many important new measures and expectations were announced for providers and primary care trusts to ensure that exactly what he is advocating is delivered on the ground.

Mr. Mike Hancock (in the Chair): Thank you. That was good timing. Could those Members who have taken part depart quietly? We now move on to the next debate. The hon. Member for West Lancashire (Rosie Cooper) is about to take her place, and the Minister is eagerly anticipating her words.

Concessionary Bus Travel

4.30 pm

Rosie Cooper (West Lancashire) (Lab): I welcome the opportunity to bring this debate before you, Mr. Hancock. During my time as a Member of Parliament, transport, including the whole gamut of bus and rail services and roads, has been one of my main priorities. Transport is at the heart of many issues affecting the residents of West Lancashire, given the size of its geographical area.

I wish to cover two specific issues during this debate. First, some local authorities that are net gainers through the local funding regime are not maximising potential concessionary travel benefits for their local residents. Secondly, some local bus companies are fraudulently issuing tickets, meaning that they are, in essence, overpaid for the journeys taken. Local authorities are thus being overcharged, and pensioners are left worried that the scheme is devalued, that it might not last, and that they might have been involved in fraud.

I put on record my support for the Government's national concessionary travel scheme, which has opened up a wealth of opportunities for older and disabled people across the country by removing the cost barrier to public transport. West Lancashire residents rely on public transport to enable them to get access to vital public services, such as their general practitioner or a hospital, to take up employment opportunities, and to take an active part in social and leisure activities.

My aim is for pensioners to get a fair deal on concessionary transport. Older people in West Lancashire look on with envy as their neighbours in Wigan and Southport travel for free on buses and trains, often into West Lancashire. They, too, would like the chance—and the choice—to hop on a train and visit their friends and relatives and to take full advantage of the social and leisure opportunities in Liverpool, Southport and Wigan. I have taken to the streets alongside local pensioners, and our petition has collected more than 2,500 names, which shows clearly the strength of local feeling. We have met council officials to discuss the issue, and pensioners have protested at the district council's budget meeting, holding posters saying, "We don't want to be Merseyside's poor relations", but all to no avail.

I understand budgetary constraints. However, it is interesting to look at the funding received by West Lancashire district council. In 2006-07, it was estimated to have received an outturn of £295,754. Under the national funding formula, it received an additional £910,000, giving it a total allocation for 2006-07 of £1.2 million. That represented a funding increase of 6.2 per cent., which was the fourth largest in Lancashire, although you would not have noticed it, Mr. Hancock.

According to the figures for the concessionary fares special grant distribution in West Lancashire, the district council has been allocated £760,000 for 2008 to 2011. In May 2006, the council agreed to—as it would say—prudently set aside a contingency of £210,000. However, I would say that the money was taken away from pensioners and not used, as the Government intended, to help them get out and about on public transport.

According to budget figures for this year, the council has a projected surplus of £133,000 before its pooling arrangement with other Lancashire authorities and a post-pooling projected sum of £50,000. It is unfairly using the surplus to offset other council services.

For all the funding that the Government have pumped into concessionary travel, my constituents cannot see any great improvement in their access, primarily because of the actions of the local district council. They are still being forced to choose between a form of free travel throughout England or a discounted rail card, and, in areas that are ill-served by the relevant forms of travel, they have to choose travel tokens.

The Prime Minister and the Government are, in my local pensioners' views, on the side of the angels by seeking to offer an opportunity for all older and disabled people but, unacceptably, a local Tory administration is pocketing the profit. The local council is wilfully depriving local residents—and vulnerable groups, at that—of real transport choices and using the money to prop up other services. At worst, local pensioners would welcome at least the choice between a free bus pass or a free rail pass. At best, they could have the same as their local authority neighbours: free bus and local rail travel. Why not? This local authority is making a profit from the Government's concessionary travel scheme, it has more than £20 million in reserve accounts, and it has spent more than £600,000 demolishing just four homes to make way for its new multi-million pound town hall, yet it refuses to listen to local pensioners and to give them a fair deal on transport—you really could not make it up.

I now turn to fraudulent tickets being issued by bus companies. Such practices genuinely threaten the credibility and viability of the concessionary travel scheme, so any actions that diminish the value of the scheme must be stopped now. This issue has also been highlighted by my hon. Friend the Member for North-East Derbyshire (Natascha Engel).

I am aware that bus companies are issuing tickets to concessionary passengers that do not reflect their journey. In a more reprehensible practice, bus drivers issue tickets from a pre-printed roll. I often joke that, as a new MP, I was not issued with the two things that I would have found most valuable: tarot cards and a crystal ball. However, it seems that that is not so for some bus operators. Are they telling me that they are able to predict each customer's journey in advance, thus allowing them to pre-print their tickets? I would be surprised if that were so. I have complained to local bus operators about these practices and their response has been to change their ticketing policy so that the ticket states the destination. They no longer issue tickets from pre-printed rolls. I have made statements in the local press to raise awareness of such practice and encouraged people to complain if it happens to them.

Natascha Engel (North-East Derbyshire) (Lab): In Derbyshire, the bus companies operate on a basis whereby money is reimbursed not on the tickets that are issued, but on an average based on who travels. The people using those tickets—the over-60s who are travelling on the buses—are really concerned that if they are issued a ticket with a destination that is much further away than they are travelling, the bus companies are operating fraudulently, even when they are not. That undermines the credibility of the whole scheme, and people are worried that they will lose something that is important to them.

Rosie Cooper: I share my hon. Friend's concerns. It cannot be right that people operate a scheme that is not transparent and that people using do not understand,

[Rosie Cooper]

even if it is like that which my hon. Friend outlines. Pensioners are clear that they love and value this scheme. They are really frightened by anything that they think damages the scheme or means that there will not be enough money in the pot at the end of the year. They worry if they hear people complaining that there is not enough money in the scheme at all, because they think that something that is valuable to them might be damaged.

The situation needs to be addressed. Even after asking local pensioners to be aware and after speaking to various bus companies, I have recently received further complaints that tickets have been issued to concessionary travellers for a longer journey than the one taken. I complained to Lancashire county council, the travel authority in my area, which told me that 61 per cent. of the complaints that it received would have involved an overpayment to the bus operator. It is clear that if the operator makes money 61 times out of 100, there will be less money in the scheme for proper journeys. I believe that that is just the tip of the iceberg.

Lancashire county council's internal audit report on the matter was supposed to go to committee on 30 March, many months after the matter was brought to its attention, but there is still no news, no understanding of the scale of the problem, and no idea of the action to be taken or how quickly. The council must act soon to ensure that it gets real value for every pound that it pays, especially if it is underfunded, as it claims. There is no question but that those practices must be stopped.

If the bus companies are seeking to make a financial gain through fraudulent ticketing, that is illegal, so action must be taken. Any claim greater than the bus operator's entitlement means that there is less money in the pot for deserving older and disabled people to benefit from the scheme, and that places a greater burden on council tax payers to fill the gap created by ghost journeys. Such practices erode faith in the concessionary travel scheme, as my hon. Friend agreed. Constituents who have contacted me make the case that they do not want to be part of that deception and fraud. There is a growing perception that someone somewhere is on the fiddle, and that does not appeal to the majority's sense of fairness.

In conclusion, the national concessionary travel scheme delivers real benefits to thousands of West Lancashire residents, and I want local authorities with a positive grant settlement to maximise and extend the benefits of free concessionary travel to increase opportunities for older and disabled people. Merseytravel allows its older people to travel across its whole network, including cross-boundary travel to Chester and even Ormskirk and West Lancashire.

I understand that Merseyside and Greater Manchester passenger transport authorities' arrangements operate differently from those in Lancashire, but why should my constituents not have the same opportunities as their neighbours, especially as the local Tory-run council is making a profit from the scheme? I want a fair deal on free travel for West Lancashire residents. Will the Minister urgently tackle those practices, attitudes and behaviour, because they will seriously diminish the value of the scheme if they are not dealt with soon?

4.42 pm

The Parliamentary Under-Secretary of State for Transport (Paul Clark): I congratulate my hon. Friend the Member for West Lancashire (Rosie Cooper) on securing this debate on an important issue, and I take on board her request for my Department to consider the issues that she raised. I am proud, as is she, of the Government's achievements and our commitment to our older citizens and those with disabilities to provide the freedom and opportunities, which did not necessarily exist before, of widening the scope of travel. Indeed, in 2000, for the first time, older and disabled people in England were guaranteed some form of minimum concessionary travel regardless of where they lived. That scheme introduced half-price local travel.

In 2006, the Government developed the scheme to provide greater freedom and extended it to provide free local travel within someone's local authority area. At that time, we allocated a further £350 million through the formula grant—the rate support grant mechanism?—that funds local authorities to pay for that improvement in service. My hon. Friends will remember that in 2006 the then Prime Minister announced that 11 million older and disabled people would be able to use off-peak local buses free of charge anywhere in England from April 2008. That very scheme, to which my hon. Friend referred, is appreciated by the concessionaires who use it. Whenever I visit places in England, I always take the opportunity to ask people who might be using the concessionary fare about their experience of it, the freedom that it has given them, the improvement that it has made to their quality of life, and the inclusion in society that it has provided.

To expand the scheme to free local travel England-wide, we allocated a further £212 million through the special grant agreement, which was debated on the Floor of the House, and forms a three-year funding package. There was £212 million last year, and there is £217 million this financial year, and another £223 million for 2010-11. The special formula that we introduced made generous allowance for the number of those 11 million who would take up the option, and the number of journeys that they would make. The formula grant was consulted on widely, particularly with local authorities, and took account of hot spots, so that places to which people might travel regularly, such as tourist areas, shopping areas or areas with a large number of concessionaires aged over 60, received more of the pot than others. Overall, there is £1 billion in the system for the statutory concessionary scheme, to which my hon. Friend referred. It comes from central Government pots, and we believe that it is enough to cover the scheme overall.

I turn to some of the options and points that have been raised. My hon. Friend asked why her constituents cannot have the same benefits as people in Wigan, Southport and elsewhere. They can, because the Transport Act 2000 introduced a statutory national minimum scheme, and all local authorities may introduce additions, but they must obviously fund them over and above the £1 billion that we provide collectively.

Rosie Cooper: I am grateful for the Minister's comments, and I appreciate that my constituents could have the same scheme if the council were prepared to fund it. The problem is that instead of trying to fund that and to help older and disabled people, it is too busy picking a pocket or two.

Paul Clark: It was agreed through the usual channels, principally the Local Government Association, that the special grant arrangement should be separate from the formula grant process that funds the lion's share of local government expenditure, and that it should not be ring-fenced. Indeed, my hon. Friend will be aware that our general ethos is to give more power to local government and elected representatives whom we presume will be responsible in meeting the requirements of their constituents and the people whom they represent and work on behalf of.

At the beginning, my hon. Friend asked why those who were gaining did not use the money to improve the service. As the Minister responsible, I say that the powers exist for local authorities to use moneys that are there, whether those moneys have been given through the special grant formula and they have more money than they require or whether they are using their own funds to enhance the statutory minimum that applies throughout the country.

Let me talk about the reimbursement process, because that will allow me to go on to the claim that fraudulent tickets are possibly being used as a method of reimbursement. I ask hon. Members to bear with me on the reimbursement process. I am the first to admit that it is complicated. However, it should not be beyond the wit of all of us, and indeed it is not in the vast majority of cases throughout the length and breadth of the travel concessionary authorities.

Local authorities have the statutory responsibility to reimburse bus operators for the costs of carrying concessionaires. Therefore, individual authorities need to satisfy themselves that their payments are accurate and need to carry out relevant checks to validate the information passing between them and the bus operators. The underlying principle of the concessionary scheme is that bus operators should be no worse off and no better off. They should not be making a profit out of a national scheme; equally, they should not be making a loss. It is recognised that there are additional costs in carrying people who would not otherwise have travelled.

The Department for Transport issues guidance to local authorities and bus operators on how to calculate reimbursement. As I said, the process is complicated, which is why I ask hon. Members to bear with me. Two key factors have to be taken into account. The first is the lost revenue from the people who are now concessionaires but would have travelled anyway. Someone in that group might be, say, 61, still going to work and would have travelled anyway, but they will not be paying now because they have access to the Government's generous scheme. The percentage of people who are travelling under the concessionary bus scheme and would have travelled anyway represent lost revenue to the bus company.

The second element is additional costs associated with people who would not have travelled without the free scheme that we have introduced. What are the costs associated with them? There is additional wear and tear from the use of the seats and so on. Additional fuel may be required because of the additional weight. All of those are real things. This is where the tarot cards might have come in useful, because judgments have to be made at local level about who those people are, how many would have travelled anyway and how many would not have travelled.

Then there is the issue of reimbursement and how payment is made. The most important factor to note is that the element of reimbursement for lost revenue should be based on the average fare that each concessionary traveller would have paid if there had been no scheme. We are starting to see some of the complications that come into the negotiations that have to be conducted at local level with local bus companies. Generally, the DFT advises that the average fare should be based on a basket of fares, taking into account the existence of commercially discounted and multi-journey tickets that would have been purchased by older and disabled people in the absence of a free scheme.

If local authorities are reimbursing bus operators in line with our guidance, it should not matter, for the purposes of reimbursement, what type of ticket is issued to a concessionaire on boarding a bus, because there is no direct correlation between the individual ticket issued and the amount paid to the operator. The most critical issue is where the journey started, because that authority will be charged for the person. Where the person travels to is not a factor in the guidance that we give in relation to the reimbursement to the local bus operator. The key pieces of information that bus operators need to record to facilitate accurate reimbursement are how many concessionary journeys have been made and in which local authority area those journeys began.

However, I will take on board this point; indeed, I raised it not long ago in the Department and my hon. Friend the Member for North-East Derbyshire (Natascha Engel) has raised it. I am referring to the confusion that arises if someone is given a ticket that says that they started at A, which is true, but that they are going to B when they are actually going only to C, which is in-between. People will assume that that is what is being charged for somewhere. The confusion that is caused could undermine the scheme if we are not careful, because people will think that that is what is being charged for and it is fraudulent.

I will come to the specific issue of Lancashire in a moment, having outlined how the reimbursement process operates. I share the concern that my hon. Friend has expressed about where the reimbursement is being undertaken using the method that has been described. There is potential fraud but, as I said, the DFT's guidance is that the element of reimbursement should be based on the average fare and that that should be based on a basket of fares.

We have discovered through research done by Passenger Focus that 39 per cent. of passholders are making more local journeys by bus now than before they obtained their pass and that 13 per cent. are travelling further than they would have done, because it is free. The DFT guidance is clear. There should not be a correlation between the actual journey taken and the payment, because we would end up with the companies making a profit out of a concessionary scheme.

I am particularly concerned about the claims of fraud in Lancashire. As I said, there is no need for any local authorities to base their payments on tickets actually issued. My officials have made that point to administrators of the Lancashire scheme. I am confident that none of the bus companies would condone overcharging by its drivers. However, it does appear that in Lancashire, the scheme is paid for on the basis of tickets issued. That is certainly a cause for concern, because it is not in line with the guidance given by the DFT.

[Paul Clark]

I take on board very strongly the issues raised in the debate. That is a reason why I have met a number of colleagues on both sides of the House to discuss issues relating to the concessionary scheme. We are talking about a minority of the 290-odd travel concessionary authorities, but there are some issues to be dealt with. It is one of the reasons why, since April of last year, we have been considering how we can change the administration of the scheme. In the last week or so, we have issued a consultation paper on the administration of the scheme—on keeping it as it is, taking it to upper-tier levels or even having a centrally based scheme. That is out to consultation. I urge all hon. Members to read the document themselves and consult, and to take the opportunity to get their local authorities to respond as well.

Rosie Cooper: Will the Minister undertake to ask his officials to pay particular attention to the situation in Lancashire? It is clear that tickets have been issued for journeys much longer than the journeys actually made. Lancashire is very worried that it may lose money over this. Taxpayers have to fund the difference, yet there is this hole right at the heart of it.

Paul Clark: Yes, most certainly we will take that on board. The issues that my hon. Friend has raised must be taken forward, and my officials will raise the matter with officials in West Lancashire and for the Lancashire scheme as a whole. I can confirm that, according to my figures, West Lancashire—her own authority—is well funded by the moneys that have gone through the special grant. I understand her campaign to ensure that that money is used for the benefit of the concessionary scheme.

Question put and agreed to.

4.59 pm

Sitting adjourned.

Westminster Hall

Thursday 7 May 2009

[Sir Nicholas Winterton *in the Chair*]

Children and HIV/AIDS (Developing Countries)

Motion made, and Question proposed, That the sitting be now adjourned.—(*Mr. Frank Roy.*)

2.30 pm

The Parliamentary Under-Secretary of State for International Development (Mr. Ivan Lewis): It is always a privilege to serve under your chairmanship on these occasions, Sir Nicholas. This issue unites the House, and could not be regarded as party political. We all share a tremendous passion and conviction for the UK's work, and the leadership role that it fulfils around the world, on the fight against HIV and AIDS. The Government are proud of that work, but all parliamentarians can rightly feel a sense of pride in the progress that has been made as a result of the Government's investment and the UK's leadership in various international institutions.

We have led the way in calling for improved progress on the millennium development goals and in demanding that we do not forget the world's poorest, despite the current economic crisis. As hon. Members are aware, we are consulting on a White Paper that will set out our vision for poverty reduction in the face of unprecedented global challenges—from the economic crisis to the threat from climate change. It is important to place on the record that the Prime Minister and the Government have made it absolutely clear that this is not the time to retreat from our commitments to developing countries and the poorest people in the world. The one lesson we should learn from the economic crisis is the interdependency of our world at the beginning of the 21st century. This is not just a question of global social justice or altruism; it is also in our interests to close the inequality gap that so scars our world. Britain must stay firm to its commitment to contributing 0.7 per cent. of gross national income by 2013, and we have made it clear that we expect and hope that other developed countries will equally honour their commitments to the poorest people and countries of the world.

At the heart of our vision for making progress on all our development investment and work is the aim of ensuring that we finally begin to win the war against HIV and AIDS. We must focus specifically on meeting the needs of children, who are often those most affected by HIV and AIDS. There are three reasons for that approach, the first of which is that we cannot meet the millennium development goals, particularly in sub-Saharan Africa, without progress on AIDS. Shockingly, 15 million children have been orphaned by the disease and therefore left more vulnerable.

Secondly, maternal and reproductive health are fundamentally interlinked with HIV, and we cannot tackle one without tackling the other. Many children catch HIV from their mothers, so it is essential to prevent mother-to-child transmission. Sustained improvements in reproductive, maternal and newborn health depend on functioning health systems, as do efforts to turn the tide of AIDS. That is why we promote a comprehensive, integrated, country-led approach, supporting Governments and communities, and why we are committed to investing £6 billion in health systems and services between 2008 and 2015. Such a seven-year commitment is very unusual, because the Government usually make investment decisions in three-year budgetary cycles. That approach illustrates the centrality of stability and certainty, if we are to achieve long-term change, in our investment of resources in this area.

Thirdly, the impact of the global economic downturn will be greatest on the poor and most vulnerable, including children affected by HIV. Past failures to prioritise strong health systems left the developing world ill-prepared for the arrival of HIV. It is crucial that we do not repeat the mistakes of the past, and it is particularly important that we celebrate the fact that our world leaders, under the leadership of our Prime Minister, insisted at the G20 that the needs of the developing world were given top priority when taking decisions regarding the International Monetary Fund, the World Bank and the vulnerability fund that is being created. The challenge now is to ensure that the international community honours the commitments made and signed up to at that summit. It is important to stress that this country retains responsibility for overseeing that donors and global institutions, working with developing countries, honour the commitments and pledges that were made to ensure that the poorest of the poor do not become even poorer as a result of the unprecedented economic crisis that we face.

In any debate on development, it is incredibly important to recognise the progress that is being made, in order to encourage those on the front line who are working hard every day to overcome serious obstacles. That progress is quite impressive. The percentage of the world's adult population living with HIV has levelled off, and 20 times more people than before have access to life-saving treatment, with 3 million now on treatment. The price of first-line AIDS drugs has fallen considerably. The coverage of services to prevent mother-to-child transmission of HIV in low and middle-income countries has expanded from 10 per cent. in 2004 to 33 per cent. in 2007, and more than 30 countries have developed national plans of action specifically to help orphans and vulnerable children.

Ms Sally Keeble (Northampton, North) (Lab): The Minister said that coverage of medication to prevent mother-to-child transmission has increased from 10 per cent. to 33 per cent. in low and middle-income countries, but will he say what the breakdown was in those countries, and what is actually happening about coverage in low-income countries?

Mr. Lewis: Perhaps I may respond to that question in my closing remarks at the end of the debate, by which time I can get a more detailed breakdown for my hon. Friend. Let me pay tribute to her for her championing in this House the most vulnerable, particularly street children and orphans. She has often been a lone voice in saying that development policy needs to focus on the most vulnerable children. Arguably, the success of our policies will be judged by how well we do in reaching those vulnerable children and young people. I shall get

[Mr. Ivan Lewis]

the information that my hon. Friend requires and I will, I hope, be able to incorporate it into my closing remarks.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): I welcome the good news the Minister is giving and I congratulate him and his staff on the huge progress his Department is making, but will he give us a picture of how far along the road we are toward meeting the two specific aims in MDG 6: to halt and reverse the spread of HIV/AIDS worldwide by 2015, and to provide universal access to treatment by 2010? How far along that path are we, and is there anything further we need to be doing?

Mr. Lewis: I thank the hon. Gentleman for that constructive intervention. I shall address that point directly in a moment.

I have focused on the progress we have made because it is important to have that as a platform, but equally, there are massive challenges ahead, and we have a long way to go before we can say that we have reversed the trend on AIDS. That is how I shall develop the rest of my opening remarks, and I shall try to articulate the measures we need to take and the scale of the challenges.

There are still more than 33 million people living with HIV, and despite progress in treatment, more than two thirds of those who need antiretrovirals still do not have access to them. For every two people who have been put on to treatment, there are five people newly infected with HIV. That is a shocking statistic. Every day, nearly 7,000 people are infected with HIV and nearly 6,000 die from AIDS.

We have learned much about the epidemic and we know what interventions work best, yet access to AIDS services in many places remains totally unacceptable. For example, most prevention strategies are accessible to fewer than one in five people who could benefit from them, and that number is even lower for marginalised groups, such as drug users and men who have sex with men. In some countries, AIDS has reversed decades of development progress towards better health, education and economic growth.

The challenges remain most acute in Africa. More than 67 per cent. of all people with HIV live in sub-Saharan Africa and, in Africa, AIDS is becoming feminised, because it increasingly affects women more than men. In sub-Saharan Africa, almost 61 per cent. of people living with HIV in 2007 were women. However, what concerns us today is the terrible disproportionate impact on children, which is the point that my hon. Friend the Member for Northampton, North (Ms Keeble) often makes.

In response to the hon. Member for Cotswold (Mr. Clifton-Brown), I want to mention two tangible areas where we need real change. First, children—especially those under one—are among those who are most vulnerable to HIV and AIDS, yet they are among the least well served. Mother-to-child transmission is the primary cause of paediatric AIDS, which occurs during pregnancy, labour or breastfeeding. We know that effective interventions to stop mother-to-child transmission are available and yet only 34 per cent. of women have access to those prevention services. Around 370,000 children are estimated to have become infected in 2007 alone and, without early treatment, around 50 per cent. of HIV positive children will die by their second birthday. What a waste of human potential! Once they are born positive, children who receive early treatment have much better survival rates, but diagnosis of HIV in children remains complex and costly. More needs to be done to get children diagnosed and treated early.

A second major challenge is that children suffer in a significant way because AIDS takes away their parents. In 2007, an estimated 15 million children had lost one or both parents to AIDS. Some 11.6 million of those children live in sub-Saharan Africa and, in some parts of Africa, more than 25 per cent. of children have been orphaned. UNICEF estimates that, on average, only 12 per cent. of households in which orphans and vulnerable children live are getting external assistance, because of the vast numbers involved and the funding bottlenecks. Those children are, of course, vulnerable to stigma, discrimination, poverty and abuse, and they are at risk of dropping out of school. In turn, that makes them more at risk of HIV infection, poor reproductive health and, for girls, early and often unwanted pregnancy; and so the cycle of despair continues.

In the face of those challenges, the Government's commitment to universal access to comprehensive HIV prevention, treatment, care and support remains unwavering. Last June, we renewed our pledge with the publication of a new UK Government strategy, "Achieving Universal Access", which sets out our vision of how to deliver that. Again, I can assure hon. Members that our commitment is unequivocal. Through working with others, we will intensify prevention efforts that have proven to be effective, such as mother-to-child transmission, and help with family planning, safe abortion and harm reduction. We will also pursue prevention efforts among adolescents and young people.

Over the next seven years, we will work with others to bring down the cost of treatment so that more people have access to life-saving drugs. The goal is that everyone living with HIV ultimately gets the treatment that they need. We will help our partners to build stronger health services, which are key to providing effective services now and in the future, and we will work in all sectors—not just in health—to address comprehensively the needs of those affected. We are committed to supporting countries to "know their epidemics" by investing in research, building the evidence base and helping to focus resources where they are most needed and will make the greatest impact. We will continue to champion sexual and reproductive health and rights, and fight the feminisation of the AIDS pandemic. The fresh approach to family planning and the prevention of unsafe abortion that has been signalled by the current US Administration will allow us to work collaboratively in areas where we have not been able to do so before. We have a moment of opportunity, and it is vital that we seize it.

Of course, rhetoric and policy must be backed up by money and other commitments. We are proud to be the second largest bilateral funder in the world of HIV prevention, treatment, care and support. We provided £1.5 billion between 2005-06 and 2007-08. More broadly, we will spend £6 billion up to 2015 to improve health outcomes in the developing world. That is in addition to the £1 billion we are giving to the Global Fund to Fight AIDS, Tuberculosis and Malaria, which will provide that organisation with the long-term, predictable funding

up to 2015 that is so necessary. In addition, we will also spend more than £200 million to support social protection programmes over the next three years, which will provide greater coverage and more predictable funding for households and children affected by AIDS. Our focus will be on working with Governments and civil society in eight African countries.

Of course, the UK has led on other interventions, through which we want to begin to achieve transformation, which is so crucial. This point, in a sense, speaks directly to the hon. Gentleman's question about the scale of the challenge and how much progress we still have to make. Our Prime Minister has led the way on finding innovative ways of triggering new resources to put into health. In addition to the resources that donors spend and the resources that we expect functioning states to spend, money is spent through non-governmental organisations. Therefore the work of the high-level innovative task force is crucial in considering the range of new financial instruments needed to close the funding gap that we know exists for meeting our ambitions contained in the health MDGs. Towards the end of the year, we hope that there will be an international settlement from which we can pursue instruments globally to find innovative finance.

This country has also led the way in developing international health partnerships. They relate to the concept that any country that, in the end, wants to meet its population's health needs, has to have a functioning health care system. In states where there is not a functioning Government, of course, we need to spend money on health centres and hospitals, and on getting health to the most remote and deprived communities. In the end, long-term change depends on having a national health system that can pay, recruit and train doctors, nurses, midwives and support staff, and that can ensure that the necessary supplies of drugs and medication reach every section of society. The model for IHPs is that, where countries do not have functioning health systems, we, as an international community, should be incentivising them to develop comprehensive and universal health systems, which offer universal access. We are making progress in that respect. I can provide the hon. Gentleman with a list of countries that have signed up if he wants me to; perhaps I can give it to him at the end of the debate.

Mr. Clifton-Brown: I want to ask the Minister about something that is directly relevant to this part of his speech. Does he agree that when we provide these health systems—as he says, often to countries that are extremely lacking in that respect—we also need to consider the latest technologies? Only 18 per cent. of pregnant women ever have an HIV test, although some fairly simple diagnostic tests can be used for that nowadays. There are even portable diagnostics that test for immunity to various antibiotic drugs. Such tests would have needed a huge room full of static diagnostics in the past. Does he agree that we need to use all the latest technology, and is his Department constantly evaluating those technologies?

Mr. Lewis: The hon. Gentleman is right and, to some extent, I will come to that issue. Of course we need to harness, or marry, human resources—there is no substitute for human resources—with the most up-to-date modern technology because, in the end, that is how we can accelerate progress on health systems. We have a strategy for how to make the best use of technology and how to ensure that, in a sense, the use of technology is not a side issue, but that it is integral and mainstream. In supporting developing countries to develop health systems, technology needs to be an integral part of utilising all resources so that we can make the maximum impact in the shortest time. He is absolutely right.

The innovative finance work and the international health partnerships are important, but we also must be much clearer in articulating how we can do better in fragile states where, frankly, the ability to have a comprehensive universal health care system is a long way away. Women and children in those countries cannot afford to wait until we are in a position to partner their Governments in the creation of health care systems. Therefore, it is important that in such circumstances we have a segmented approach. We need to work more with NGOs to find more innovative ways to build health services from the bottom up, rather than simply hoping that a state will become a functioning state. We need a segmented approach to get health systems to start functioning to best effect.

The best test of any health care system in any part of the world is how it treats children and women. Any health system that gets it right for young kids and women is a successful, functioning, high-quality system. This is not just about a minor part of a health care system. This is the ultimate test for HIV and AIDS, certainly, but also for infant and maternal mortality. If we start to make rapid progress in areas where, frankly, we have not made enough progress, it will demonstrate a significant improvement in universal health care systems more generally.

Having laid out the context and discussed the big picture and the systemic change that is necessary, I want to focus for a few moments on children. We clearly need a comprehensive approach that combines prevention of infection in the first place with appropriate treatment, care and support for children and their families.

We will intensify efforts to increase to 80 per cent. by 2010 the percentage of HIV-positive pregnant women who get the antiretroviral drugs that will help their babies to remain free from infection. That may help the hon. Member for Cotswold. We will work with others to scale up prevention services, as well as those for early diagnosis and treatment of paediatric AIDS. Services will follow internationally agreed guidelines.

Some key issues are inherent in that approach. Giving HIV-positive women the choice and opportunity to prevent unwanted pregnancies is a highly successful and cost-effective way of reducing mother-to-child transmission of AIDS and reducing maternal deaths. Evidence suggests that effective contraception in sub-Saharan Africa prevents many more cases of mother-to-child transmission than antiretroviral therapies. We are committed to working with others to intensify efforts to increase access to voluntary—I underline the word "voluntary"—family planning.

We also need to deliver effective, affordable and accessible treatments to those who need them. A test that can accurately diagnose HIV infection in infants at the point of care without the need for follow-up would allow many more children to be diagnosed and treated early. Again, responding to the hon. Gentleman, treatment for children is also constrained by the lack of antiretroviral drug formulations that are easy for them to take.

[Mr. Ivan Lewis]

That is why it is so important that we make progress on a patent pool. UNITAID is doing some important work in this area, but we need to apply pressure to see rapid progress. Also, all political parties in this House should ask serious questions of the big pharmaceutical companies and place responsibilities on them to come to the table, to put aside in a limited way their inevitable insecurities about competition, and to pool their resources, innovation and efforts and be willing to sign up to an HIV/AIDS drugs patent pool, which could prove transformational.

In the context of the current recession, we need to ask new questions about many of the economic orthodoxies that we had all signed up to over a long period. It seems perfectly reasonable to ask international pharmaceutical companies that make vast profits—we should not criticise or condemn those profits, which are important, necessary and the result of innovation—to be part of the solution, and to expect them to want to be part of it. Yes, we must consider that from an ethical, values and corporate social responsibility point of view, but in the long term, it would also be in their economic interest. If we can begin to discover new treatments and cures, a virtuous cycle would be created. It would be good if all-party pressure could be put on pharmaceutical companies to try to achieve some of those objectives.

Mr. Clifton-Brown: The Minister is very generous in giving way, and I hope this will be the last time that I trouble him. I shall give an example in my speech of a big health care company that has started work on a patent pool and has provided many drugs free of charge in order to meet the challenge. However, a relatively small number of antiretroviral drugs—I said "antibiotics" earlier—are of paediatric formulation, and that is a real problem. Will the Minister use his best endeavours to press the pharmaceutical companies to take the problem of HIV/AIDS in children more seriously?

Mr. Lewis: I must stop agreeing with the hon. Gentleman, as there is a danger that this debate will turn into a love-in, but to be serious, he is absolutely right. For example, a malaria drug has recently been developed that is making a real difference in paediatric care. If we could replicate that for HIV, the prize would be great. We have the evidence of the malaria drug, which specifically focuses on young children—the hon. Gentleman may be aware of it—so we should seek the same progress in respect of HIV. That message should be sent loud and clear from this debate to the pharmaceutical companies.

Improved linkages between prevention of mother-to-child transmission and child health services are vital to ensuring that children are tested, followed up on and given treatment. The strategy that we have adopted places the needs and rights of women, children and other vulnerable groups at its heart. It demands their empowerment at the centre of AIDS responses, alongside people living with HIV.

My hon. Friend the Member for Northampton, North will be interested in the fact that this country has been at the forefront in the support of orphans and vulnerable children for a long time. We set a spending target of £150 million for the years 2005-08, but actually spent £180 million. More than 30 countries have developed national action plans for orphans and vulnerable children. Considerable donor funding has been committed, including significant funding from the UK and the United States. The challenge now is to integrate the needs of children affected by AIDS within wider national polices and budgets to ensure long-term domestic funding that reaches vulnerable children.

Ms Keeble: I have asked at various times about tracking the £150 million, but an answer has never been forthcoming. Can the Minister give a breakdown of how the £180 million was spent—in which countries and in which years? That would be very helpful, but perhaps he could write to me if the answer is not in his speech.

Mr. Lewis: I am grateful to my hon. Friend for that detailed question. I assure her that the answer will be forthcoming, but it is likely to be in writing. I will ensure that she is provided with some detail following the debate.

We seek to achieve progress through our support for country-led programmes that reach the most vulnerable children, and through our work to ensure a robust evidence base to guide global actions and effective global leadership. At country level, we will ensure that children are reflected in health, education and social protection plans. The strategy commits us to spending £200 million on social protection programmes, and to working in at least eight African countries to develop social protection policies and programmes that provide effective, predictable support for the most vulnerable households.

We are focusing on the most affected countries: Zimbabwe, Kenya, Zambia, Malawi, South Africa, Angola, Botswana, Ghana and Rwanda. There has been a major focus in Parliament on the tragedy in Zimbabwe, but there may now be a glimmer of hope with the new Government. We still want to focus on the need for major reform in that country and progress on the economy and human rights, but there is a glimmer of hope.

Funding must reach the most vulnerable communities and children. For example, in Swaziland, the Department for International Development supports through UNICEF 665 neighbourhood care points, which support more than 35,000 vulnerable children living in the community. In Zimbabwe, we have supported more than 200,000 children through a multi-donor programme of support implemented through more than 100 community-based organisations.

We are ensuring that increased spending is supported by good evidence. We have provided funding to the Joint Learning Initiative on Children and HIV/AIDS, and the Inter-Agency Task Team on Children and AIDS, to inform global actions. This work has informed our response on social protection for AIDS-affected households and children. Social protection, including cash transfers, has been shown to be effective in reaching and strengthening families affected by HIV and AIDS. Social protection can vastly increase the number of AIDS-affected households getting predictable assistance. It helps keep families together and protects both children and their vulnerable carers. That is why, in Malawi, DFID is supporting social protection policy development and the design of a national programme and social protection legal framework. DFID is also strengthening

the department responsible for poverty and social protection, which is specifically delivering services in that country to vulnerable children.

We need an effective multilateral response and global co-ordination. Our support for UNICEF is crucial in that respect. In 2004, DFID supported the development and implementation of UNICEF's framework for the protection, care and support of orphans and vulnerable children living in a world with HIV and AIDS, which sets out a global action plan specifically for orphans and vulnerable children. We are providing £5 million to UNICEF's Unite for Children, Unite Against AIDS campaign. The biennial global partners forum on children affected by AIDS, which was held in Dublin in October last year, presented the most up-to-date evidence available on how best to meet the needs of orphans and vulnerable children. Based on the information presented at that forum, we are convinced that our policies and programmes are strongly supported by current evidence and emerging global best practice. Over the next seven years, we will continue to measure the impact of our programmes and policies on the lives of the most vulnerable children, and to ensure that global policies for children affected by AIDS continue to be informed by lessons and best practice from DFID-funded programmes and elsewhere at country level.

We accept that the situation remains critical. We believe that all the world's children, wherever they live, deserve access to the services they need, and that we have a moral responsibility to do whatever we can to bring that about. I welcome Parliament's devoting such a significant chunk of time to this debate today, which will not only enable us to reiterate our collective commitment to the fight against AIDS, but will shine a light on this issue in an effort to ensure that the world does not take its eye off an incredibly important goal for the future of the poorest people in the world.

3.2 pm

Ms Sally Keeble (Northampton, North) (Lab): I am sorry that I have to leave after speaking, as I mentioned in my note to you, Sir Nicholas. I have a long-standing meeting with somebody that I have already had to rearrange once.

I welcome this debate. The United Kingdom Government play an important role in international development. I welcome the fact that the needs of HIV/AIDS orphans have been recognised. However, it is important to be hard-headed in looking at what is happening to the HIV/AIDS orphans on the ground. Since 20[illegible] made that the one bit of international development work that I still deal with, so that I can focus some attention on it. I set up a charity to focus specifically on work with HIV/AIDS orphans. I have to say that, although I fully recognise the UK Government's input, the reality for a lot of orphans is dire and the numbers are increasing. In that sense, the position is getting very much worse.

It is important, when looking at what the solutions might be, to recognise the severity of the problems facing those children. It is also important to recognise that the solutions are not just in the area of health policy or development policy, but are to do with children's policy. Those children's needs are as complex and varied as those of children anywhere in the world. If we are going to make it possible for those children to take their place in the adult world in future, we have to ensure that we meet all their needs, not just their health needs—and not just through a development prism.

I want to deal specifically with the needs of the HIV orphans in sub-Saharan Africa, because I have looked at that area in particular. The countries that I have looked closely at, although I am familiar with others, are Zimbabwe, Kenya and Tanzania. I am aware of South Africa, but that is obviously in a slightly different category.

We must recognise that there has always been a problem in relation to orphans in Africa. But it is about working out why the pressures of HIV/AIDS make so much difference. The figures for Kenya show that between 1985 and 2008 the total number of orphans increased from 1,251,878 to 1,852,139. Hon. Members might think that, although that is a substantial increase of over 30 per cent., it is not out of control. But I shall break those figures down and just look at the dual-orphaned, not just at maternal or paternal orphans. The number of AIDS orphans has increased from zero in 1985 to just over 326,000 in 2008 and the number of non-AIDS orphans has decreased dramatically, from just over 240,000 to almost 95,000. So there has been a complete cross-over in children's well-being, in terms of having parents. As we all know from our experience in this country, it is best for a child to have two parents—preferably a mother, I hasten to say, as all colleagues in the Chamber are male. Certainly, the parents are the prime advocates for the child and they are the child's main defence against all life's disasters. In normal times, if it had not been for HIV/AIDS, through the falling off of the number of orphans we would have seen real improvements in the well-being of children in Kenya. Instead, there is more vulnerability, because of the impact of HIV/AIDS on the parents.

Parents' illness is also an issue. The figures for Kenya are just for children who are orphans, but there are, in addition, children who look after sick parents for a long time and, in the process, suffer from poverty and from staying out of school and from all the other things that affect children with a sick parent. I met one little girl in Kenya whose mother, a lone parent, had brought her into an emergency shelter before dying. The little girl, who had been looking after her mother, was stick thin—she was skin and bones—in a country that should at least be able to feed its children. She had not been to school and had no proper clothes. So, although she had a parent and was not a complete orphan until her mother's death, her chances in life were massively compromised by her mother's poor health. Ironically, in purely material terms she was probably better off in the emergency centre than she had been while her mother was alive, because at least she got food and medicine and had a secure roof over her head at night.

Looking at the numbers, we have to accept that the position is, perhaps, more complex than the simple headline figures sometimes warrant, scandalous as the overall number of orphans is. Enormous improvements have been made in the treatment of adults. That is visible in sub-Saharan Africa, where the levels of illness and the obvious signs of HIV/AIDS are not as they were some years ago. None the less, the numbers of orphans continue to increase.

[Ms Sally Keeble]

This morning I spoke to a person in Tanzania who runs a big centre for HIV/AIDS care and supports a lot of orphans in the community. It supports a network of children living in foster homes or with parents who are ill. The person I spoke to told me of the dramatic increase that the centre had seen in the number of orphans, which had risen from 5,000 to 7,000 in one year. By this September – just a few months from now – staff expect to be supporting 9,000 orphans. The orphanage is a big organisation, which is run by a British person, but it does not get a penny piece from the UK Government. All its funding comes from the US – it has never been able to access UK funding. There are therefore some real issues about ensuring that people know how, when and where to access UK funding.

We also need to look at the complexity of children's needs. My hon. Friend the Minister was right to spell out the work that has gone into supporting health systems, and he was right about the need to ensure that money was well spent and sustainable. He also mentioned the very real problems of paediatric formulae, and the hon. Member for Cotswold (Mr. Clifton-Brown) noted the particular problem of requiring a range of such formulae to provide proper care for children. As he said, such things are not always particularly commercially attractive to companies, so we need to give some real thought to how we can tackle the issue. My hon. Friend also noted the problems involved in ensuring that women do not pass the virus on to their children. Baragwanath hospital, in Soweto, has a sophisticated health care system, but things are quite different when women are giving birth in the slums. That is one of the real challenges that we need to tackle.

In addition to such obvious health system issues, a range of other issues affect children, although I will deal with only some of them, because I would be here all afternoon otherwise. One major issue is children's rights. For example, where both parents die the children may be left in a hut, and the relatives may come for the hut. In one case that I saw, the hut was starting to break down and there was no repair system in place. In another instance, the husband had died, the mother was nearly dead, the granny was looking after the children and some rustlers came and stole the cattle. There are therefore real issues about children's property rights.

There is also an issue about children having all their certification. As my hon. Friend will know, cash transfer payments often depend on the children's having birth certificates. Non-governmental organisations have done some interesting work to ensure that children have the certification that they need to get support and cash transfer payments. Those are all important issues.

Another important issue is children's psychosocial needs. Compared with setting up hospitals and providing medicines, meeting children's psychosocial needs may seem like a secondary issue. As we all know from our experience in the UK, however, it is important to equip children for adulthood and to ensure that they can function as adults and do not carry too much excess baggage of grief from their childhood. I saw some interesting work by faith-based organisations in Zimbabwe, which got children to do memory books about their families and to keep pictures of them. As the children passed from being eight or nine-year-olds into adulthood, they had something to hold on to from happier days when their parents were around, and they could deal with their grief.

The importance of that was brought home to me most as a result of a meeting that I had with a little girl. I will talk about her a bit more at the end. I had previously met her and her family and I had taken a picture of them all to use in things such as leaflets. The following year, I found out that her mother had died, the baby had died, one daughter had been taken away by relatives, the little boy had gone somewhere else and the little girl, who was very ill, had ended up in a shelter. When I met her, I happened still to have the picture of her with her family so I gave it to her. By the end of the day, I had to get a second copy because she had run around with it and worn it out completely. She had nothing to remember her family by except for that picture. That really brought it home to me that we have to meet the psychosocial needs of orphans – whether in Africa or the UK. It is not about giving a child a pill but about putting proper care provisions in place so that the child can grow and develop.

Obviously, changes have taken place over time, and the biggest change that I have seen relates to food. We could transform the lives of quite a lot of children if, after dealing with the health care system, we found money to feed them. There is not much in the way of food in the bare cupboards of many of the projects that support children. There are real issues about who does and does not get access to World Food Programme food and what type of food they get. One of the main things that projects that support orphans do is feed them, but those which feed small babies have no infant formula. There are all kinds of debates about infant formula, but it is not very clever to give a little baby powdered skimmed milk. It should not be beyond the wit of some of us to sort out the provision of something appropriately nutritious for babies whose mothers have died or cannot feed them, perhaps for nutritional reasons. We should be able to do something where babies have no one else to breastfeed them and need better quality food, and it is about the number of calories.

One of the things that most struck me the last time I went to the orphanage outside Nairobi was that food had become chronically expensive. For example, the amount of rice that the children were eating had fallen because it was too expensive, so the variety and quality of their diets had been severely curtailed. Similarly, the amount of meat that they were eating was going down. The orphanage spent about £2.10 a week on food per child, and that met only their basic needs. Again, that is in a country that should have a plentiful supply of food.

There are also issues of governance. I know that my hon. Friend the Minister is very concerned about governance, and the Government are doing a great deal of work on it with developing country Governments. However, there are issues relating to services for children in those countries, just as there are problems with such services in this country. The departments that deal with children tend not to be very important in the bureaucratic hierarchy, so they cannot get much done. Often, those who deal with these issues are in a sub-section of a department that is tucked away somewhere at the bottom of the heap. There is a real need to ensure that departments that provide services for children can deliver.

Let me give a simple example. DFID has bought a large number of malaria nets, which are supposed to be supplied free to young children in malarial areas. The orphanage that I mentioned earlier is in a malarial area just outside Nairobi. The couriers responsible for delivering our malaria nets took them to the district commissioner's office. However, no malaria nets reached the orphanage—I was told that they had simply ended up in the local market. It is completely wrong that malaria nets paid for by British taxpayers and intended for orphans should not be delivered to orphanages. If there had been strong advocacy from children's services departments to make sure that the malaria nets did not go off into the general distribution but went to the identified centres where the children were living, perhaps those children would have got the malaria nets that could save their lives. Big issues arise from that incident, as they do in relation to other areas of children's services. If the right kind of attention were given to children's services there would also be more training for social workers. A professor in Nairobi is trying to get that issue raised, and to obtain recognition of the need for more trained social workers to make sure that children's services are delivered properly. I hope that my hon. Friend the Minister will be sympathetic to the idea of supporting that work.

My hon. Friend did not speak about the cash transfers that were being considered to replace the £150 million that was earmarked over three years. There have been experiments with cash transfers and in some places—largely in South Africa, which has more sophisticated financial systems—they have proved quite successful. However, I hope that if the main financial support for HIV/AIDS orphans is to be given through a system of cash transfers, there will be clarity about who gets the money and what they get it for, and careful follow-up. If cash transfers are to be given to a family to look after orphans it is important that the money should subsidise the family income generally, and preferably should help the orphans, rather than that it should go to perhaps more privileged family members who do not need so much support. It is also important that if the money is supposed to go to the poorest 10 per cent. of people, as I think it is in some areas, there should be clarity about that, so that it goes to those poor people intact and to good effect.

I hope that my hon. Friend will carefully consider the very good role of some UK companies and their corporate and social responsibility policies, which have provided community support for some orphans. Business Action for Africa has done a lot of thinking in this area, and has co-ordinated the work of quite a number of companies.

Finally, perhaps I may give an account of the life of one of the children we are concerned about. It is the little girl whom I met with her mother, who was HIV-positive and a single parent. The little girl—Beatrice—had three siblings; there was an older girl, a brother and a baby called Tabitha. The baby was being spoon fed with powdered skimmed milk made up with water that was given by an NGO; her mother chose not to breastfeed because she thought she might pass on HIV to the baby. The mother was on antiretrovirals, so it was thought that it would be possible to stabilise the family, but unfortunately the mother and baby died. The older girl was of reasonable working age and was quickly taken off by family members up-country to work on a farm. The siblings lost touch with her completely. The little boy, who was thought to be HIV-positive, was put in a children's home.

The next time I saw Beatrice she was in an emergency shelter in Nairobi. Apart from being HIV-positive, she had tuberculosis and was very ill. Those caring for her managed to deal with the TB and get her into a reasonable physical state. They fed her up, and once she was a little recovered they got her on to antiretrovirals. The next time I saw her she was in the same children's home as her brother. They had no bed nets or running water and not much food. She was starting to lose weight. The next time I saw her she had lost a considerable amount of weight. The next time I went there, she had been moved up-country. The organisation that had done all that work for her was virtually out of funds. My hon. Friend the Minister knows which organisation I mean, because I have spoken to him about it before. If we are going to provide support and protection for the children, it is desperately important that we support and safeguard the organisations that feed them. In four or five years of going to and fro, the state of some of those organisations has got significantly worse.

Mr. Lewis: The Secretary of State has asked me to meet my hon. Friend to talk about the work that she is doing at the moment specifically with a Kenyan non-governmental organisation, and at that meeting—in the next couple of weeks, I hope—there will be an opportunity to discuss further some of the detailed issues that she has mentioned affecting the experience of organisations on the ground.

Ms Keeble: I am grateful to my hon. Friend because my perception is that there has been progress in areas such as treatment, and where there has been economic development there have been improvements anyway. However, some of the more vulnerable members of society have been left out of that and, as always, that means children. Everyone says that children are the future and that we must look after them, but children are always at the bottom of the heap when it comes to *any* form of assistance. The evidence is that if they have parents, and particularly if they have mothers, they have someone to fight for them. A doctor told me that the failure of the mother predicts the failure of the child.

Once the parents have gone, the next line of defence is often the NGOs and community groups, which feed the children and provide them with counselling and personal support, clothe them and advocate for them. It is obviously important to improve the systems and do the cash transfer payments, but we should also make sure that the community-based organisations that provide so much help and support are supported in their turn, so that they can see to it that the next wave of the HIV/AIDS epidemic—that of the orphans—will be resolved, and those children will have a secure future.

3.28 pm

John Barrett (Edinburgh, West) (LD): It is often the individual stories that stick in our memories. Although we speak about millions of children suffering, detailed accounts, such as that given by the hon. Member for Northampton, North (Ms Keeble), are the ones that last, and I thank her for her excellent speech.

At a time when swine flu is dominating our television, radio and press news headlines it would be easy to forget the scale of the subject of our debate, and the problems facing developing countries because of HIV

[John Barrett]

and AIDS. I welcome the debate because it is our duty to lead, and to debate issues that do not necessarily make the headlines.

Within the developing countries it is, as we have heard, the most vulnerable who are hit the hardest. Those are usually the women and children. It has been good to hear from the Minister that the battle continues on behalf of those children, even if the news does not make the headlines. Early this afternoon in the main Chamber there was a debate and update on swine flu, while in Westminster Hall we have this debate on HIV and AIDS. I can guarantee which one will make the 6 o'clock and later news headlines. Nevertheless, it is good to hear about the Government's record, which is a good one. Having visited several of the countries that have been mentioned, I am pleased that the work being done on the ground by the Department for International Development, the UK taxpayers' money that is being spent, and the expertise that is being used, are proving effective. In the economic downturn, to which the Minister referred, we must justify to our hard-pressed taxpayers why we are advocating that more money should be spent. Part of the problem is that with its decreasing value, the pound does not go as far as it did a year ago. If we can guarantee that the money is being spent effectively, and that it is a matter of life or death for many people, we can argue for more resources for overseas aid and development.

As we have heard, the problem is worldwide. Even on our doorstep too many new cases of HIV/AIDS are diagnosed every week, but children in developing countries face specific problems because of the scale of the numbers involved and because those countries often suffer a wide range of other serious problems, including poverty, drought, food insecurity, conflict, and wider health problems. I shall concentrate today on sub-Saharan Africa, not because the problem is less of an issue elsewhere, or that the numbers affected in, for example, India are not significant, but because the UK Government have a long and a good track record of work in many areas of the African continent. However, much more must be done.

The number of people affected by HIV in sub-Saharan Africa is staggering. At the end of 2007, an estimated 22 million people were living with HIV, with AIDS being the leading cause of death and killing an estimated 1.3 million people in 2007 alone. In the same year, another 1.7 million people became infected with HIV. The epidemic is wiping out development gains, orphaning millions of children, fuelling the spread of other diseases, including TB, and even threatening to undermine national security in some highly affected societies.

Over the past decade, I have visited a number of African countries and seen at first hand the suffering and devastation that AIDS can bring to regions, villages, families and individuals. In the slums of Kibera in Nairobi, I met nursing mothers in a clinic and we were informed that every mother was probably HIV positive. The potential for stopping mother-to-child transmission is great, but for many mothers, it was too late. I welcome the Government's action in that area. In the slums of South Africa, an estimated 5 million people are living with HIV/AIDS and there are 1.4 million orphans as a result.

We often see images of an orphanage in Malawi now that Madonna is a regular visitor, and we often see happy, smiling children. I have been to that orphanage and seen its work, but few images appear on our televisions of the real suffering of children who die daily. We do not see that, and it might be better if we did. We did not see what happened during the bombing in Gaza and Iraq, but it might strike home if we saw some of the problems of HIV/AIDS sufferers in greater detail.

One problem in Malawi is governance, and ensuring that our AIDS money is spent effectively and that those involved plan for the long term. When I was a member of the Select Committee on International Development, we had a long and heated debate with Ministers from the Malawi Government, and I could not understand why they did not think about the long term. There was so much short-term thinking, and we were trying to stress long-term planning. It was suggested to me afterwards that 60 per cent. of those Ministers were estimated to be HIV-positive. If most of them do not have a long life expectancy, perhaps it not surprising that their prime consideration is for the short term and the families whom they may leave behind. We must press for long-term thinking because it is vital.

I want to put on the record the number of children who are affected, because it is staggering. According to UNAIDS, at the end of 2007, 2 million under-15s were living with HIV/AIDS throughout the world, and during the year an estimated 370,000 children became newly infected with HIV. Of the 2 million people who died of AIDS during 2007, more than one in seven were children. Every hour, around 31 children die as a result of AIDS. Hundreds of thousands of children throughout the world become infected with HIV every year and without treatment they die as a result of AIDS. Most children living with HIV—around nine in 10—live in sub-Saharan Africa, but many also live in the Caribbean, Latin America, India, and south and south-east Asia.

I have focused on sub-Saharan Africa, but it is important to acknowledge that the problem is not solely an African one. Indeed, many countries in northern Africa have lower HIV rates than north America and parts of Europe, so to characterise the problem as an African one is as unhelpful as it is unfair.

As we have heard, many millions more children who are not infected with HIV are indirectly affected by the epidemic, as a result of the death and suffering that AIDS causes in their families and their communities. It is difficult to consider the effect of HIV on children as distinct from its wider effects on society, because a child's life can be decimated by HIV regardless of whether they were born with HIV or contracted it. In countries with a high incidence, it is a depressing statistical reality that a parent or other family member is likely to be HIV-positive. Sub-Saharan Africa has 11.6 million AIDS orphans and a child is orphaned by HIV every 15 seconds.

One impact of HIV in children is that it blurs the boundaries of what it means to be a child. As the number of AIDS orphans grows, more and more children become the head of their household and their family's principal breadwinner. Many more find themselves acting as carers for sick parents. HIV and AIDS not only debilitate and kill children, they erode the very concept of childhood in many of the worst-hit countries.

I am in regular touch with a young boy whom I met many years ago. He and his sibling are orphans. He is still alive, still surviving, and still shining shoes part time and attending school part time, but I have no idea whether he is HIV-positive or whether he has a long-term outlook. One can only hope for the best. HIV may affect a child's life not just in the family, but in their community, because many schools lose teachers as a result of HIV, and children are unable to access education. Children who have HIV in their family may be stigmatised and suffer discrimination.

Preventing children from becoming infected and mitigating the impact of HIV and AIDS should be straightforward, but lack of necessary investment and resources, including adequate testing, antiretroviral drugs and prevention programmes, as well as stigma and discrimination, mean that children continue to suffer needlessly. Around 90 per cent. of all children living with HIV acquired the infection from their mothers during pregnancy, birth or breastfeeding. In sub-Saharan Africa, one in three newborns infected with HIV die before the age of one, and most are dead before they are five years old. In developed countries, preventive measures ensure that the transmission of HIV from mother to child is relatively rare, and even when it occurs effective treatment means that the child can survive, often into adulthood. With funding for trained staff and resources, the infection and death of many children in lower-income countries might easily be avoided. Sadly, it seems likely that in some of the worst-hit countries there will be a struggle just to continue treating those who are already on antiretrovirals. Countries are understandably reluctant to remove treatment from those who are currently receiving it, but that severely hampers prevention efforts and our capacity to treat new sufferers.

I know that the Government are the biggest contributor to tackling HIV per capita, and the second largest donor overall. We should all be proud of that. I was pleased to hear that DFID has committed £200 million for social protection programmes, and I understand that £80 million of that is new money. However, in the excellent report by the International Development Committee, "HIV/AIDS: DFID's New Strategy", legitimate concern was expressed that social protection programmes and direct cash transfers would not necessarily guarantee outcomes for children and that measuring the impact would be difficult. I would appreciate hearing the Minister's response to that concern and, in relation to aid effectiveness, what we are doing to ensure that we get value for money from both Government and NGOs.

I am sure that we would also appreciate updates, because the economic downturn will continue. The Minister mentioned the impact that that will have on DFID funding, but as the global recession is likely to continue in the year ahead, it would be good to hear how things are developing during that period. He will be aware of reports from the World Bank that drug treatment for up to 1.7 million people with HIV is under threat because of funding pressures triggered by the global financial crisis. I am encouraged by assurances that DFID will be honouring its G8 commitments on meeting the millennium development goals in relation to HIV/AIDS, but we must wonder what we can do to encourage other countries that made similar commitments to hold to those commitments, because it is feared that some are backtracking on those statements.

I know that DFID has had discussions with the United States on its HIV programmes in the past, particularly on the PEPFAR—President's emergency plan for AIDS relief—projects. I would appreciate hearing how the Minister expects the American approach to tackling HIV in developing countries to change now that the new Administration are in place.

We have talked about money for drugs, but perhaps the biggest thing that we can do for children is to educate the next generation about HIV, how to avoid contracting it by having safe sex and, for those who are infected, how to live with it. A country's relationship with its HIV rate is often complex, but by better educating the next generation, particularly on sexual habits, it will have a better chance of improving the situation. As has been said, empowering women and putting them in control of their own bodies in high-incidence countries would go a long way towards tackling the problem. Conflict and state instability can often wipe out progress on HIV rates. It is important that DFID's programmes to tackle HIV/AIDS are tied into a bigger-picture strategy for security and development in the region.

It is estimated that 31 children die every hour from AIDS. That means that during this debate, if it runs for the full time, 93 children will die. Later this month, 91 children from my constituency are coming down to visit me. If something happened to kill every one of those children, we would leave no stone unturned in the search for a solution to the problem. We would say that it was unacceptable and must never happen again. Children in other countries are no less important. We in this place must ensure that they are never far from our thoughts.

3.42 pm

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): I am pleased to serve under your chairmanship, Sir Nicholas. I am also delighted to have heard the excellent contribution from the Minister. It was a very heartening exposition. As the hon. Member for Edinburgh, West (John Barrett) said, it is often the personal examples that stick in one's mind. The speech from the hon. Member for Northampton, North (Ms Keeble), who explained that she could not stay for the final part of the debate, was particularly heartening. It is amazing how one suddenly finds that a colleague in the House has a huge amount of knowledge and has done a great deal of work on a subject that one never knew they were involved in. It was a delight to hear her speech. The hon. Member for Edinburgh, West also dealt with the subject comprehensively. Inevitably, therefore, my speech will cover some ground that has already been covered.

The problem that we are debating is a dreadful one. Before I launch into my speech on children in the developing world, I shall just mention that I happened to pick up a free newspaper on the tube today and one of its articles stated:

> "Britain has almost twice as many new HIV cases diagnosed in a year as any other west European country, new figures show.
>
> There were 7,734 new cases…recorded in 2007".

So although in this debate we have been dealing exclusively with the developing world, we must not forget what is going on in our own backyard, as well.

Of course, the focus of this debate is the effects of HIV and AIDS on children, and the statistics are particularly heart-rending. They have been cited before,

[Mr. Geoffrey Clifton-Brown]

but I make no apology for citing them again. They are in the relevant DFID report. There are 33 million people living with HIV. As the hon. Member for Edinburgh, West said, 7,000 more are infected every day, 40 per cent. of whom are young people aged between 15 and 25. What a tragic waste. There are 1.8 million children in sub-Saharan Africa suffering from the disease. They account for 6 per cent. of the infected population but, tragically, 14 per cent. of the deaths. Each day, nearly 6,000 people die from AIDS. It is estimated that 15.2 million children have been orphaned as a result of AIDS. Those are tragic and mind-boggling figures, to which we should all pay very close attention.

However, the effects of this dreadful disease cannot be fully expressed by the statistics, as anyone who has witnessed its effects in countries where HIV/AIDS is endemic can report. Last summer, I was in Rwanda, teaching English teachers how to teach and write English. I had a class of 55 people. On the last day, this nice young girl came up to me. She had made quite a good contribution in the class throughout the fortnight and she said, "I want you to know I have AIDS." I said, "I am desperately sorry to hear that. Are you getting any treatment?" She said, "No. My diet is too poor; the drugs that are supplied are too toxic." I would not mind betting that she had just a month or two to live. So the millennium development goal of universal access to treatment by 2010, even if we do not get there—the Minister realistically outlined today that we might not fully achieve it; we might get only to 80 per cent.—is still hugely important.

As many others have said, HIV does not discriminate in whom it affects, but it will consistently devastate. It tears families apart and communities are decimated. A person's chance of pulling themselves and their family out of desperate poverty is quashed, a nation's economic growth is hindered and the cycle of decline continues. However, the children suffer worst, because they are the innocent victims. As the Minister said, their bodies are least able to resist the ravages of the disease. Even if they do not have the disease, they will suffer if their provider dies. I mentioned in an intervention on the Minister the problem of paediatric formulations of the existing drugs. Drug companies need to pay much closer attention to the problem affecting children.

There have been a number of welcome improvements. If I may say so to the Minister, DFID's employees must be congratulated on their work, as must their colleagues in similar Departments in other countries, along with charities and health workers, who have worked so hard in this fight. The future of our country's involvement in combating HIV is shown in the DFID publication "Achieving Universal Access—the UK's strategy for halting and reversing the spread of HIV in the developing world". However, that plan must be held up to scrutiny and I hope that we hear from the Minister today a response to some of the issues that I will raise.

Before turning to specifics, I want to raise the issue that was noted by the Minister and remarked on by the International Development Committee. It stated that

> "there are some serious questions to be asked about delivery and also about our interaction with donors, with NGOs and with governments in terms of achieving what we say we want to achieve."

It would be interesting to hear the Minister's reply to that. The Government's strategy paper was released in June 2008, almost a year ago. I hope that he will tell us exactly what steps have been taken towards providing answers to those questions, and what the answers are. They are, after all, questions relating to a programme committing a huge amount of funding. We were all very heartened to hear that DFID was committing that funding—£6 billion directly and another £1 billion through the Global Fund to Fight AIDS, Tuberculosis and Malaria.

There are a number of excellent multilateral agencies—for example, UNICEF, which the Minister mentioned, and the World Bank. There are very good and knowledgeable NGOs doing excellent work, such as Save the Children. There is the charity of the hon. Member for Northampton, North. Many charities and NGOs are working in the field of HIV. However, as the Minister said, some companies are becoming involved with providing patent pools. I met representatives of an excellent company yesterday called Abbott Pharmaceuticals, which is one of the biggest pharmaceutical companies in the United States. It does not yet have a high profile here. In 2006, it provided more than $170 million of free HIV drugs, and it is participating in the patent pool arrangements to which the Minister referred. Indeed, an increasing number of multinational companies are taking part in excellent corporate social responsibility programmes, some of which are involved in the HIV field.

The Minister may have mentioned this, but I put it to him that one of the key players in the fight against HIV must be the US Government. Given the recent change of Administration, it is important that we interact with them. Indeed, the recent announcement by President Obama that Dr. Eric Goosby, a man with more than 25 years' experience in this field, will be the next US global AIDS co-ordinator, has been welcomed by the Joint UN Programme on HIV/AIDS. As I say, the US is bound to be a key player, and it would be of great interest to hear what interaction the Minister has had with the US.

One country that has not been mentioned is one of the most seriously affected: South Africa. One in six of the world's HIV sufferers live there. Thabo Mbeki, the previous President, had a chequered history in tackling HIV/AIDS, and the newly inaugurated president Jacob Zuma has already caused controversy on the matter. I hope that the Minister will enlighten us on his perception of the effect of the change of leadership in South Africa.

I turn to the important matter of monitoring the processes being brought about by DFID's many policies. In an intervention on the Minister, I cited the terms of millennium development goal 6, which are well known. They are to have halted and reversed the spread of HIV/AIDS by 2015, and to have achieved universal access to treatment for HIV/AIDS by 2010. Given that 2010 is fast approaching, it seems that we will run short of the latter target. Nevertheless, it is important that we continue to concentrate on those targets.

I was heartened to hear from the Minister something that I did not know—that the UK has a worldwide role in co-ordinating the efforts of NGOs and multilateral agencies in other countries in the fight against HIV in sub-Saharan Africa. That is of great credit to the Government.

The Select Committee report states that

"the challenge remains for DFID to turn rhetoric into practical implementation and demonstrate much more clearly how it will achieve the targets it has set and the commitments it has made."

Although the £6 billion is admirable, we need to see what effect—what change—it is having. I concur with that assessment; and I would add that my hon. Friend the Member for Sutton Coldfield (Mr. Mitchell) has called for intermediate targets to be set for scaling up implementation to full access, and for detailed yearly—I emphasise, yearly—impact assessments to be made to demonstrate whether the strategy is on track.

Why should the reporting be more regular? Nearly every minute, one child dies from AIDS and two become infected with HIV. If aspects of the strategy do not work, or the goalposts move, a biennial assessment will not pick up the fact that millions of people would have died in the time needed to detect whether the strategy was wrong. I ask the Minister to consider that point.

I move on to policies relating to children that arise from the Select Committee report "Achieving Universal Access". It notes the need for an increased focus on groups that are more affected by HIV. The Minister mentioned some groups, especially women—I would say, more particularly, adolescent women. There are also children, sex workers, men who have sex with men, injecting drug users, prisoners and migrants—the last being a particularly vulnerable group.

The Government's strategy has moved towards expanding social protection programmes. DFID says in its response to the Select Committee report—this is an important aspect, and I ask the Minister to concentrate on it—that it will

"provide effective and predictable support for the most vulnerable households, including those with children affected by AIDS."

The Minister, I am sure, will be aware of the Select Committee's concern that

"many of the most vulnerable children, including orphaned children and street children, do not live in traditional households".

That is self-evident. If they have lost their parents, it is likely that sadly they may become part of the itinerant child population that we see in so many parts of the world. Therefore, they may not benefit from the change in strategy. Will the Minister say how the strategy will work for those vulnerable groups of children?

Children suffering from HIV find their immune systems dramatically weakened. The Select Committee makes the clear recommendation that

"Children living with HIV should not be dying needlessly when a cheap and effective antibiotic is available to mitigate their vulnerability to opportunistic infections."

In his evidence to the Select Committee, Dr. Stuart Kean, the chair of the working group on children affected by AIDS, reported that co-trimoxazole costs just one or two pence a day. As the hon. Member for Northampton, North said, £2.10 could feed an entire family for a week. Such small sums can provide a huge amount of money for the third world.

The hon. Member for Edinburgh, West said that the pound is not going as far as it used to; I calculate that because the pound has devalued over the last year, £334 million of DFID aid is not going where it should. One can imagine how many drugs that money could buy. Furthermore, a World Bank report notes that eight countries now face shortages of antiretroviral drugs or other disruptions to AIDS treatment. Twenty-two countries, home to more than 60 per cent. of people on HIV treatment worldwide, expect to face disruptions over the next year.

I shall now speak about mother-to-child infections. The Minister will be well aware that a mother with HIV has a 30 per cent. chance of passing on the disease to her child; such means of transmission account for 90 per cent. of the disease in children. DFID has launched an ambitious strategy to increase antiretroviral treatments for HIV-infected women from 34 per cent. to 80 per cent. by 2010, to reduce if not eliminate that form of transmission. I hope the Minister will give us an update on whether that target is still attainable.

The picture is bigger than simply providing drugs, as many others have said this afternoon; on their own, they will not lead to a solution. One key fact is awareness of carrying the disease. As I said in an intervention, only 18 per cent. of pregnant women have received an HIV test. We should remember that the diagnostic testing equipment is becoming much smaller and more portable. If we can pick up on more of the pregnant women carrying HIV, the appropriate treatment can be given at an earlier stage, and we might be able to stop some of the maternal transmission and thus save more young children's lives. As well as the equipment needed for testing, it is vital that countries' health care systems be able to deal with such transmission effectively.

The distribution of drugs in many poor countries is important. Some excellent work has been done on the distribution of drugs, particularly by companies involved in corporate social responsibility programmes. For example, Coca-Cola is thinking about delivering drugs to remote rural communities—places that are almost impossible to reach. The company's franchisees operating in those remote areas—it amazes me that Coke is sold in such remote places, but I am sure that it is—are considering distributing drugs with the Coca-Cola.

A proper system of distribution is necessary; once the drugs have reached those communities, someone has to be in charge of getting them to those who need them—and of ensuring that they take the correct amount. One of the tragedies is this. I have heard from more than one source that when a woman is given her drugs, she will go home; but the man will see the drugs and regardless of whether he knows he is an HIV carrier, he will seize all or part of those drugs, and the woman will get none. It is important that the drugs get through to those for whom they are intended.

The Select Committee notes that DFID's strategy

"fails to explain how the high-level funding commitments will be broken down by country or sector, making it difficult to understand how implementation will occur on the ground."

I think that the Minister addressed that point. He said sotto voce that he could give me a country-by-country breakdown or, at least, put one in the Library so that we can all access it. That might be a very good way of communicating the information.

Although this debate focuses on children, as I have remarked already, the death of adults has a huge effect on the lives of children, and as such, although I cannot go over it in detail, a brief comment on the overall strategy remains salient. Regular monitoring of progress has been carried out, which ties in to all the areas of the strategy, because it is the only means by which success

[Mr. Geoffrey Clifton-Brown]

will be achieved. We must also address the need for continued growth in education—this is terrifically important—particularly among men, who have a role to play in this whole affair. We must ensure universal access to family planning services. That is most important, as women are disproportionately affected by the disease: two thirds of young sufferers are female. I would also like to hear how DFID has sought to engage more fully with civil society to tackle issues relating to the disease.

I want to raise—again—one discordant but important point relating to DFID staffing. I am not the only one concerned; it is regularly raised by the Select Committee, including in its report, as well as by non-governmental organisations. In her evidence to the Select Committee, DFID's permanent secretary—no less—noted that

"our staff are very pressed, they are working very, very hard...we are coping but we are struggling".

That is a very significant admission from a senior civil servant. It is as close as one could come to saying that there are not enough staff to deliver the programme. Of course, every Department's central office has had its fair share of Government cuts—

John Barrett: Will the hon. Gentleman give way?

Mr. Clifton-Brown: Let me conclude my point.

Each Department has been given a Treasury public service agreement target to cut staff numbers, but, at a time when DFID's budget is increasing—thankfully—it seems a little unfortunate if not enough health advisers, for example, are in place to deliver DFID's creditable HIV programme, which is one of the largest in the world. We want to ensure that it is delivered well and is getting results for the money spent. It is important, therefore, that we have the correct—not excessive—number of staff.

John Barrett: The hon. Gentleman clarified the point I was about to make: a reduced staffing level, when the budget is increasing, produces a unique problem, because without outsourcing DFID's functions, it will not be as effective as it would otherwise be.

Mr. Clifton-Brown: I am very grateful to the hon. Gentleman for reinforcing my point, which DFID Ministers must make to their Treasury counterparts, so that we can have the correct balance. The Minister might assure me that we have that balance, but it would be interesting to know.

I have raised a number of questions for the Minister to respond to today. The purpose is not criticism for criticism's sake, but to probe his Department's performance. Everyone who has contributed to the debate knows only too well the horrific effects of this disease, and we all want to ensure that our contribution to the global fight is as effective as possible. Of significant concern is the scale of the reporting and monitoring of our achievements, because the number of lives lost every day means that we simply cannot permit any weakness in our strategy.

Sir Nicholas Winterton (in the Chair): Before I call the hon. Member for South Ribble (Mr. Borrow), I want to say that it is unusual that somebody who enters a debate very late is called to speak. It is not something that the Chair often wishes to do, but the hon. Gentleman was courteous enough to drop a note to the Speaker's Office indicating that he had a very important meeting with the Under-Secretary of State with responsibility for disabled people, and I believe that it would be the wish of the Chamber—he has my sanction as well—to allow him to contribute to this debate.

4.4 pm

Mr. David S. Borrow (South Ribble) (Lab): Thank you, Sir Nicholas. I apologise to the Chamber for being late. As you said, I had a meeting with the Under-Secretary of State with responsibility for disabled people and a constituent of mine who runs a charity for the disabled in Lancashire. I travelled down especially for the meeting, and I felt that it was important that I kept it. However, as chair of the all-party AIDS group, it is also important that I make a contribution to this debate.

I shall keep my remarks fairly short. Last year, I made a visit to Malawi, funded by the Commonwealth Parliamentary Association scholarship scheme, in order to investigate AIDS and vulnerable children. Initially, I spent three days in Lilongwe, meeting Government officials and NGO personnel, to learn about the problem in Malawi, which is one of the poorest countries in the world and has an infection rate of about 14 per cent. Furthermore, it has only a handful of doctors and nurses and is really struggling to provide the sort of care needed. Certainly, the three days that I spent in Lilongwe visiting the AIDS centre in the main hospital, meeting Ministers and holding many discussions brought home to me the scale of the problem in Malawi.

The last three days of my visit were spent in Mulanje, in southern Malawi, and I had the privilege to see work being done by a charity called Friends of Mulanje Orphans, which is based in my constituency and was set up by Mary Woodworth, who comes from Mulanje and lives in Walmer Bridge in my patch. She returned to Malawi eight years ago for her father's funeral and saw large numbers of orphans on the streets. That is unusual in Africa, where traditionally if children are orphaned, they are cared for by their extended family. It was probably a sign of the scale of poverty and the number of orphans that extended families could no longer care for them. Mary returned to Lancashire and set up a charity. When I visited, last year, it probably cared for about 5,000 orphans through 12 or 13 centres, but it has since expanded.

The charity does not use the orphanage model. It works with the extended family and provides day centres, so that when children return from school, they get a proper meal and are looked after in the afternoon. Furthermore, it provides clothing and books for them and pays school fees. The charity works with the families, so that at night the children return to their grandparents, siblings or uncles and aunts and live with their family. Very small, pre-school children spend the day at children's nursery-type centres. This seems to work. The charity has also set up everything from mechanics to dress-making centres and a range of other things. Furthermore, it grows much of its own food, although a court case is currently under way—a landowner is arguing that the land used to grow the food belongs to them. That argument is ongoing.

What struck me about that model for supporting orphans in Malawi is that it went with the grain of Malawian society by supporting the extended family. We should follow that model wherever possible. However, sometimes orphanages are the only option. Several years ago, I visited the SOS Children's village in Botswana, which uses a different model arranged around a number of families with a housemother and children of both sexes and a range of ages. It tries to recreate a home environment, with a mother figure and siblings or children of a variety of ages. In each village, there will be a school and various community facilities. It tries to reproduce, as much as possible, what a child would expect in a normal family.

I point to that contrast, because about six or seven years ago, I visited an orphanage in Africa. I shall not say where it was, because it might have improved, and I do not want to criticise the charity, because it was working hard. The most distressing experience that I have ever had was visiting that orphanage, where children of all ages were kept in groups of 20 or 30 in dormitories or rooms with cots. That was before antiretrovirals—ARVs—were generally available. In each group of children, three or four were visibly ill, and they were looked after by carers. When I walked into a room of three-year-olds, all the children wanted was to be picked up and hugged. Food was provided, the place was clean and the workers were doing their best, but it was not a model place in which to bring up orphans. The contrast between that and the SOS orphanage was stark. An important lesson for me was seeing how Malawi supports its extended families. One of the reasons why I am so grateful for being a Member of Parliament is that it has given me the opportunity to learn and see how other countries handle such issues. It has shown me that things can be done well and not so well. When we give support to orphans and vulnerable children, we must consider carefully the model of care that is used. In the discussions that I have had with DFID officials in different countries in Africa, it is clear that that message has been learned.

I should like to pay tribute to FOMO, which is based in my constituency. It has virtually no paid staff, but manages to raise money, mostly from my part of Lancashire, to support 5,000-plus orphans many thousands of miles away. That shows us the type of work that can be done by a small charity.

I know that you do not want me to speak for too long, Sir Nicholas, so I shall be brief. The all-party group is carrying out an inquiry into access to medicines, and its report will be published in a few weeks' time. We recently visited Geneva and had meetings with a range of organisations, including UNAIDS, the World Health Organisation and the World Trade Organisation. We considered some of the issues that have crystallised around access to ARVs. The first range of adult drugs for first-line treatments are now relatively cheap and can probably be delivered to most parts of the world at a reasonable price. However, after people have been on those drugs for a number of years, they need to move on to the second round of drugs, which are expensive and tied in with patents—as a way for the big drug companies to protect themselves. Over the next few years, the real challenge for the developing world will be making available that second round of drugs. There is talk of patent pools, which DFID is promoting.

As for children with AIDS, the problem is the shortage of paediatric formulae. Many children end up having a mixture of drugs in liquid forms. We must encourage companies to produce a range of single tablets with a mixture of drugs in each one for various sizes of children. That is not cost-effective for the rich part of the world because relatively few children have AIDS. However, in the developing world, many, many children are HIV-positive and need such treatment. To get drug companies to develop those small pills will be very difficult. Some of the most efficient producers of pills are in India. They are generic producers rather than producers that work with the traditional first-world pharmaceutical companies. If we can encourage the large companies to make available the patents, and then work through international organisations to ensure that the generic producers use all their efficiencies to produce a range of ARV pills that can be used for children, that would bring things on a great deal.

Mindful of your earlier words to me, Sir Nicholas, I will end my contribution. I have made my two main points, so I will now listen with interest to the Minister.

Sir Nicholas Winterton (in the Chair): I thank the hon. Gentleman for his succinct but very relevant contribution to this debate.

4.15 pm

Mr. Ivan Lewis: The overwhelming lesson of this debate is that behind every statistic lies a human tragedy—a beautiful baby who never gets to dream let alone pursue those dreams, a child who never knows the unique love of a parent, and an infected parent who lives a soulless, numb existence, tormented by the death of their child. Any politician or civil servant engaged in tackling such a problem must remember that those are the very people whom we are trying to help. We want to see far fewer people facing such tragedies on a daily basis. Given the knowledge that we have at the beginning of the 21st century, there can be no excuses for people suffering unnecessarily. We have a collective responsibility to do something about it.

Today is also an example of Parliament at its best. The quality and sensitivity of the contributions from all hon. Members have demonstrated the positive side of a House that often gets very bad publicity. I want to pay tribute to everyone who has contributed, including my hon. Friend the Member for South Ribble (Mr. Borrow), who made an extremely focused and important speech.

I want to do justice to the key points that were raised. I shall write to my hon. Friend the Member for Northampton, North (Ms Keeble) on access to treatment in low-income countries. I have the information here, but it will take a long time to read it, and as she is not here, it is probably best that I write.

My hon. Friend also raised the question of how we track the impact of our work on orphans and vulnerable children. We are working with UN agencies such as UNAIDS and UNICEF, and directly with non-governmental organisations to find more effective ways to ensure that we get resources to the most local of levels. An example of that is the work that we are doing with UNICEF to channel resources to community-based organisations in Zimbabwe and Namibia. As I mentioned, we are reaching more than 130 such organisations in Zimbabwe.

[Mr. Ivan Lewis]

My hon. Friend also mentioned the importance of cash transfers. Social protection programmes, including cash transfers, have been shown to be highly effective in reaching OVC and promoting their access to basic services. She also mentioned South Africa, where cash grants have resulted in an increase in height for children under three years, thereby indicating that the impact of AIDS can be mitigated.

My hon. Friend also mentioned baby milk and how we ensure that babies are fed correctly. It is important that we use this debate to highlight the fact that the WHO guidance promotes very strongly that, in such circumstances, breastfeeding exclusively for the first six months of life is the best way forward. I still think that we have a long way to go in explaining why that makes such a difference, particularly in these circumstances.

The hon. Member for Edinburgh, West (John Barrett) asked how we will monitor progress on delivering the strategy and using public resources. That point is very important given the current economic situation. There has never been a time when we have so needed to be able to demonstrate to the UK population the value for money that they are getting as a result of their taxes and the choices the Government have made to prioritise and focus on our responsibilities to the developing world. Therefore, he is right that we need to talk about impact and outcomes, and not just about interventions, resources and programmes.

In that specific context, we will publish biennial reports over the seven-year lifetime of the strategy, which will ensure transparency and accountability for its implementation. They will present and analyse data from a series of templates, and will focus primarily on efforts being made at country level, but they will also define our work globally. We are also in the process of commissioning inputs from all relevant parts of DFID and Whitehall so that we can produce the baseline report in line with our commitments. There is a very clear process.

Mr. Clifton-Brown: I raised the problem of the biennial reports. What if the strategy is not working? A report will be produced every other year, in which time an awful lot could go wrong. Is it not possible, with modern reporting mechanisms, to produce annual reports?

Mr. Lewis: I do not think that I will concede that point. Why? The hon. Gentleman is right that it is the responsibility of Ministers and senior officials to monitor the matter on an ongoing basis, not simply biennially. It is also more than legitimate for parliamentarians to ask questions or stimulate debates and to ask for more frequent updates. However, we must be careful—he raises this point frequently in another context—not to bog down our people who work in the countries affected and in DFID with endless reporting mechanisms that stop them doing the job that we ask them to do. I also think that we need a reasonable period so that we can make serious judgments about progress, which is linked to what the hon. Member for Edinburgh, West said about DFID staffing arrangements. We should ensure that we have a smart and effective operation and that we make the best use of our resources, but I do not want our officials or in-country people to be bogged down in unnecessary, undesirable reporting. In the end, that would not help us.

Some 92 per cent. of DFID staff said in the recent capability review that they enjoyed going to work every day. Any Department would celebrate that, as would any organisation in the private sector. It is a remarkable tribute to the leadership of DFID and its senior civil servants. I sometimes think that we do not state such things often enough. It is not only politicians who are attacked; civil servants are frequently attacked too—they are described as "bureaucrats" and so on. I have never worked with such a mission-driven group of people. We are very fortunate and privileged. It is also useful to put on record that in the capability review, DFID was the top performing Department. That is a source of great credit to staff at every level of the Department, of which I am proud to be a Minister.

The hon. Members for Edinburgh, West and for Cotswold (Mr. Clifton-Brown) asked about the United States Administration, who have given us a massive opportunity. They have removed some of the ideological and philosophical constraints that were placed on our approach to HIV/AIDS. Ironically, when we look back, we might find that the resources and investment that President Bush made in HIV/AIDS in Africa was his top achievement. The problem was that some of the constraints and restrictions to which I referred were undesirable in relation to our ability to make significant progress on prevention.

Only this week, the Obama Administration made a significant announcement. They are going to increase further the resources that the previous Administration invested in health generally. For the first time, the American Administration are saying that they believe that we must maintain a level of commitment to vertical funding specifically for HIV/AIDS work and, additionally, that they must play a role as a partner in building health systems in developing countries. In the end, long-term, sustainable change comes as a consequence of building those health systems. Those are massive steps forward.

On South Africa, there was a diabolical period in that country's history, when the President was in denial about what needed to be done on HIV/AIDS. Consequently, public policy reflected that attitude, with unnecessary and tragic consequences. I am delighted that the interim President changed that policy and that a new, progressive and enlightened Health Minister was appointed. I flew to South Africa to support and endorse her new approach to HIV/AIDS, which is a move away from the denial years. We announced specific extra resources to help her with the new strategy. Now that there have been elections, we hope that the new President will retain this strong level of commitment to a new, authentic and serious approach to HIV/AIDS.

The DFID office in South Africa is working on supporting the country's Government, private sector and NGOs so that they can have a new, effective strategy to tackle AIDS. It is not for me to appoint Cabinet Ministers in this country, let alone any other, but we are great advocates and supporters of the current Health Minister and we wait to see who will be in the Cabinet that the new President will assemble during the next few days. We believe that the Health Minister has the vision, credibility and support to lead a tremendous push on HIV/AIDS, which could begin to make a real difference.

It is not just about what happens within South Africa's borders: if South Africa adopts a progressive approach to HIV/AIDS, it would be profoundly significant for the continent of Africa.

The hon. Member for Cotswold asked what level of detail DFID can provide on its delivery. I point him to the DFID response to the excellent Select Committee report. However, I should also like to correct something he said, because I do not wish to mislead him. We cannot publish some of the details about the money we will spend and the strategy we will adopt country by country at the moment because we have to be nimble and flexible, and ready to take advantage of opportunities such as the change in the political context in South Africa. More to the point, if there are political obstacles, such as those that existed previously in South Africa, we have to find other ways of getting resources to the front line. We can publish information but, inevitably, we have to retain flexibility and the capacity to respond and to change our interventions.

The hon. Gentleman also asked about targets for preventing mother-to-child transmission. Our position is that we will intensify international efforts to increase to 80 per cent. by 2010 the percentage of HIV-infected pregnant women who receive ARVs, which will reduce the risk of mother-to-child transmission in low-income and high-prevalence countries. Maternal, new born and child health services, including preventing mother-to-child transmission, are important entry points for women and their children and families to access broader health and AIDS services, and there is strong evidence for the effectiveness of PMTCT interventions. We are making significant progress.

Mr. Clifton-Brown: I used to be chairman of the all-party group on population development and reproductive health. As I said, I am keen that men take more responsibility for the problem. To enable them to do so, they need greater access to family planning services. Will the Minister assure us that that will be part of his strategy to deal with the problem, because it is lacking at the moment?

Mr. Lewis: The hon. Gentleman is absolutely right. The idea that it is somehow an issue for women only is, frankly, a mistake. Men have major responsibilities when it comes to preventing and reducing HIV/AIDS. Too often, it is presented as a women's issue, which we understand and recognise. That is why we must send strong messages to men about their individual behaviour. We must also send a strong message to men in political leadership roles and men who are leaders of faith networks, villages and rural communities. They can make a massive difference because they can influence the behaviour of other men and how communities respond to the problem. Our approach must be a combination of empowering women and giving them access to the right support and treatment, with a focus on prevention, and, equally, as we know, the behaviour of men has got to change significantly if we are going to achieve all our objectives.

The hon. Gentleman asked how we will ensure that we reach the most vulnerable people. We are committed to working with UNICEF and NGOs to review the impact of social protection, particularly cash transfers, on vulnerable children. We are carrying out a six-country study, we have committed £200 million for social protection systems in eight countries in Africa that will provide essential support for children affected by AIDS and their families, and I have referred to our specific work in Zimbabwe.

I pay tribute to my hon. Friend the Member for South Ribble for his tremendous work over a long period as chair of the all-party group on AIDS, and to the group for its work. There is no question: without the all-party group on AIDS, the issue would not have as much focus and priority as it does. If he could relay our thanks to the staff and members of that group, I would be grateful.

My hon. Friend focused on the human realities. I, too, have visited orphanages and seen the efforts made to keep families together and give kids continuity in family life experience even when their parents, tragically, have passed away. I think that we all know that only in recent times has our own country begun to care for orphaned children in a positive and progressive way; only in the past 20 years have we started to understand what children in such dreadful and horrendous circumstances need.

I agree entirely with my hon. Friend when he says that we should not satisfy ourselves with the fact that we are offering a basic level of care to children without parents. We should be seeking more than ever to offer such children the best. Part of that involves the technical assistance, learning and expertise that we can make available to developing countries, as well as networking to ensure best practice in influencing change in how children in such circumstances are cared for throughout the developing world.

The charity in my hon. Friend's constituency that he endorsed, FOMO, does an excellent job. It represents the finest in UK traditions of grassroots organisations raising money to benefit the poorest people in the world. We should all be proud of it, remembering that although we can be proud that the Government, the country and the population are passionate about the agenda, there is a limit to what can be achieved by Governments alone. It is important that we recognise the contribution made by exceptional citizens doing remarkable things, often in the developing world, and by voluntary and non-governmental organisations.

Sir Nicholas, thank you for the generous way in which you have chaired these proceedings. This debate has been the House of Commons at its best. We all share a collective determination to be able one day finally to say that we were part of a journey that led us to win the war against HIV and AIDS.

Sir Nicholas Winterton (in the Chair): I congratulate the Minister, the Opposition spokesmen and all those who have participated in the debate on the quality of their contributions. It has been interesting and stimulating for me, in the Chair, to listen to them.

Question put and agreed to.

4.33 pm

Sitting adjourned.

Westminster Hall

Tuesday 12 May 2009

[JIM SHERIDAN *in the Chair*]

India

Motion made, and Question proposed, That the sitting be now adjourned.—*(Bill Rammell.)*

9.30 am

Mr. David Amess (Southend, West) (Con): I have been advised, Mr. Sheridan, that this is your debut as Chairman of proceedings in Westminster Hall. As a fellow member of the Chairmen's Panel, I know that I speak for everyone in wishing you well in the post.

I am honoured to be a trustee of the Industry and Parliament Trust. As such, I was fortunate enough to lead a delegation to India. It was a two-centred visit—to Mumbai and Chennai. I shall go into detail about that presently, but I take this opportunity to thank everyone in the trust for the magnificent work that they do in these increasingly turbulent times for Members of Parliament, bringing them up to speed on a number of crucial issues.

I remind the House that the IPT is a registered charity. It was set up to foster understanding between those who create and maintain the industrial wealth of our country—including legislators, who unfortunately might be seen in many quarters as the sales prevention team. I would robustly resist that charge, but some believe that Members of Parliament do not live in the real world and that they have no understanding of what it is like to run a business.

More than 600 parliamentarians have participated in IPT fellowship programmes since the organisation was founded in 1977. I became an advocate of the organisation in the days when I was MP for Basildon; I was given the chance by the Esso organisation, and it was a wonderful opportunity. I am now doing a postgraduate course with Bank America.

The trip to India was the result of recent research undertaken by the IPT with business leaders in the UK, which found that they wished MPs to be more informed about various key issues. More than 66 per cent. of respondents stated that the emerging economies were a priority. The research also revealed that many parliamentarians were thought to lack sufficient understanding of the challenges and opportunities presented by new and developing economies. It is not for me to say how American legislators should pursue matters, but having recently been to China and India, I would say that more American parliamentarians could and should take the opportunity of visiting those two countries and learning at first hand how they are developing.

It was as a direct consequence of the findings of the report that a successful fellowship programme was run to China last year, in particular to Shanghai. I and a number of hon. Members were on that trip, and it was extremely valuable in every sense.

The objective of the IPT India fellowship was to educate parliamentarians on how United Kingdom businesses operate in emerging economies, and to show that Westminster could do more to help. I am pleased to tell the House that the visit provided us with the opportunity to experience India from a strictly business perspective, and to share our experiences and impressions of the challenges and opportunities faced by UK companies operating in Chennai and Mumbai. Today's debate has attracted huge interest in various quarters.

I thank the excellent House of Commons Library. Members of Parliament have every cause to be grateful to the Library for its expertise. It has provided us with a magnificent pack on India, which covers every aspect of life there. I shall certainly shall use it as a bible on the subject.

Lionel Altman, who ran my Westminster office from 1984, died earlier this year. He was a serving member of the City of London council at the time, and I am delighted to have been contacted by the lord mayor of London and the corporation's chairman of policy and resources, Stuart Fraser, who are interested in this debate. Indeed, the City of London will shortly be sending people to India to see what further business opportunities there may be there. I congratulate them on that.

The group that visited India included 10 parliamentarians. There is criticism that the House of Commons and the House of Lords do not always work in tandem, but that certainly was not the case for us. We were blessed in every sense that Baroness Coussins and Lord Janvrin were there. Those two individuals brought with them a wealth of talent and experience. As a result, our meetings developed in a way that would not have been possible had it been only Members of Parliament; we would then not have been able to engage in the challenging exchanges that we did.

Of the eight Members of Parliament involved, most are not able to be here this morning. They include the right hon. Member for Makerfield (Mr. McCartney), the hon. Member for Bridgend (Mrs. Moon) and my hon. Friend the Member for Romford (Andrew Rosindell). The hon. Member for Sittingbourne and Sheppey (Derek Wyatt) is here, but he has to operate in a Trappist mode this morning, acting as Parliamentary Private Secretary to the Minister. I will certainly touch on the work of the British Council. My eight colleagues, all very different personalities, were a joy to be with, not only for the quality of the questions they put to our hosts but in the way the group gelled together. The IPT is an example of both Houses working together at their best, especially in providing all sorts of opportunities for UK plc.

We saw the demise of the British Raj in 1947, a long time ago. India has a population of 1.3 billion, and it is the world's largest democracy. Poverty is widespread, with 62 per cent. of the population living in slums. Three of the world's 20 mega-cities are in India. India's is a fast growing economy, with a large, skilled work force and a burgeoning urban middle class. As well as Hindi and English, India has 16 other official languages; sadly, none of them has been mastered by the Member of Parliament for Southend, West. Gross national income per capita is only $950, which highlights the comparatively low-wage economy that makes India so competitive. India is a young country, with 70 per cent. of the population being 27 and under. By 2050, India will be the second largest economy in the world.

Bob Spink (Castle Point) (Ind): I am delighted that the hon. Gentleman mentioned the special relationship between this country and India. Does he agree that the

[Bob Spink]

best way in which we can help India is to trade with it? Is he aware that the director-general of the World Trade Organisation said that protectionism in the EU—I do not want to be characterised as a serial EU-basher—is a major problem for our trade with countries such as India? World trade could collapse by 9 per cent. this year. What can we do to ensure that we shift the EU's trade policy away from protectionism?

Mr. Amess: I agree absolutely. In fact, shortly I shall enlarge on how we can create better opportunities for trading our goods and services. I shall talk about the British embassy consuls and the British Council. The delegation saw how Indian business women and men are very keen to do business with us; relations, in every sense, could not be better. I probably shall not be tempted to enlarge too much on the EU, but, given his responsibilities, perhaps the Minister will come up with some solutions on trade barriers when he winds up the debate.

The United Kingdom has a long-established and special relationship with India on which we should build. In our time-honoured British tradition, we introduced to India our own language, the art of bureaucracy, parliamentary democracy and cricket—just one of the sports that we invented and at which others occasionally beat us, although our recent performance against the West Indies was splendid. Parliament can greatly assist UK business in further maximising opportunities through forging strong and mutually beneficial relationships.

The fellowship, which met in March, organised some superb seminars bringing together experts able to give parliamentarians an insight into the journey that India has been on, where it is now and where it is likely to go in the future. It proved useful to have those seminars before the trip. Furthermore, I speak for everyone in thanking most warmly Virgin Airlines, which not only took care of our travel, but looked after us throughout our stay. The visit raised our awareness of what more British businesses can, and should, do in India, and how we parliamentarians can assist them. We were briefed by the deputy high commissioner and UK Trade & Investment in Mumbai and Chennai on their work in encouraging UK business to enter the Indian marketplace. In the lobby afterwards, I had a brief word with the Indian Foreign Secretary, and mentioned to him that we had had a very positive trip, because it coincided with some of the commissioners being over. I wanted to pass on our thanks via the Foreign Secretary.

We also gained a great understanding of how Parliament can better highlight India's prospects in encouraging investment in Britain. I wish to make a serious point to the Minister that we picked up during our trip about the visa application process with which Indian business executives must contend in order to visit Britain. Various people said that there is a lack of business experience among the Foreign and Commonwealth Office people working on the UKTI desk at the Mumbai high commission. I hope that he will reflect on that point. UKTI and the UK India Business Council have important roles to play, and all their activities need to be closely co-ordinated.

The hon. Member for Sittingbourne and Sheppey provided us with tremendous assistance, and throughout our trip we were delighted with the work of the British Council. It was an education for me. Parliamentarians should be encouraged to take much more advantage of the opportunities that the British Council can provide in business, social activity, leisure and all sorts of other areas. I, for one, was very impressed with the networking skills of the British Council. We do not use it to its full potential.

Our visit could not have been better timed, given the recent comment and media coverage in the wake of the film, "Slumdog Millionaire" and its triumph at the Oscars. None of us realised that India was not especially proud of the portrayal of the Mumbai slums. Much more importantly, however, our trip also followed in the wake of the atrocities of the bombing and armed occupation of the Taj Mahal Palace and Tower hotel.

Our comprehensive educational visit involved spending time in a number of locations, attending presentations and visiting industrial sites to gain an insight into various sectors at a grass-roots level. We saw first hand how India has developed its own markets in education, manufacturing, high technology, defence, construction and pharmaceuticals. An additional emphasis was placed on the cultural and creative industries through a visit to Bollywood—this will put colleagues' noses out of joint, but I was the only hon. Member signed by Bollywood.

Mr. Virendra Sharma (Ealing, Southall) (Lab): I have been tempted to my feet by the hon. Gentleman's comments that he was the only one to get a response from Bollywood. What role will it offer him? Furthermore, what role will he play in encouraging more exchanges between businesses and educationalists in Britain and India? That is very important for building confidence. Not only are British companies going over to India, but Indian companies, such as Tata and others, are coming over here; mutual business exchanges are already taking place. I hope that that will continue.

Mr. Amess: I agree absolutely with the hon. Gentleman. On a serious note about Bollywood, however, it is a very successful industry that presents all sorts of opportunities.

Our trip was in no sense a junket, and already action has resulted. Not only are we having this debate, but Baroness Coussins and Lord Janvrin have produced a wonderful report identifying a number of things to do to build on and develop business opportunities and cultural and educational links—I shall come to those shortly. Being accompanied by Members of the House of Lords was a blessing. Members of Parliament tend to come back from such trips full of good intentions, but we are busy people who have to respond to the daily news and so on. We felt that Members of the House of Lords would be less distracted, which has already proved to be the case. Thanks to Baroness Coussins and Lord Janvrin, we will make absolutely sure that the India fellowship, organised by the IPT, and our trip, have a positive outcome.

Throughout the trip, we were indebted to Sally Muggeridge and Sarah Hutchison for their support in, among other things, organising with businesses a wonderful programme of events. They would be the first to say, however, that the trip would not have been such a success without the wonderful team of other IPT employees. I am also indebted to the support of the chairman of the IPT, the hon. Member for Nuneaton (Mr. Olner) and the deputy of the IPT board of trustees. Highlights

of our trip to Mumbai included a visit to the Bombay stock exchange, where we were given an excellent insight into Indian capital markets. We get star-struck by Wall street, so we were allowed to sound the gong to open trading, even though no one was actually listening.

That was complemented by a visit to HSBC and KPMG in which we discussed business opportunities in India and those companies' impressive approaches to corporate responsibility and social enterprise. Cadbury showed us its activities in India and told us that chocolate is a great luxury in India. On average, a child consumes just one bar of chocolate a year. Hindustan Unilever outlined its distribution to rural areas and told us how its products encourage economic activity among the very poorest. Tata provided us with the opportunity to learn about the launch of the world's cheapest car, the environmentally efficient Nano car, which is initially aimed at the Indian market.

The Indian economy is enjoying growth of 7 per cent.—albeit from a low base—with unit labour costs much lower than those in most other countries. Through its factory in southern India, the manufacturer Supreme is responsible for producing many of the recycled bags that we see in Boots and a number of other supermarkets and shops on the high street. It provides vital skills and employment opportunities for young women and men, who are often the only wage earner in a family.

A visit was made to a recently established business park to see the new and very high-tech engineering plant of the United Kingdom manufacturer, GKN. We were delighted when our hosts asked us to unveil plaques on trees, and I am told that those trees are still thriving. No visit to Mumbai by parliamentarians would be complete without visiting the high sheriff, who will shortly visit us in Parliament, which shows the hon. Member for Ealing, Southall (Mr. Sharma) that things are happening and are being followed up. The high sheriff of Mumbai chairs a leading engineering institution in which one third of the graduates are women. Finally, we explored the burgeoning film industry at Yash Raj Bollywood studios, which was, in every sense, wonderful.

Chennai—or Madras as it was known to the British—on the east coast of India provided us with a contrast and yet another opportunity to see many successful business ventures. While I was out there I visited a school, which, I am delighted to tell the Chamber, will be twinned with Belfairs school in Southend, West. I have to say though that, thanks to the British Council, I was already pushing at an open door.

The highly respected Indian Institute of Technology showed us its leading edge research projects in biotechnology and told us that a high volume of its graduates are employed in blue chip companies every year. BAE Systems has enjoyed successful business activities in India for many years, and, at a reception jointly hosted by the deputy high commissioner, Mike Connor, it provided us with a presentation of its current initiatives.

Sally Muggeridge and the hon. Member for Sittingbourne and Sheppey visited the Madras cricket club. They stood on the pitch at 8.30 am in 30 degrees of heat. I am informed that, sadly, no one saw a live elephant. Returning to Mumbai, we enjoyed a dinner and presentation given by Shell, which took place at the Taj Mahal Palace and Tower hotel in the very room in which guests had sheltered from terrorists during the siege of the hotel a few months earlier. Shell was an early entrant to the Indian market, starting with oil lubricants and building up a sizeable joint venture that now provides leading research into emissions management and climate change controls, which is vital in a country the size and scale of India.

We finished our visit at the Colonial Bombay yacht club with a briefing by Bombay First, which is modelled on our own London First. Standing by the gateway to India, it left us with a fitting memory of how India used to be in colonial times.

In conclusion, I had three aims when I applied for this debate. I wanted my colleagues to give their opinions of the value of the trip and say how, in the months and years head, we intend to follow up on the relationships that we formed during the visit. Secondly, in a humble and inarticulate fashion, I wanted to raise the awareness of what more British business can do in India and, thirdly, to set out how the House can help to build on the expertise. Even in such difficult times, with the state of the British and the world economy, more can be done. Does the Minister think that sufficient assistance is being given to encourage India to invest more in British business?

It was, in every sense, an honour and privilege to have been part of the delegation. We had some fun. Some of us occasionally wandered into the markets in different streets in India, and it is true to say that one or two of us bumped into tailors, and visited silk factories and the like. None the less, throughout the visit, we engaged in hard and constructive relationship-building work. We even managed to cope with the wonderful travails of our bus driver. The members of the delegation owe a huge debt of gratitude to all the businesses that supported us and made the trip possible and, above all, to the staff of the IPT who enabled us to follow such a magnificent educational programme.

9.57 am

Ian Stewart (Eccles) (Lab): I apologise to the Chamber because I am still suffering from what my wife describes as man flu. *[Interruption.]* My wife has assured me that it is not swine flu. However, she also said that I was a swine with flu.

It is a real pleasure to be involved in this debate and to welcome you, Mr. Sheridan, on your first outing as Chair of a Westminster Hall debate. It is important that life experience and qualifications are taken into account in the chairing of such debates, so my welcome to you is sincerely meant.

First, let me apologise on behalf of my right hon. Friend the Member for Makerfield (Mr. McCartney), who hoped to be here this morning but has been detained on other business. Later on, I will say something about him and his activities in relation to India, but now I shall try to follow the detailed contribution from the hon. Member for Southend, West (Mr. Amess), who was leader of the delegation.

I support all the hon. Gentleman's comments about the Industry and Parliament Trust and the other bodies and individuals involved in the exercise, and I wish to place on the record on behalf of the whole delegation, and of the IPT itself, our appreciation of his leadership. He is variously known as an outspoken and sometime outrageous Member of the House, but I have to say that on this occasion he was outstanding in his leadership.

[Ian Stewart]

He carried things off with dignity and was a good representative of the House on our visit.

I am a great supporter of the IPT, which, since 1997, has gone through various changes, and I pay tribute to Sally Muggeridge. During her tenure, the organisation has improved and become a major player in the House and between the House and industry more widely. In giving credit to the IPT, I mention specifically Sally Muggeridge and Sarah Hutchison, as the hon. Gentleman did, but they had a big team behind them to make us a real, working delegation that produced positive outcomes, not least this debate.

I also support the hon. Gentleman's comments about Baroness Coussins and Lord Janvrin, who brought their specific life experiences and skills to the trip, which assisted the delegation and raised our awareness and understanding of what was happening. I was impressed that an expert on corporate social responsibility such as Baroness Coussins was prepared to develop her own thinking based on our experiences in India. That is the measure of a real expert: someone who can progress and who is not afraid to admit that they are changing their thinking based on new information.

Lord Janvrin is an old India hand and was able to give us a running commentary and explanation based on his experience as a diplomat in the country. He and Baroness Coussins were significant members of the delegation.

Perhaps it is wrong to point out individuals, but my right hon. Friend the Member for Makerfield was another significant member. The expertise and experience that he gained when carrying out his Government work as a trade Minister were appreciated by every single member of the delegation

The delegation included the Front-Bench spokespersons for the Conservatives and the Liberal Democrats, which led me to recognise perhaps not a failing of the House, but something that it might develop. It stands to reason that Ministers of any Government will have the opportunity to go abroad to see the implications of Government policy, but there does not seem to be a similar facility for the Opposition.

The IPT and other House bodies, such as the Commonwealth Parliamentary Association and the Inter-Parliamentary Union, give Opposition Front-Bench spokespersons an opportunity to test their policies, ideas and thinking against the actuality throughout the world, which is good for democracy in this country. It was interesting for those of us from the Government party to test our thinking, not only against the Government's ideas, but against those of the Opposition.

The IPT takes a cross-party approach, but the interaction between parties on the delegation—I am sure it happens on every such delegation abroad—was really productive, not only for democracy generally, but in the interests of developing better policy in the House, which is good.

The hon. Member for Southend, West made a detailed contribution on the industry side of the exercise, but I want to concentrate on two aspects in which I have a personal interest: education and what we in this country would call charity. The Indians do not like the concept of charity and prefer the concept of giving back, meaning that what we take out of society we should, in some measure, return to those less fortunate.

On the giving back aspect, I should refer to my right hon. Friend the Member for Makerfield, who not only brought to bear his experience as a trade Minister, but is personally involved in the Women's Interlink Foundation, which is based in Calcutta. The organisation rescues, rehabilitates and educates street children so that they have better prospects in life.

I mention that because my right hon. Friend is a good example of a Member of the House who does things that the public do not get to know about, and his commitment should be applauded. He and his wife, Ann, personally contribute many thousands of pounds from their family resources—not from expenses or anything like that—to the project. In the current climate, all parliamentarians, without exception, are accused of being greedy, but sometimes, somebody needs to stand up and say, "This is what parliamentarians do," and my right hon. Friend and his wife are just one such example—there are many more in the House, from all parties.

I must declare an interest of my own: I am a trustee of the Kanka-Gajendra Foundation. My old friend and mentor, Professor Gajendra Verma, and his late wife, Kanka, have been quite influential in my life. I have learned a lot from those old Indian friends, who live near my constituency in Greater Manchester. When Kanka Malick died 18 months or so ago, her friends wanted to honour her life and achievements, so the foundation was set up, and I became a governing trustee.

The purpose of the foundation is to help with education and health issues in India and in the UK, and some of the projects have been staggering. They raised my awareness of how wide the gap is between Mumbai, which is an exceptionally developed modern, international city, and some of the rural areas, especially in the north of India, which have fundamental environmental and other problems.

When we, as parliamentarians and British citizens, get involved with charitable bodies—or giving-back bodies, as Indians prefer to call them—that is sometimes an exercise in satisfying our own egos. It shows that we are good people doing good things. Parts of India are as developed as anywhere in the UK or America, but the gap between the developed parts and those in need is staggering. It is not uncommon to see a five-star hotel or residence with a piece of tarpaulin against the wall at the end of the garden, under which a whole family live.

We felt quite ill at ease when we saw such poverty cheek by jowl with wealth. When we asked the wealthy owners of the buildings what they felt about the situation, we were surprised by their attitude. They said, "We live in a democracy. Those people have as much right to put their tarpaulin against the wall at the end of my garden as I had to put my house here." Poverty is viewed differently in India from the embarrassment that we feel over it in the UK. It is important for us to understand such aspects of different cultures. In turn, it is important for different peoples to understand what makes us tick and why we do things the way we do.

From my experience of giving-back organisations in the UK and India, I believe that such work could be co-ordinated more effectively. There might not be such a role for Government, although there could be one for the Department for International Development, but

there might be a role for organisations such as the British Council. They must try not to systematise or control the work, but to ensure that efforts from this country are directed more cohesively. That brings me to education.

My interest is in education, training and skills, or work-based learning as we now call it. I was invited to deliver a paper to an international conference in Kerala and Delhi. I visited Delhi just before I met up with the IPT delegation in Mumbai. I was surprised to find that although thinking on education, training and skills in our country and among our Government is well developed, we have much to learn from India. I was surprised at the co-operation between the Congress Government and the communist-run state of Kerala. We can learn from the ability of autonomous states to run education policy cohesively alongside the national Government.

I found that there is excellent potential not only for UK educational institutions to invest and do work in India, but for us to learn from the experiences in Indian education at federal and state levels. That taught me a wider lesson about industry, which other colleagues might comment on. Although our initial motive was to ensure that we as parliamentarians understood the concerns and aims of British industry in India, it became obvious that we had a responsibility to encourage Indian investment into the UK. Therefore, it is proper for us to look to the interests, needs and requirements of Indian investors, too.

Mr. Sharma: I must declare an interest because I am from India originally. I came here more than 40 years ago as a young boy. I still have links with India and a passion for its development. I am pleased to hear about the experiences that hon. Members have had recently and over previous years.

I hope that hon. Members agree that there is a passion for migration among Indians. The passion is now not only for looking for jobs, but for investment, education and the learning of skills. The major bar to that is our immigration rules and taxes, and how officers treat business people and students who apply for visas or other ways of entering the country. Is it not time for us to look at the investment in Britain from the Indian subcontinent and adopt a more relaxed and flexible approach to visas and immigration policy?

Ian Stewart: I accept that wholly, but we must understand that there is an onus on the UK Government to act sensibly in relation to immigration. Acting sensibly must include the flexibility that my hon. Friend suggests. We must encourage the maximum number of students possible to come to the UK from, in this case, India. There is not only an educational but a political imperative for doing so.

I will conclude with this point because other hon. Members wish to speak. It became clear to me, and I am sure to other delegates, that although there is much to blame the UK for in Indian history—we are blamed for certain things—there is much that Indian people love about Britain. The hon. Member for Southend, West mentioned bureaucracy, legal systems and education. In general, there is a special place for the UK in the hearts of Indians.

Education gives not only expertise and skills: the more Indian people who are trained and educated in the UK, the more Indian people will return to India with an enhanced view of the UK and stronger affinity for it. In this day and age, that is important for diplomacy and in sorting out the world's problems. If we influence our friends from other countries positively and understand what they have learned from their experiences, the world can only be a better place.

10.18 am

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): I am delighted to serve under your chairmanship, Mr. Sheridan. I congratulate you on your participation in the Chairmen's Panel. I believe that this is the first event that you have chaired. It is a delight to follow the hon. Member for Eccles (Ian Stewart). I hope that he will find a way to continue to serve in the House after his seat is abolished at the next election; it would be a great loss to the House if he did not.

I have limited time and will start by describing a conversation I had with an unknown lady on the way to India. She attacked me verbally saying, "Why is this parliamentary delegation going to India? Is it not just a junket and a waste of taxpayers' money?" When I assured her that it was not costing her anything as a taxpayer and that it was absolutely vital for Members of Parliament to get out around the world and interact and network with people in important countries such as India, she started to calm down.

One conclusion that I reached from the visit was that, unlike after my previous visit to India in the early '90s, I have come back as a friend of India and the Indian people. India is a fantastic country. It is huge and diverse, and every statistic about it is mind-boggling, but it is, nevertheless, a fascinating country. One of our interlocutors said to us that it lives in three centuries all at once—the 19th, 20th and 21st. Perhaps that sentiment will have become clear by the end of my remarks.

I must pay tribute to my hon. Friend the Member for Southend, West (Mr. Amess), who led the delegation with great aplomb. He kept us all in order time-wise and in every other way, and he kept the whole programme running very well. I must also pay tribute to the team at the Industry and Parliament Trust—to Sally Muggeridge, the chief executive, to Sarah Hutchison and to all the IPT staff—because the visit was organised fantastically well.

Given my role as Front-Bench spokesman for international trade and international development, I tacked three days on to the end of my trip and went on a Department for International Development visit. I pay great tribute to Emma Spicer, the deputy head of DFID, who organised my trip to Pune, and to Michael Anderson, the head of DFID India, who accompanied me to slums in Kolkata and to Sunderbans—a swampy area on the Bangladesh-India border. Above all, I pay tribute to the redoubtable Shanatu Das, who turned out to meet me at 11 o'clock on a Saturday evening at the airport and could not have been more helpful throughout the entire three days of my DFID visit.

There are an awful lot of people to whom I need to pay tribute, but suffice it to say that it was great fun to be with my colleagues and particularly to have the benefit of our two peers, as others have said. We had a comprehensive visit, and it is difficult to name and thank everybody, particularly those who briefed us before we went to India and while we were there.

[Mr. Geoffrey Clifton-Brown]

Among others, they were Virgin, Reliance Life Sciences, Hindustan Unilever, Yash Raj Studios in Bollywood, which has been mentioned, ALMT Legal, Tata, Bombay Stock Exchange, HSBC, BAE Systems, Shell, KPMG, Cadburys, GKN and Supreme. Now one can begin to see how many visits and what an action-packed programme we had. I must say to the Minister that our high commissions in all three cities that I visited—Chennai, Mumbai and Kolkata—were incredibly helpful.

What have I learned from the visit? I think that people in this country do not realise what a diverse country India is, or how well liked the British are there. I could not get over the fact that, everywhere I went, the people were so friendly towards the British. English is a universally spoken language; it is the language of administration and trade, and I feel that the closeness between our two nations, despite our historical past, is amazing. In every sense, we are fostering links—whether trade, cultural or educational—and we must do much more in that respect. India has 1.2 billion people, which is 17 per cent. of the world's population, and the number is growing. Some 70 per cent. of the population are living on less than $2 a day, 70 per cent. of the population are under 30 years old, and the average age is getting younger. It is a vibrant nation that is growing at 7 per cent. a year.

India still has huge potential in terms of its needs for education. Some 65 per cent. of the nation are educated, but that includes only a small proportion of people in some states. DFID is taking a very brave decision regarding its expenditure in India. It spends £270 million a year in India, which is more than in any other country in which it operates, and it is going to pull out of West Bengal, where there is 20 per cent. poverty, and concentrate instead on the four states with the greatest needs—Uttar Pradesh, Madhya Pradesh, Orissa and Bihar. Bihar is an incredibly poor state, with over 50 per cent. poverty, and people trapped by the Dalit caste system and the 47 per cent. literacy rate, so there is a huge amount of work to be done there.

What have I learned? On the day that we heard the statistic that British manufacturing has contracted by 0.1 per cent., which is the largest fall in one month since records began in 1948, here we have a country with enormous potential for trade. We learned that India has a highly developed educational system, which is now translating itself into producing some of the best research in the world, and India is applying that research to producing highly innovative goods. However, there are enormous dangers. We visited GKN and found that it was making medium-tech half shafts for cars of the same quality that would be made here but for half the price, and one wonders why GKN would continue to manufacture in this country. That is an enormous danger for us, because how are we going to continue to provide jobs in the future, when a country such as India is as competitive as that? It behoves all those in Government to think about that very carefully. The answer is that we have to get cleverer and smarter at what we do. We have got to educate our people better; we have to give them better innovative skills and better research; and we have to help our companies to apply that research better, otherwise we are going to sink further and further down on the world stage.

I am marginally critical of the way in which we operate in India regarding trade, and I think we could do a much better job. It has already been pointed out today that not one of our four UK Trade & Investment representatives in Chennai has any business experience. In Pune, where I went, which is the fastest emerging second-tier city—India has 20 second-tier cities with populations of more than 1 million, of which Pune is the fastest growing—we have only one UKTI representative. We need to clarify the role between UKTI and UKIBC—the UK-India Business Council—because there is some muddle as to who does what. There is more scope for clarity in terms of trade, and there are huge opportunities of which we need to take advantage.

This has been a highly informative debate, and I am delighted to see that the right hon. Member for Makerfield (Mr. McCartney) has now joined us. His contribution to the visit was huge, as a former Trade Minister, and we benefited from his knowledge. It is great to see him here, and I shall conclude very rapidly if he wants a couple of minutes in which to speak.

Mr. Ian McCartney (Makerfield) (Lab) *indicated assent.*

Mr. Clifton-Brown: In conclusion, we had a highly informative visit, for which I am enormously grateful to the IPT and DFID. There is huge scope for increased cultural and educational links with India, and there is even greater scope for us to do more trade with India. It is a fantastic nation, which is emerging very fast. It is beginning to help itself to get out of poverty and all the other deep-seated problems that it has. The more that its finances grow, the more it will be able to help itself get out of poverty. We have seen some excellent corporate social responsibility work from all the firms that I mentioned, which are doing great things throughout India to help some of the poorest people in the world. Statistics on the average proportion of poor people in a country show that India is still poorer than sub-Saharan Africa. I am grateful to all those who organised the trip, and I now conclude so that the right hon. Gentleman may say a few words.

Jim Sheridan (in the Chair): Order. This is breaking with tradition, but if no one else objects, we will allow the right hon. Member a minute to make a contribution.

10.28 am

Mr. Ian McCartney (Makerfield) (Lab): First, let me apologise to the Chamber. I had intended to come and contribute today. I thought that the concept of the visit, the work that we did there and the follow-up work brought out the best in British parliamentarians. It is crucial that, in the next few years, India is not seen as a partner of the past, but a partner of the future. We are all children of the Commonwealth, not of the empire, and there is a huge emerging nation of technological advances, pharmaceutical industries and other technology industries. It has an ability, within that region, to work with us as a partner on trade, trade investment, education and cultural issues, and in its role in the wider world in relation to peacekeeping and the United Nations.

We have a huge agenda. The work we did as a group in India built bridges and contributed towards potential and actual projects. Now we have come back, we must report to the Indian high commissioner on the work that we are doing and the contacts and re-contacts we have made with companies, universities and colleges.

The Northwest Regional Development Agency, for example, has already made contact with some of the colleges that we met and has sat down with them to do proactive partnership working.

Some of the businesses in India have been put in touch with businesses in the United Kingdom to consider how they can work together. As Members of Parliament, we have since made contact as a group with individual organisations to build on what we have seen, particularly in relation to corporate social responsibility. We can learn from the ideas and work that has been done in India in terms of trade and development, education and training, health care and rural communities, and the empowerment of women and children. For me, it was a fantastic opportunity. I am grateful to the group for assisting with the debate, which has allowed us to participate with colleagues of different political persuasions. We may be different politically, but we were at one on the group in relation to the work that we need to do with India across the field.

I apologise again, Mr. Sheridan, for not being able to give a more comprehensive report, but I will put something in writing for you as the Chairman. Colleagues and I also hope to meet the Indian high commissioner soon to take forward the work that we did during our visit. I thank hon. Members for listening.

10.31 am

Jo Swinson (East Dunbartonshire) (LD): It is a pleasure to serve under your chairmanship, Mr. Sheridan, particularly as it is your debut outing in the role. I am sure that it will be the first of many. I congratulate the hon. Member for Southend, West (Mr. Amess) on not only leading the delegation, but securing the debate and introducing it so comprehensively. However, one and a half hours is a short time to discuss something as huge as India—the world's largest democracy—and I am sure that we could easily have filled three hours, if not more.

I thank all of those who created the opportunity for parliamentarians to visit India and see first hand the experience of British businesses in India and those Indian businesses that are having such an impact on the UK economy. The Industry and Parliament Trust provides a vital link between business and Parliament. It was a fascinating and useful trip that greatly added to my understanding of both business and India.

As mentioned by the hon. Member for Eccles (Ian Stewart), I speak on foreign affairs for the Liberal Democrats and, indeed, this was my first experience of India. I was particularly keen to experience that country to widen my understanding of the foreign affairs role. A little bit of me fell in love with India. I have visited various countries and although India is often compared to China—both countries are talked of in terms of competition and in discussions about growth—I, frankly, found India much more inspiring. Many of the reasons behind that relate to the fact that India is the world's largest democracy. The biggest difference between experiencing China and experiencing India is the freedom that individuals have. Both countries have huge problems, but the ability of ordinary Indians to be entrepreneurial and dynamic comes across from when one lands at the airport to when one walks down the street. Indeed, that also came across in all the meetings that we held.

In terms of an overall impression, India has obviously grown rapidly—by about 8 or 9 per cent. each year since 2003, although that is slightly dipping now. Wherever one goes in India, it is apparent that it is a country of contrasts: between rural isolation and urban sprawl, lavish riches and people who are literally dirt poor, and an economy driven by a vast array of young people, who also have a huge respect for wisdom and old age. It is a dynamic and bustling country and the sheer energy of it nearly knocks one down. There is a sensory overload of colours, noise and smells— particularly in a city such as Mumbai. Most of all, India comes across as a country that is keen to innovate and has entrepreneurial spirit. That is why it is clear that it is not only a key global power now, but that it will only grow in influence in the years to come.

I want to share what I thought was one of the most inspiring visits, which was when we went to see the sheriff of Mumbai, Dr. Indu Shahani, who is a formidable, forceful and friendly woman. She is very positive and embracing, and is indeed, I suspect, a strong role model for other women in the city. By profession, she is a teacher so we met her at a college. With 50 per cent. of the population under 25, education is vital for India's future development. Dr. Indu Shahani told us about a scholarship scheme that was being set up with the university of Westminster to send four girls to London to study. A delegation of academics from the university were in Mumbai on 26 November to discuss the scheme. They were to meet the shortlist of eight girls from which the final four would be chosen. They were near the Taj hotel at about 10 o'clock at night and they heard shots being fired just as they were leaving their meetings. There was obviously a degree of confusion, but most of the delegation of academics were prevented from going back to the Taj hotel where they were booked in to stay. Instead, they were taken to the homes of members of the Indian staff to spend the night. Sadly, two of the academics had gone on ahead and went back into the hotel just at the wrong moment. One of them was shot, although fortunately they recovered and are now fine.

Obviously, for an Indian college trying to put together a scholarship scheme, it was hugely worrying that such an incident would have a negative impact. However—this speaks wonders about the university of Westminster and made me feel quite proud to be British—the university said that, as a gesture of solidarity, it would extend the scholarship scheme to all eight girls on the shortlist, rather than just offer it to four. Indeed, two of those girls came from the slums. That is an example of the type of work going on between India and the UK, and shows that it is perhaps in the most difficult moments that the friendship between the two countries is strongest.

We were obviously in India to visit various businesses. I was struck by the strong commitment to corporate social responsibility that others have mentioned. That concept seems to be much more ingrained in Indian business than it is in many British businesses. Tata was perhaps most impressive in that respect. Its business has a long history of being part of the community, although it has forthcoming challenges in terms of sustainability and climate change. The launch of the Nano will be followed by the Europa, which will be a similar model with lower emissions launched in Europe.

[Jo Swinson]

It was hugely helpful to have Baroness Coussins with us because she has a strong background in CSR. When we visited Hindustan Unilever Limited, it told us that its motto was, "Doing well by doing good." HSBC talked to us about its financial inclusion education programmes, environmental sustainability and how it is training women to be entrepreneurs. It used the words "corporate sustainability", which might find their way into the UK lexicon in relation to this matter. Corporate sustainability is a different approach. It is not an add-on, a public relations strategy or something that will simply look good in a glossy brochure; it is about the entire way that a business operates.

When on a trip, the most striking things are not always found on the programmed activities; they are often found when one gets away from the scheduled meetings. Some colleagues and I went for a wander around one of the slums in Chennai. Frankly, watching "Slumdog Millionaire" does not prepare one for seeing that level of poverty. Walking past the chop shop where they put different bits of cars together, I thought that if it were in Britain health and safety would have a field day with what was left lying around the road, and, of course, there was no running water or sanitation. However, when we walked down the street, children were excited and talked to us—their basic English was quite good. They have so little, but they are almost unaware that they have so little. It is difficult to go through that experience without feeling a huge sense of guilt. That experience was for me very profound.

Similarly, in Mumbai, we saw places that were basically shacks with no sanitation. However, we then walked down the street and saw that a street party was going on. At such parties, there is a tradition of getting paste and coloured dye and throwing it over everyone with hilarity and joyfulness. There is a challenge in seeing such intense poverty, but it is also inspiring to see the positive attitude that goes alongside that. That is one of the things that will stand India in good stead.

Obviously, the UK has a history of close ties with India. Indeed, that came through in a meeting with Cadbury, which is an historic brand in India. It has a 70 per cent. share—most businesses would be chuffed with that—of the chocolate market. I was intrigued to learn that chocolate has to be made to a different formulation in India. A different level of milk fat is required so that chocolate does not melt until it is at 35°, whereas apparently Cadbury chocolate in the UK melts at 28°. That is an interesting fact that stuck in my brain.

The relationship between the UK and India has been important and will be important in the future, but we need to guard against complacency and thinking that we will always be close because of our long history. There are increasingly close ties between the United States and India as more and more young Indians go to US universities to study. Indeed, it is often the older Indians who have a strong attachment to the UK.

History is not enough. We need to encourage more Indians to study here, which is why the activities in India of the British Council, which we met, are so important. Coming back to the purpose of our visit, that is also why the activities of British businesses working in India and Indian businesses working in the UK are a wonderful way to integrate the two countries for our mutual benefit in the future.

10.41 am

Mr. Keith Simpson (Mid-Norfolk) (Con): I, too, congratulate you, Mr. Sheridan, on becoming a member of the Chairmen's Panel, and also on having your debut in a relatively quiet and civilised debate.

I also congratulate my hon. Friend the Member for Southend, West (Mr. Amess) on introducing this debate with such panache and on the fact that he obviously was a good leader of the delegation. It is important to emphasise that it was a successful delegation. There is a caricature, certainly among the media, of all parliamentarians as members of what I refer to as the all-party surf and sand group, but it obviously did not apply in this case.

We had a debate in this Chamber about three weeks ago on the Foreign Affairs Committee's report on overseas territories. There is another classic example of the work of a group having a major impact. In fact, the Government of one of our overseas territories were, in effect, suspended as a direct consequence of it. I congratulate all the members of that Committee.

I shall not reprise the comments made by Members who spoke with such enthusiasm about the visit of the Industry and Parliament Trust to India, about what lessons could be learned, and about their hope that Indian friends would look at their work and what they had done. Instead, I shall make two or three general points and perhaps widen the debate.

It is apt that we are having this debate, because India is in the middle of its national elections. Before the first world war, it was common for elections in the United Kingdom to take place over several days, if not weeks, because of the problems with communications. It was possible for our predecessors to fight and lose a seat in, for example, Manchester, and then move on to fight another seat a week later. That is what happened to the British Conservative Prime Minister Arthur Balfour in 1906.

In India, where polling is staggered over five dates, the election is still going on. There are 828,804 polling centres—imagine the sheer size of the challenge. Returning officers have been murdered and voters have been intimidated, but, nevertheless this largest democracy is successfully carrying out a vast national election, and we should celebrate that. It puts into context some of the little local difficulties that we face in some of our elections.

I want to touch on and perhaps expand briefly the comments made by hon. Members and hon. Friends about British-Indian relations. I take the point that the hon. Member for East Dunbartonshire (Jo Swinson) made at the end of her contribution. My friend the right hon. Member for Makerfield (Mr. McCartney) rightly said that we are all children of the Commonwealth now, not children of the British empire, although that lies heavily on my generation. We should reflect on the fact that modern Indian society is global. It looks to the United States of America, to China and to the middle east.

We should not downplay our links with India but we need to take them forward. They are not something to be put in a museum or regarded as a jewel in the crown, if I may use that analogy. We should also recognise the

fact that 349,193 visas to visit the UK were issued in 2008, which was more than for any other country. The number of contacts between people is enormous.

The UK and India also have a vital and effective partnership in countering terrorism. What happened in Mumbai had an enormous impact on British public opinion, and the Indians are some of the world's leading fighters against terrorism. We should celebrate our compatibility in economic affairs. Both countries have strong service and knowledge sectors and traditions of democracy, and both uphold the rule of law, which, as all colleagues will recognise, is crucial to business and investment. I was speaking to members of a delegation of visitors from Hong Kong last week who emphasised how important the rule of law is in getting investment in Hong Kong.

I would like to emphasise the fact that India now operates as a global power. It is a member of the G20, the World Trade Organisation, the G-77, and the United Nations Human Rights Council and, of course, it plays a crucial role in the Commonwealth. I see one part of that, in that I am one of the two parliamentary representatives on the Commonwealth War Graves Commission. We must remember how important that side of India's history still is to Indian Governments today. I commend the work of the Indian high commissioner and the Indian defence attaché.

Finally, India has a crucial role in helping to resolve major international crises on its borders—not only the ongoing problem with Burma but, of course, the conflict in Sri Lanka. We should recognise that India has provided more than 55,000 military and police personnel to United Nations missions in the past 60 years. In many respects, it has been the unsung hero of the United Nations in resolving some of those issues.

I congratulate my hon. Friend the Member for Southend, West on securing this debate, and all the hon. Members on that visit to India on their obvious enthusiasm for strengthening British-Indian relations.

10.47 am

The Minister of State, Foreign and Commonwealth Office (Bill Rammell): It is a pleasure to be here for your first time as Chairman of a Westminster Hall debate, Mr. Sheridan. I assure you that I will refrain totally from any comments about Members of Parliament losing their virginity.

To proceed, I genuinely congratulate the hon. Member for Southend, West (Mr. Amess) on securing valuable parliamentary time for the debate, and I am pleased to have the opportunity to respond to the comments and contributions that have been made. What has come across clearly this morning is a real understanding of the commitment and hard work involved in fostering relations. I noted all the comments about the hon. Gentleman's dignity and leadership skills. I would have expected nothing less from a fellow Essex Member of Parliament. I also take this opportunity to congratulate the IPT on the exceptionally valuable work that it does not only in this area, but in many others.

As many Members have commented, this is an historic moment for India. Tomorrow marks the fifth and final day of voting in its general election. The counting of votes in the world's biggest democracy will begin on Saturday, and the new Government must be constituted by 2 June.

I question the implicit enthusiasm of the hon. Member for Mid-Norfolk (Mr. Simpson) for elections over five days. I know how exhausted I am knocking up for one day of elections. The thought of five days on the trot beggars belief.

Whatever the outcome of India's elections, I am confident that its commitment to the liberalisation of its economy will continue, because it genuinely understands that opening up its economy will create a quantum leap in its ability to attract foreign investment, accelerate much-needed infrastructure development and drive forward inclusive sustainable growth, which is critical to its meeting its millennium development goals.

We also look at India in the context of the current economic climate. India is not immune to global downturn; it no longer remains on the sidelines of the crisis. Growth is likely to fall to 4.5 per cent. in 2009, from the 8.5 per cent. average of recent years. As a result, it is estimated that there will be an extra 9 million to 12 million Indians living in poverty in 2009. Although 4.5 per cent. might seem a high figure by our standards, for India to achieve its millennium development goals and lift the 456 million Indians who live on less than $1.25 a day out of poverty, it needs to deliver sustained growth of at least 9 per cent. a year. That is a challenging factor.

Unlike China, India's population is getting younger, but India will be able to reap that demographic dividend only if it makes substantial investments in its physical and social infrastructure. In that regard, UK companies have a lot to offer and a lot to gain.

Since 1991, as many hon. Members have mentioned, India's gradual opening up to international trade has fuelled consistently high economic growth that has made a real and substantial impact on people's lives there. Now India is entering a new phase in moving up the value chain. Whereas the early years of its growth were fuelled by offshoring and low-cost, low-value service provision, the emphasis and focus now—this is the challenge to us that the hon. Member for Cotswold (Mr. Clifton-Brown) underlined—are on value-added, research and development-rich, manufacturing and services: from groundbreaking new oncology treatments in the pharmaceuticals sector to highly sophisticated knowledge process outsourcing and world-class, innovative production in sectors as diverse as nanotechnology, animation and renewable energy.

I would like to respond to some of the points that have been made. I welcome the comments on our high commission in India, which were made by the hon. Member for Southend, West, who led the delegation, and I will ensure that those congratulations are passed back to it. He commented on the fact that the emerging economies have to be a priority for the Government and for this country, and I agree.

In 2006, UK Trade & Investment launched a five-year plan that refocuses more of our resources on the 17 key emerging markets. In India, 86 UKTI staff are working in nine offices, which is an increase of 18 per cent. over the last couple of years. That is exactly the kind of improvement that we need to make.

The hon. Gentleman also talked about India being a young country and about the demographic dividend, but that represents part of the challenge for India, in

[Bill Rammell]

that it has to upskill and educate that younger generation. He also mentioned the World Trade Organisation overview. The Doha development agenda is important. We need a successful EU-India free trade agreement and a development-friendly conclusion to the DDA, addressing India's concerns on the special safeguard mechanisms in agriculture. That is at the forefront in respect of those issues.

The hon. Gentleman made an important comment on the role of the British Council. In my former role as Minister of State with responsibility for higher education, I was pleased to have the opportunity to lead the UK-India Education and Research Initiative, which, in a practical way, is bringing together UK universities and their counterparts in India for the benefit of both our countries. The British Council has been fundamental and critical in developing that initiative, and I have seen the impact it has had on the ground.

The hon. Member for Castle Point (Bob Spink) intervened on the hon. Member for Southend, West to make a point about so-called EU protectionism. The EU is not protectionist, but we are rightly resisting Indian demands for asymmetry when entering negotiations. That is a sticking point at the moment, but the seventh round of negotiations will resume on 13 July in Brussels and I hope that those issues can be overcome.

The hon. Member for Southend, West also mentioned the role of the British Council in twinning schools in this country and in India. I have seen the real advantages of that and I welcome the fact that he has promoted such an initiative in his constituency, because that broadens the minds of young people in this country at an early stage and builds a relationship and contact that is beneficial on both sides.

The hon. Gentleman also asked whether enough was being done to get Indian inward investment in this country. That is a priority for UKTI. Some 600 Indian companies have a base in the UK, of which approximately two thirds are in the information and communications technology and software sector, with the next significant knowledge sector being pharmaceuticals. Those companies' investment is worth some £9 billion. The UK attracts around 50 per cent. of all Indian investment in Europe. We need to fight to maintain that figure and that position.

The success of Indian entrepreneurs in the UK is well known in India. India has entrepreneurial talent and is a priority market for UKTI's global entrepreneurs programme, which supports links between exceptionally talented entrepreneurs and their counterparts in the UK.

The hon. Gentleman will also be aware that Tata is a much-valued investor in the UK. Its acquisitions of Tetley, Corus and Jaguar Land Rover have helped to secure many jobs in this country. In addition, Tata Consultancy Services is a major employer in Peterborough and elsewhere in the UK, providing more than 4,000 jobs for people locally. We want that kind of relationship to continue.

The hon. Gentleman also raised the question whether the UK Border Agency staff who deal with visa processing are sufficiently aware of business trends and concerns. I would say that that is so. Training is available for all staff on all aspects of our visa process. Business visitors from India amount to 27 per cent. of the total and the UK Border Agency in India is meeting all its targets at the moment.

As a number of hon. Members mentioned, globally, we are second only to the United States in terms of overseas students, a significant proportion of whom are Indian. That demonstrates the progress that we are making. However, I acknowledge that, as my hon. Friend the Member for Eccles (Ian Stewart) mentioned, there has to be a balance between welcoming genuine visitors to this country and continuing to fight and deter illegal immigration. We have to get that balance right.

My hon. Friend spoke eloquently, revealing his personal commitment to education and training and to the relevance of charitable support—or "giving back", as he described it—to India. That point needs underlining. Even with the opportunities available and the progress that is being made in India, still a third of all the world's poor people live there, which is why it is the biggest recipient of funds from the Department for International Development.

The hon. Member for Cotswold raised an important issue about a woman he spoke to at the airport before going out to India. He is right. We have to underline the fact that there is a crucial role for parliamentarians in having international awareness and international access. When I travel abroad as a Foreign Office Minister, I am struck by how such activity is built into the mainstream for parliamentarians in other countries. It is about pursuing the national interest and contacts. We ignore such activity at our peril. I also take on board the hon. Gentleman's comments about the support that he received from DFID.

The hon. Gentleman made some important points, including about the fact that as India moves up the quality and value-added chain, we need to recognise the fact that, to be able to continue to compete, we need to be smarter and need increased focus on education, training, innovation and research. He also criticised the expertise of UKTI staff, but that was unjust. We have appointed specialists in financial services and aerospace in India, and all senior staff there attend a rolling programme of business development visits to the UK to develop their expertise in commerce.

My right hon. Friend the Member for Makerfield (Mr. McCartney) made a brief contribution, but demonstrated his real knowledge and experience as a former trade Minister, and his commitment to our relationship with India.

I conclude by echoing the comments made by the hon. Member for East Dunbartonshire (Jo Swinson), who leads for the Liberal Democrats. Our relationship with India is historic and well founded, but within any good relationship we have to keep working at it and prioritising it. The Government are absolutely committed to doing that.

Consumer Rights

Jim Sheridan (in the Chair): The Minister who will respond to this debate has been caught up in traffic and will be approximately 15 minutes late, but arrangements have been made for a Whip to take notes.

11 am

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): I am grateful, Mr. Sheridan, for this opportunity to discuss consumer rights. I shall highlight three constituency cases, in each of which an individual or group has been treated badly as a consumer, and then suggest how each problem might be dealt with. They are very different, and there is no common theme, but this is too good an opportunity for me not to raise issues that have caused me and those constituents great concern. Although there is no common theme, I shall conclude by making some general comments about and suggestions for improving consumer protection.

The first issue that I want to cover is the problems frequently faced by people who buy newly built houses from a developer. I raised the issue first in a debate in April 2002, less than a year after I became an MP, and again just over a year ago in February 2008. The problems may be numerous and include lengthy failure, sometimes over years, in getting snagging work completed; dates of entry being delayed time and again; serious defects, such as flooding, not being dealt with; problems with property management companies, and so on. I will not go into all of them in full detail this morning as I have covered them before.

The particular problems that I want to raise this morning were highlighted for me in the case of the Corinthian Quay development at Granton harbour in my constituency, to which I referred at length during my debate in February 2008. There were water supply problems, sewage coming through floors, and external finishes and areas not completed. I will not go into all the problems, except to say that some of them were first reported by residents in early 2005 but have still not been dealt with.

After I highlighted the specific case of Corinthian Quay in my previous debate, there seemed to be some movement. Two senior directors of the development company came to my office and promised action. For a while, things seemed to improve, but that did not last long and residents told me that the situation deteriorated again. Earlier this year, on 20 February, there was a dramatic development. My constituents discovered that the company from which they thought they had bought their houses and would receive after-sales service was not Elphinstone, but its wholly-owned subsidiary, Holyrood Services Ltd, even though all communication with residents had been from a company going by the name of Elphinstone, and its name was on all the sales and marketing boards around the site. The original seller's brochure made no reference to Holyrood Services Ltd, but referred only to Elphinstone, saying that over 10 years it had built up an enviable reputation for its ability consistently to initiate and manage high-quality residential projects. All correspondence seemed to come from Elphinstone, as did the packs given to would-be buyers. Indeed, my correspondence was with Elphinstone and not the mysterious Holyrood Services Ltd. However, it turned out that the eventual contract between the purchasers and the building company was with Holyrood Services Ltd, not Elphinstone, with which they thought they had been dealing.

On 20 February, matters moved on dramatically, and the residents discovered that Holyrood Services Ltd had gone into administration, while Elphinstone had escaped scot-free from any liability, reducing the chance of a satisfactory outcome for the residents. The National House-Building Council became involved and, to be fair, seems to be actively dealing with the problems, but the residents are not certain whether all the outstanding issues will be dealt with because, for example, they complained not to Holyrood Services Ltd, as they should have done formally under the terms of the NHBC guarantee, but to Elphinstone, the parent company, which seems to have walked away from the problems.

That experience highlights three issues. First, there are clear questions about the way in which Elphinstone seems to have been able to escape its responsibilities using a front company, Holyrood Services Ltd. That happens in areas other than building, but I would like a request to be conveyed to the Minister that his Department urgently investigate the circumstances in which builders—in this case, Elphinstone—are apparently able to evade their responsibilities by using a subsidiary. Will the Minister investigate whether that arrangement is legal, and whether his Department can take any action in this case?

Mr. Russell Brown (Dumfries and Galloway) (Lab): I congratulate my hon. Friend on securing this debate. Will he clarify whether Holyrood Services Ltd is a construction company, or a factoring company?

Mark Lazarowicz: I understand that Holyrood Services Ltd is a wholly-owned subsidiary of Elphinstone, the builders, and not a separate property management or factoring company. It seems to be Elphinstone in another guise, but the eventual contract and deed of conditions was with Holyrood Services Ltd, although the preceding material had come from, and many of the subsequent dealings had been with, Elphinstone.

The second issue is wider, and relates not just to the Corinthian Quay development, but to the long-running issue of how purchasers may assert effective rights against builders who do not fulfil their side of a bargain. Owners may in some circumstances have the right to cancel a purchase if defects have arisen, but that is often not an effective remedy if people have sold their existing house and moved job, and would have to get involved in lengthy litigation to try to cancel the contract.

There have been five such developments in my constituency. The one at Corinthian Quay is the worst, but there are others. One problem is that owners may be able to pursue good legal avenues, but may be fearful of entering what may be very expensive proceedings against a large and powerful opponent. My constituents have found that no independent body can provide even initial free advice, and there is clearly a gap in the representation available to consumers. I will return to that, but I hope that the Minster will address the matter today, or write to me in due course.

The third matter concerns NHBC cover. In the particular case in my constituency it now seems to be doing a good job in actively trying to sort out the problems that it has

[Mark Lazarowicz]

inherited. However, through no fault of its own, but because of arrangements under which it operates as a backstop for problems with developments, it could become actively involved only at a fairly late stage in the process because residents must first go through a number of other steps. Is there a way of encouraging the NHBC—I understand that it is an industry body—to have a more proactive role in such cases, perhaps with a mediation or ombudsman role at an early stage, to try to persuade developers to deal with problems such as those that my constituents have suffered for far too long?

The second issue is very different, but also involves consumers thinking that they have bought something from one company, only to discover that they have bought it from another, connected company, as a result of which they lose protection. The issue concerns a holiday in Mallorca booked by one of my constituents and his elderly parents. I do not have time to go into the details of what was wrong with the holiday. Basically, it was the holiday from hell, and it was made worse because the facilities were entirely unsuitable for a person with a disability, which one of the parents is, even though my constituents had made it clear when booking the holiday that they needed an appropriate hotel.

As I said, my constituents had many problems and the upshot was that they wanted to claim compensation from the company with which they had booked the holiday—First Choice. At least they thought that they had booked the holiday with First Choice; after all, they bought it from a shop calling itself a First Choice hypermarket. Their correspondence, when they complained, was with First Choice. However, when they started to complain, it turned out that the contract was apparently not with First Choice, but with a subsidiary company—First 4 Hotels. Although First Choice is bonded with the Association of British Travel Agents, apparently First 4 Hotels is not, so when my constituent complained to ABTA, it said that it could not do anything about the problem as First 4 Hotels was not an ABTA company.

That appears to me to be a complete abdication of responsibility by ABTA. It seems clear that the company arrangements in this case have the effect—whether by design or not, I cannot say—of allowing First Choice to wash its hands of complaints made by customers by saying that the arrangements are with a different company, even when the customers believed that they were booking with an ABTA-bonded company. I believe that ABTA should investigate this case and withdraw its endorsement from any travel company that appears to make use of subsidiaries in a misleading way, as certainly seems to have happened with First Choice in this case. If ABTA is not prepared to investigate or take action, I urge the Minister to do so.

When the Minister wrote to me on the issue a few weeks ago, when I first raised the problem, he invited my constituents to raise their complaints with ABTA, but as I have pointed out, they have already tried to do so, only to be met with the response that ABTA cannot get involved because they did not book their holiday with an ABTA company. The whole point is that the holiday was in effect with an ABTA company. In my view, ABTA should not be able to get out of its responsibilities as a trade body in that way.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): I am sure that the hon. Gentleman has looked at the ABTA website. I would be interested in his comments on its credo, which is at the top of its website:

"For more than 50 years ABTA and its Members have been helping holidaymakers to get the most from their travel plans".

It refers to "Great Service", stating:

"Because ABTA Members follow our Code of Conduct, you'll receive a high standard of service, fair terms of trading, and clear and accurate information."

What does the hon. Gentleman have to say to that credo?

Mark Lazarowicz: I am sure that it is true in many, many cases, but the problem is that in this case it was not what happened to my constituent and his family. My constituent did not have that pleasurable experience, and ABTA seems to have managed to wash its hands of any involvement, which to me is unacceptable.

As I said, when the Minister wrote to me, he suggested that my constituents raise the issue with ABTA, but they have done so without any joy. He also pointed out the possible legal avenues open to my constituents, and indeed there are some, but just as in the case of my unfortunate constituents at Corinthian Quay, it is not so easy for individuals to make use of those rights. Particularly when it comes to package holidays, legislation is often complex and the consumer may not be able to pay for the legal backing to assert their claim against a powerful company that will want to exploit the complexity of the regulations to its advantage.

There is a shortage of legal and other information resources to help consumers in their battles with those who have sold them faulty goods or offered poor services. A strong customer advocate needs to take up that role. From my experience with the bodies that do have that role to an extent—such as trading standards, which is excellent, if I may say so, at Edinburgh council, or Consumer Focus—it is not their role to be an advocate in respect of particular cases in the way that is needed to help consumers in the circumstances I have described. Somebody needs to be encouraged and empowered to do that. Perhaps the way to deal with the issue is to give support to some of the non-governmental organisations to take up the role. Perhaps the Minister can address the issue in the consumer White Paper, which is expected shortly. He may be able to say something about that paper also when he replies to the debate.

I cannot pretend that my final issue has any real connection with the previous two, but I would like to address it briefly as I have the Floor to do so. I am sure that hon. Members are familiar with what are called look-alike websites. Such a website appears to be from a governmental or other public agency, but in fact is not. It may be designed to mislead the consumer, the member of the public, into parting with money in some way or otherwise getting involved in something that the consumer did not wish to be involved in.

Last year, I raised in questions with one of the Minister's colleagues an official-looking website to which a constituent had logged on and paid money to get a birth certificate. She paid more than twice as much as she would have if she had gone to the official website. She got her money back eventually, after a number of complaints. That company was not bogus: apparently, people would get their document if they paid the money.

However, it was charging two or three times more for documents that were easily available from public websites or other public sources.

There has been some publicity recently about credit advice websites—an issue on which I know the Office of Fair Trading has been active. Those websites give the impression of being linked to bodies such as Citizens Advice, other credit advice agencies or, indeed, Government Departments. I am pleased that the OFT has taken some action to try to deal with the websites in recent months.

A website to which I want to draw attention today because it has recently been raised with me by one of my constituents represents itself as providing an opportunity for members of the public to obtain the European health insurance card—the EHIC. A website whose address, I believe, is www.ehic.org is one that people who do a search are referred to. People can go to that site and pay a much higher price than by going to the official NHS website. I draw attention to that case because it is one of many. I understand that the Government cannot totally control bogus or scam websites that are set up not necessarily from this country, but from many other parts of the world. However, the issue should be monitored closely.

In relation to the website that was providing genuine Government certificates but at a higher price, the response that I received from Ministers here and from the Scottish Justice Minister, to whom the matter was also referred, was in effect that not much could be done about it. Although I accept that not much might be able to be done about it in many cases, the Government and Government agencies should be proactive in trying to monitor the growth of such websites. Where they can take action to shut them down, they should do so. Where proceedings can be taken against individuals who are misleading the public, they should do that. The Government should at least ensure that people cannot get documents through those websites, thereby driving the websites out of business.

That concludes my tour of consumer affairs problems. They are all different, as I said, but they highlight the ways in which consumers can be misled and prevented from obtaining adequate redress. They emphasise the need for the excellent legislation introduced by the Government in this area to be accompanied by effective means of allowing the consumer to make use of it. I hope that by raising the subject today, I have not only highlighted cases affecting some of my constituents—I hope that the Minister will be able to investigate those in detail—but highlighted issues that need to be addressed, because we all know that when it comes to scams, shams, bogus websites and bogus activity, it is a moving target: we have to keep moving to try to catch up with what is going on. I hope that by drawing these matters to the House's attention today, I have contributed to the debate about how we can tackle these important issues.

11.19 am

Lorely Burt (Solihull) (LD): I congratulate the hon. Member for Edinburgh, North and Leith (Mark Lazarowicz) on introducing this important debate. He has three bees in his bonnet, but lots of other bees are buzzing around on all sorts of consumer protection issues, and I want to address some of those issues in addition to the hon. Gentleman's points.

The Office of Fair Trading reports that 3 million people a year fall victim to scams using post, text and e-mail. With the credit crunch, the scammers' target has become some of the most vulnerable people in our society. Although we do not want to take a nanny-state attitude to protection and regulation, it is clear that such unfair practices must be sorted out.

Susan Kramer (Richmond Park) (LD): I wish that I could have made a speech, but I have to attend a meeting. Is my hon. Friend aware, however, that the protection available to consumers who make purchases from salespeople who come to their property—the salesman might have come to see them after they answered an advert—is far weaker than that available to those who make purchases over the internet or by post? If the salesman comes to their property, consumers no longer have the right to cancel their order if the goods are not what they expected, although they would have that right if they purchased the goods over the internet or by mail. The problem often impacts on vulnerable people.

A salesman from Willowbrook, which provides recliner chairs, visited an invalid in my constituency, who ordered some chairs. When the chairs arrived, they were not of the right dimensions and did not provide the therapeutic effect that the customer thought they would. However, she could not cancel the order and get her deposit back, because she had ordered from a salesman who came to her house. I wonder whether my hon. Friend can work with the Minister to see whether this egregious loophole can be remedied.

Lorely Burt: I am grateful to my hon. Friend for that example. The answer to her question is that I was not aware that there was less protection for someone who orders from a salesperson at the door. I hope that the Minister will specifically address the issue, because that loophole clearly should not exist, particularly given that door-to-door salespeople often target more vulnerable people with their sales patter.

We have all been told that we have won a prize draw and that we have to send a fee to get the money. When we read the small print, however, we see that we are only being entered into the draw. We have all had e-mails saying that we have won a foreign lottery prize, but anyone who takes up the matter—I have not—discovers that the prize does not exist. We have all heard of the entreating e-mails from Nigerian business people who cannot spell and who need our help to get a large sum out of the country. We have also heard of boiler room scams, with cold callers offering shares and property investments, which might exist, but which are usually wildly overvalued if they do.

Another trend is the increase in pyramid selling. The practice is illegal, but it is thriving, especially on the internet, and the credit crunch makes it particularly tempting. Bernie Madoff is one example. Ponzi schemes are widespread, and one in my area of Birmingham targets women, telling them that they can make £21,000 in weeks. Pyramid selling is already illegal, but we need a lot more consumer awareness, particularly among vulnerable groups who do not realise what is involved.

The hon. Member for Edinburgh, North and Leith mentioned builders, and everyone probably knows somebody who has fallen victim to cowboy builders who have done a job that is incomplete or of insufficient

[Lorely Burt]

quality. If the consumer pays the bill, there is, as the hon. Gentleman said, no redress and no incentive for the company to come back and make good the work, which should have been done properly in the first place. One lesson that I recently learned at the hands of a builder is that people should never pay the final sum until they are completely satisfied.

A constituent ended up with a bill of £30,000 for a new drive. The builder kept finding more little jobs to do, saying, "I'll just do this for you," and my constituent ended with a huge bill. I intervened. Trading standards said that everything was perfectly legal, but the threat of being exposed by an MP had some effect, and my constituent did not end up paying the whole amount.

Mark Lazarowicz: The hon. Lady is giving very good advice, which applies to many builders, but will she deal with the situation that I highlighted of people who move into new properties? They do not have the option of retaining the money, because they have to pay to get into the property. They then have the problem of dealing with any difficulty, but they have no easy way of forcing the builder to do so quickly.

Lorely Burt: I listened carefully to what the hon. Gentleman said about new build. As he said, the national house builders body is supposed to deal with the issue, but the time and energy involved in getting redress on behalf of properties' new owners is totally inappropriate. Will the Minister tell us how the situation could be more appropriately and speedily dealt with?

A constituent of my hon. Friend the Member for Montgomeryshire (Lembit Öpik) was a victim of an internet scam after he ordered a mini digger from eBay. When all the paperwork was done, it was agreed that there would be a five-day trial. He thought that he was giving the money to the eBay solicitor, and everything was documented. He paid £5,900 and was told that the digger was being shipped, but it never arrived. According to eBay, the problem was nothing to do with it, because the payment did not go through its approved system.

The European Commissioner for Consumer Affairs, Meglena Kuneva—apologies to her if I have pronounced her name incorrectly—said that the privacy rights of internet surfers are abused by companies that amass personal information and supply it to advertisers that target consumers without their knowledge. I loved the quote from her in which she said that

"the World Wide Web is turning out to be the 'world wild west'".

Again, this is a serious problem, and we need to address it in what are changing times in the area of communication.

The hon. Member for Edinburgh, North and Leith mentioned holidaymakers and a company acting as a front for a more well-known company, which then takes no responsibility when things go wrong. I am sure that the Minister will have some comments to make about how that can happen.

My concern is about holidaymakers who book their holidays themselves. When things go wrong, they are not covered by ABTA. The hon. Gentleman talked about First Choice and First 4 Hotels, and I agree that ABTA should take more responsibility—it cannot be a fair-weather friend. It is hugely important that the issue be addressed.

Another issue about which we have had a lot of complaints in Solihull is mobile phone contracts. The contract details look good—in fact, they look great, with cash back and all sorts of other offers—but the small print ties people into long contracts with the same phone. The cash back never materialises unless people meticulously pay the relevant amount on the exact day. In 2007-08, Consumer Direct received more than 100,000 complaints about mobile phone contracts. The terms of those contracts and all other credit contracts should be made clear and understandable. Perhaps an organisation should have the responsibility for scrutinising small-print contracts; if they are not up to scratch, they should not be legally valid.

Businesses are not exempt from scams, including free listings in business directories, which however mean that a company unwittingly signs up to pay for advertisements in bogus charitable publications, hard selling and grossly overpriced goods.

There is also, of course, the problem of companies going into liquidation, described by the hon. Member for Edinburgh, North and Leith. There is an answer that we could use simply and cheaply to expose serial liquidators of all kinds in business: a requirement for the director of a company that goes into administration to register in a centrally kept register of administrations. Someone thinking of supplying or being supplied by a company could go to the register to see how many times its directors appeared there. That would be a simple way to help companies that might lose their livelihood because of the cynical financial manipulation of bumping a business and going on to create another.

We can welcome two things this morning: first, the consultation on the European consumer credit directive, which has many good elements, including a general clause on defining unfair practices. Secondly, as the hon. Member for Edinburgh, North and Leith said, we can look forward to the White Paper on modernised consumer rights. We do not want to stifle innovation or bring about a nanny state, but somewhere in our consumer regulation, there should be a principle of basic fairness, which should not be contravened.

As my hon. Friend the Member for Richmond Park (Susan Kramer) mentioned, we need protection with respect to door-to-door salespeople and the time allowed for goods to be returned. We also need the register of administration for serial liquidators, and better consumer advice, especially about communications media such as the internet, particularly for young people who buy things on the internet and discover, if those things are faulty and do not reach the required standard, that they are not confident about getting redress.

11.33 am

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): As I said in the previous debate, it is a great pleasure, Mr. Sheridan, to serve under what is I believe your first chairmanship in this Chamber. It is also good to see the Minister; and I congratulate the hon. Member for Edinburgh, North and Leith (Mark Lazarowicz) on the very reasonable way in which he put across the problems in his constituency involving dealing with a property

company at Corinthian Quay, the holiday company, First Choice, and look-alike websites. I want to deal with all three problems in the brief time available to me. I am also pleased to follow the hon. Member for Solihull (Lorely Burt).

Of course, consumer affairs is a tremendously broad term, covering all interactions between the entities that consume—principally, the general public and small businesses—and those that supply, which are often large firms. There is quite a lot going on, both by way of Government changes and, as the hon. Member for Solihull said, through the European consumer rights directive. We welcome the merging by the Government, on 1 October 2008, of Energywatch, Postwatch and the National Consumer Council, to form a new statutory consumer watchdog, called Consumer Focus. The new organisation fights to secure a fair deal for consumers throughout the United Kingdom. It has the right to investigate any consumer complaint, provided that it is of wider interest to the public, the power to conduct research and the ability to make an official super-complaint about failing services. It would be interesting to hear how the Minister feels the new, merged organisation is doing, particularly as there is now such a narrow focus in the ownership of the energy markets. Some accusations have been made of cartel activity in the energy markets and energy pricing, particularly in relation to fuel poverty.

The hon. Member for Solihull referred to the consumer rights directive, which the current European Commission is considering, although it will of course probably have to be put through by the new Commission when that is adopted, probably in November. For the record, the proposal represents the most far-reaching change for European consumer law to date. It brings together four existing pieces of community legislation—on unfair contract terms, sales and guarantees, distance selling and doorstep selling—into a single horizontal consumer rights directive. It would be interesting to hear whether the Minister feels that the legislation on doorstep selling indeed deals with the points raised in an intervention by the hon. Member for Richmond Park (Susan Kramer) about the differences between guarantees affecting doorstep selling and selling on the internet.

The Minister for Trade, Development and Consumer Affairs (Mr. Gareth Thomas): I should perhaps have intervened a little earlier in response to the query by the hon. Member for Richmond Park (Susan Kramer). My understanding of the legislation on doorstep selling is that it offers the same right as in any other case to reject goods if they are not as they were described. The doorstep selling law also gives people a seven-day cooling-off period after the making of the agreement, in which to cancel it. I hope that that will deal with the concern raised by the hon. Lady; but if she or any other hon. Member taking part in the debate has further information or concerns about the working of the provisions, I shall be happy to discuss them in more detail.

Mr. Clifton-Brown: That clarification is helpful. The problem with the legislation is enforcement. We all know about fly-by-night doorstep sellers, and although I am wary and would not expect to be sucked in by such a salesman, many people are; if those people receive faulty goods, how do they know who the salesman was? How can they find him again and enforce any law against him? That is the difficulty for consumers. No doubt, the hon. Member for Richmond Park will contact the Minister if I am not correct.

The hon. Member for Edinburgh, North and Leith raised an important subject: the Corinthian Quay development in his constituency, the parent company, Elphinstone, and the fact that the subsidiary company providing the building contract, Holyrood Services Ltd, went into administration. That continues to be a problem in the building industry, because of the recession, among other things, and the fact that many building companies have difficulty in making ends meet. People make quite a number of complaints about the buying of new homes. I declare at this point that I am a fellow of the Royal Institution of Chartered Surveyors. I have a few general comments to make about the purchase of new properties.

The purchase of a property is not subject to the Sale of Goods Act 1979 or the Supply of Goods and Services Act 1982, which cover the majority of purchases, and consumers are left without adequate protection in a high-value risk field. At present, most regulatory protection is aimed at sellers rather than buyers. Since the Consumers, Estate Agents and Redress Act 2007 came into effect on 1 October 2008, which I welcome, every residential agent selling property in the UK must be registered with an approved redress scheme. As estate agents act principally for the seller, the buyer has relatively little redress under the scheme. Although estate agents are not obliged to tell buyers every last detail about the property—they are, after all, making a sales pitch—they must answer buyers' questions accurately and to the best of their ability.

We have a list of typical complaints, to which the hon. Gentleman alluded, which broadly fall into the following categories: time taken to finish a building; misdescription or misrepresentation of the property or area; the contractual process after the exchange of contracts; inability to gain access to snag the property before completion; quality of finish on moving in and the time taken to come back and rectify the faults; absence of customer care; no legal right to damages or compensation, even if major problems with the property cause significant disruption or loss of amenity; and dissatisfaction with the actions of the National House-Building Council—however, when I had a complaint about one of my own properties, I found that the NHBC could not have been more helpful.

In July 2007, the Government announced an increased target of 3 million new homes to be built by 2020, so we will probably get even more of those types of complaint. It is incumbent on the Government to see whether consumer protection is adequate in that area, particularly in the light of the hon. Gentleman's remarks.

The hon. Gentleman mentioned a company in his constituency, First Choice, and the role of ABTA, which is the industry regulator for the holiday sector. It publishes a code of conduct that requires, among other things, tour operators and travel agents to provide consumers with relevant and accurate information to help them make choices on their holiday and related products, including insurance. However, as the hon. Gentleman probably knows, in 2006, ABTA lost its Government seal of approval after it reduced the amount of financial protection that it offers holidaymakers: the organisation that represents the majority of UK travel agents and tour operators will no longer refund tourists

[Mr. Clifton-Brown]

who have been sold non-existent holidays by fraudulent agents. The Office of Fair Trading has stated that, given that change to ABTA's code of conduct, it cannot back the revised scheme because it does not offer the same financial protection to consumers.

Current trends in the holiday market, as reported by ABTA members themselves, show that 68 per cent. of people are prepared to increase their holiday budget this year and that the average spend on holidays this year is expected to be £600 per person. However, despite the number of people willing to spend their money, even during the economic recession, there appears to be an issue—I would be grateful if the Minister addressed this point—and indeed a legal loophole whereby ABTA members can subcontract the provision of travel insurance, which is not unusual in itself, to non-ABTA members who do not subscribe to the code of conduct. Therefore, someone who thought they had bought insurance to cover the failure of their holiday could suddenly find they were insured with a company that would not provide for that. That allows for the provision of insurance that does not provide the same information or that supplies reduced cover.

I have already quoted from ABTA's website, but it would be interesting to give hon. Members another quote from it:

"As you can see, it's not always easy to know whether your money's safe when booking a holiday or other travel arrangements. You should always ask when making your booking. If your arrangements aren't automatically protected, ask if your travel company can offer you an insurance policy that will protect your money. ABTA has arranged a policy specifically for this—the ABTA Protection Plan—which is available to buy through most ABTA Members."

As I have pointed out, there is probably a legal lacuna in that, which the Minister will need to look at carefully.

The third subject that the hon. Member for Edinburgh, North and Leith mentioned was the cloning of Government websites and lookalike websites. Many Members might have seen the horrific story reported by Matt Warman in *The Daily Telegraph* on 6 January 2009 about a fake Government website:

"The site looks identical to HMRC.gov.uk, using the same graphics, fonts and styling, and is being used to gather web users' names, addresses and credit card details. Once the information has been obtained, the site then redirects people to the real HMRC website. Many victims have no idea that they've been conned until alerted by their banks. The fake site, set up from Denmark, has been recruiting users by sending a spam email, reminding people of the impending tax deadline on January 31, and then directing them to what appears to be a legitimate link. The page that comes up, however, is not the real HMRC.gov.uk."

That seems to be a horrific scam, and the Government need to take it very seriously indeed. Having lost large amounts of data, the Government need to reassure the public and the consumer that data on Government websites are secure and that there is a clear way of knowing whether those sites are genuine. The penalties for that type of cloning should be severe when proved.

There is a related issue of counter-espionage cyber attacks on both Government and commercial computer systems in Britain, Germany, Australia, New Zealand, India and the USA, and they are thought to have probably originated in the far east. Such an attack caused a cyber riot that shut down banking and Government websites in Estonia for weeks after the deployment of new and sophisticated software, such as the so-called storm worm. Some threats to personnel and to commercial and national security are known to exist. Much of that cyber crime feeds on cyber carelessness and companies underestimating the risk.

The Government need to take aggressive, intelligent and persistent action against those threats, but some commentators have said the Government's approach to the increased threat of cyber crime lacks co-ordination, focus and urgency. Perhaps the Minister ought to look to the United States, which has had its Internet Crime Complaints Centre, IC3, for seven years. It was established as a partnership between the FBI and the National White Collar Crime Centre. IC3's mission is to serve as a vehicle to receive, develop and refer criminal complaints regarding the rapidly expanding area of cyber crime.

Those are just some of the large number of areas relating to consumer protection. The hon. Member for Solihull raised other areas—it is a big field. New scams are coming along all the time, and it is impossible for any Government regulatory authority always to be ahead of the game, but I have no doubt that clever people are looking at all those things. There used to be an insufficient number of technical people within the enforcement agencies to keep ahead of the game, so we now need to ensure that we have some of the best people in IT and in other skills to counteract those increasingly widespread scams. The problem is that they are now not only domestic in the UK, but tend to have a worldwide reach. Information gained, as the hon. Lady said, through credit card and banking scams means that large amounts of money can be shifted around the world merely at the touch of a button. I do not envy the Minister, because he has a huge job to do, but it would be interesting to hear his views on some of the issues raised today.

11.47 am

The Minister for Trade, Development and Consumer Affairs (Mr. Gareth Thomas): I congratulate my hon. Friend the Member for Edinburgh, North and Leith (Mark Lazarowicz) on securing the debate and on how he campaigns on consumer issues more generally. I also welcome the interest shown by my hon. Friend the Member for Hackney, North and Stoke Newington (Ms Abbott) and the hon. Member for Richmond Park (Susan Kramer), as well as the chance to follow the contributions made by the hon. Members for Solihull (Lorely Burt) and for Cotswold (Mr. Clifton-Brown).

Even in this relatively short debate, a series of issues has been raised, and I will try to do justice to at least some of them. My hon. Friend the Member for Edinburgh, North and Leith—I apologise for missing the start of his remarks—raised a series of specific constituency cases, not least some of the problems with new homes. Some of his constituents have found it hard to assert their rights because the firms that built their houses perhaps contracted out responsibility for completing the work to subsidiaries.

One of the issues that we are concerned about is the continuing high number of complaints about home improvements and the completion of work by those who operate in that sector. Year on year, Consumer Direct continues to report high levels of complaint in that area. That is one reason why I wish to bring

together key players in that sector—for want of a better phrase—to hold a home improvement summit to consider the scale of the problems and what further collective action might be taken to improve the experience of consumers.

As my hon. Friend knows, whether specific action can be taken depends upon the particular circumstances of the case. However, I would be happy to have a further conversation with him if he wanted to explore whether anything else could be done to help his constituents.

My hon. Friend also mentioned First Choice holidays. I hope that he will understand when I say that I cannot comment on individual cases at this stage. His concerns about the ABTA code of practice were echoed by a number of other hon. Members. From what I have heard about that case, it seems that a package had been purchased. That is significant, because rights under package travel regulations may enable civil action to be taken to secure redress for those consumers who have lost out. Again, we are dealing with specific circumstances in that case, and I would be happy to discuss them in more detail.

I turn to the other matter raised by my hon. Friend—misleading websites. The Government recognise that there has been considerable concern of late about misleading websites, particularly those that appear to be similar in design to Government sites or debt advice agency sites. New protections in law protect consumers from unfair commercial practices, should misleading statements cause consumer loss. Those regulations have strengthened protections—for example, introducing a general duty on traders in all sectors not to treat consumers unfairly. They came into force in May 2008, and they prohibit unfair marketing practices, both online and in the high street. If the attention of the Office of Fair Trading or trading standards officers is drawn to specific cases, action can be taken.

I shall give an example of such action being taken on the question of misleading websites and debt advice. The OFT has recently taken action against firms posing as Government-endorsed or other sorts of official debt advice service. The OFT has initiated action against 27 websites, closed a number down and forced improvements in how others present themselves. The OFT is working closely with Citizens Advice and other consumer organisations to monitor what is going on in the sector and will continue to take action to shut down rogue websites.

Mr. Clifton-Brown: The Minister mentioned one enforcement agency and one advice agency—trading standards officers and Citizens Advice. In my constituency, although I suspect that it is a national problem, council budgets are being squeezed. The budgets of trading standards officers and consumer advice centres are therefore being squeezed. As a result, they are becoming less effective, particularly in the enforcement work of trading standards and the debt advice of citizens advice bureaux. Will he consider that question carefully, because I believe that consumer protection is being weakened?

Mr. Thomas: I have similar concerns, but responsibility has to be taken by local authorities. They have to make a judgment on the service required in the area. As the House would expect, I always hope that local authorities will prioritise support for trading standards and Citizens Advice. Action was taken in the pre-Budget report to make further funding available for debt advice, and agencies can bid for additional money. There is a series of extra advice surgeries, and surgeries are being opened for longer or at more convenient times. Further debt advice is being provided through citizens advice bureaux as a result of Government action.

[Mr. Martyn Jones *in the Chair*]

A number of hon. Members raised the issue of scams, either on the internet or simply through the activities of rogue businesses and more generally. Some hon. Members will know that, following the introduction of a series of pilot scambuster teams, we have rolled out the model of regional trading standards officers working with other enforcers to all parts of the United Kingdom.

So far, that approach has led to 19 successful prosecutions, with an estimated saving to consumers of more than £3 million, and £2.5 million-worth of criminal assets have been seized. Clearly more needs to be done, but although many of the scambuster teams are relatively new, they are already bedding down and making a difference.

The hon. Member for Solihull raised the question of mobile phone contracts. I am aware of the considerable concerns that arose last year, some of which continued into this year, about the complexity of mobile phone contracts, the difficulty of judging one service against another and whether cash-back and other contracts were being honoured. The hon. Lady may not be aware that Ofcom has taken action. Indeed, Consumer Focus, the new body to which a number of hon. Members referred, has also prioritised some of its work, putting pressure on the mobile phone industry to get its act together. We will continue to watch for progress. Given the huge concern expressed by the media and the House, we hope that the industry will realise that there is a spotlight on it and that it will continue to work to improve its performance.

We are taking a series of other measures to provide real help to consumers affected by the downturn—not only with the additional debt advice to which I alluded in response to the intervention from the hon. Member for Cotswold, but in dealing with some of the emerging practices that we have seen, such as in the credit card industry. We also realise that we need to help consumers not only by cracking down on rogue businesses, but by helping to deliver a level playing field for reputable businesses—the vast majority in the UK—that do not want their relationship with the consumer to be undermined by the rogues.

New markets have developed in recent years, particularly on the internet, which may lead to a need for changes in how regulations are introduced and managed in the UK.

Mr. Clifton-Brown: The Minister is being generous in giving way. Does he recognise the final point that I made in my speech, which is that it is incumbent on all Government organisations to have people of sufficient expertise to be able to counter the growing world threat of cybercloning and so on—people with IT skills and forensic accountancy skills? Such people need to be well paid, as they need the ability to counter such international scams.

Mr. Thomas: I accept in principle the point that the hon. Gentleman makes. We want to take action to increase our capacity to crack down on rogues—be they loan sharks, those perpetuating scams or those operating on the internet.

I referred to our additional investment in scambuster teams, which are beginning to make a difference regionally. We have also established regional illegal moneylending teams to target those who are often vicious thugs who operate as loan sharks and target the most vulnerable members of our communities. Those teams have had considerable success in bringing loan sharks to justice. They not only take victims' harassers to court and prosecute them, but direct victims to more affordable credit, be it in the form of credit unions, social fund grants or loans, or support from debt advice charities. We have been aiming at a holistic response to people's needs.

The marketplace in which consumers operate has been changing steadily as a result of globalisation, and the hon. Member for Cotswold alluded to additional work done in the United States. We recognise the need to update and modernise our consumer law and enforcement regime to reflect the internet era. With that in mind, over the past 18 months, my officials, at my request, have been reviewing the relevant consumer law with a view to introducing a series of reforms.

In particular, we recognise the need to improve internet enforcement. Many of the issues discussed today will be reflected in the consumer White Paper, to which my hon. Friend the Member for Edinburgh, North and Leith alluded, and we are busy working on those, although hon. Members will forgive me if I do not reveal the full contents of the White Paper at this stage.

Lovely Burt: Will the Minister comment on my suggestion of a register of administrators to help businesses seeking to trade with other companies to assess the risk-worthiness of such trade and to establish whether there might be any serial liquidators? That suggestion was made to me by an industry body and I have mentioned it a number of times in Parliament. Will he take it into consideration?

Mr. Thomas: I shall consider the hon. Lady's suggestion when working on the White Paper, but, if she will forgive me, I make no promises.

With that, I again congratulate my hon. Friend the Member for Edinburgh, North and Leith on securing the debate, and I look forward to the opportunity presented by the consumer White Paper to continue today's conversation.

12.3 pm

Sitting suspended.

Police Crowd Control

12.30 pm

Ms Diane Abbott (Hackney, North and Stoke Newington) (Lab): I am grateful for the opportunity to raise in this House the widespread concern over the policing of the recent G20 protests and demonstrations. Like many hon. Members, I have been on my fair share of demonstrations and am well aware that police tactics are not always ideal. Since the days when I went on demonstrations nearly every Saturday, we have seen the rise of the citizen journalist. Police tactics and activities are subject to scrutiny as never before. The video footage and photographs of police crowd control at the G20 protests were shocking to many of our fellow citizens up and down the country in what could be called middle England. Such people might never have been on a demonstration and might not have believed previously what was said about police excesses.

We have a right to protest, and I am well aware that policing demonstrations and protests can be challenging for the authorities. From this Chamber we can hear the drumming of the demonstrating Tamils outside. That demonstration has been going on for three weeks and has caused sensation, impact and inconvenience. None the less, however challenging the citizen's right to protest may be, it is that right that separates free western democracies such as ours from totalitarian regimes such as Iran, North Korea and other despotic Governments of whom we are often critical.

The Independent Police Complaints Commission is investigating four charges against the police in relation to the G20 protests. A police officer hit Nicky Fisher and knocked the back of her legs with a baton when she complained. An unnamed man and a 22-year-old woman claim that they were assaulted. There is also the tragic death of Ian Tomlinson, which caught public attention the most. I remind hon. Members that as well as those four specific IPCC investigations, there have been 256 complaints to the investigatory body. Members of the press and the public have raised many concerns about the conditions that protesters were subjected to as a result of the kettling technique and the heavy-handedness with which the police broke up groups of peaceful protesters.

Before I speak about the events of that day, I draw the House's attention to the way in which our right to protest has been curtailed through legislation over the decades. The Public Order Act 1986 gave senior police officers the power to impose conditions on a protest. Under section 44 of the Terrorism Act 2000, senior police officers can grant stop-and-search powers to other police officers to search anyone. Although ostensibly directed against terrorism, section 44 powers have been used against protesters. Famously, police officers used section 44 to prevent my Labour party colleague and the well-known activist, the elderly Walter Wolfgang, from re-entering the Labour party conference in 2005.

Section 50 of the Police Reform Act 2002 allows the police to demand the name and address of anyone whom they believe has acted in an antisocial manner. Failure to provide that information is a criminal offence. It is therefore a criminal offence to fail to give a name and address when stopped on mere suspicion of committing a non-criminal act, but it is not a criminal offence to fail

to give that information when suspected of a criminal offence. In other words, the legislation imposes a more onerous regime on protesters than exists for people who are suspected of criminal acts.

Under the Anti-social Behaviour Act 2003, ASBOs can be issued against anyone who displays behaviour that is likely to cause harassment, alarm or distress. ASBOs have been given to peaceful protesters. The Serious Organised Crime and Police Act 2005 restricted protests in the vicinity of Parliament. Bit by bit over the decades, serious pieces of legislation have curtailed our right to protest. Overall, they have tended towards an atmosphere in which peaceful protest is criminalised. That is the context in which we must examine what happened during the G20 protests.

A number of hon. Members have raised concerns about the way in which the police hyped the threat of violence in the days leading up to the G20 protests. The Metropolitan Police Service seemed to focus on how violent the protests would be. My hon. Friend the Member for Hendon (Mr. Dismore), the Chairman of the Joint Committee on Human Rights, commented at the time that the hyped-up talk of violence from the police ran the risk of putting off peaceful protesters and of being confrontational to all protesters. Some of us feel that even before the day of the protests, the police had heightened the atmosphere and given the impression that they were in a combative mode. That was not the right way to prepare for a day of peaceful protests. Of course the police had to put the right mechanisms in place and needed the right number of officers to be available. However, the rhetoric of the police in the days leading up to the protests alarmed me and other hon. Members.

The use of the kettling technique, by which hundreds of people are hemmed in for hours in one place, has been raised with me. That technique was first used in the May day protests about nine years ago. The kettle is essentially a pen in which protesters and others are trapped by lines of riot police on all sides. Once the crowd is caught in the pen, the idea is that people should be let out slowly and dispersed. The police may take each person's photograph and contact details before letting them out. That is presumably so that they can be identified later.

The police might argue that kettling is peaceful and appropriate if it minimises the danger of damage to property. I have been in contact with a number of people who went to protest peacefully at the G20 protests, including women and people who took their children. A number of things are troubling about the kettling technique. First, it is indiscriminate. The police might pen in a few people who are intent on violence—we do not know. We do know that during the G20 protests, hundreds of people were caught up, including women and children, who were genuinely there for a peaceful protest. The police will capture in that pen people who just happen to be walking past; people who are not protesting but who are looking at what is going on—men, women and children; people who work in the area; and, as we know from the case of Ian Tomlinson, innocent people who are trying to make their way home. So, to contain a minority of potentially violent or troublesome protesters—it is always a very small minority—the police end up containing hundreds of innocent people.

Kettling is coercive: people are not allowed to leave once they are cordoned off and contained in that way, whether they have children to collect from school or have parents waiting for them—no matter what. Another problem with kettling is that it goes on for hours. People are not only denied access to food and water and not allowed to move around, but they are denied access to toilet facilities. Former Met officer John O'Connor has been quoted as saying, about kettling:

> "Instead of sending snatch squads in to remove those in the crowd who are committing criminal offences, they contain everyone for hours. It is a retrograde step...it is an infringement of civil liberties."

I believe that kettling is wrong because it is indiscriminate, coercive and, ultimately, punitive. If we, as a society, defend the right to peaceful protest, why should we punish people by keeping them penned up for hours and hours, as at the G20 protests, when they have committed no crime? That punishment was doled out to a very large group of people on 1 April without any clear evidence that the majority of that group had any intention of turning violent or disorderly. The use of kettling and the punitive nature of that technique have caused a lot of concern not only among the people who were demonstrating on that day, but among the general public, observers and even some members of the police.

As I said, the IPCC is investigating four alleged incidents of assault following the G20 protests, but I want to focus on the tragic death of Ian Tomlinson. He was a newspaper vendor who was working on the newspaper stand on Fish Street hill on the day of the G20 protests. During his walk home, he encountered police officers on three occasions. First, he was reportedly manhandled out of the way of a police van by four riot police officers.

Mr. Martyn Jones (in the Chair): Order. I must warn the hon. Lady that we are straying into sub judice areas here, because there is a court case involving Ian Tomlinson that we are aware of. It is the consideration of the Speaker and the Procedure Committee that we should avoid discussing sub judice matters if possible. If the hon. Lady keeps her remarks general, that will be fine, but I warn her not to stray into the details of the case.

Ms Abbott: I am grateful to you for those comments, Mr. Jones, but you will appreciate that it will be impossible to talk about the policing of the G20 protests without mentioning Ian Tomlinson.

A number of general issues arise from the case of Ian Tomlinson. It is alleged—I can go no further than that—that he encountered the police on three occasions. It is alleged that he was manhandled on all occasions, and that, finally, police officers followed him along the street—he did not, allegedly, charge the police lines—and lunged at him from behind, striking him with a baton. It is alleged also that when a member of the public called 999 and spoke to the emergency operator, the operator asked to speak to the police officers, but they ignored the request. What is a matter of fact is that the first post-mortem took place on 3 April—two days after Mr. Tomlinson's death—and recorded that he had died from a heart attack.

Mr. Martyn Jones (in the Chair): Order.

Ms Abbott: The post-mortem is a matter of fact, is it not, Mr. Jones?

Mr. Martyn Jones (in the Chair): It is the coroner's case that is the problem, so I think we need to move on.

Ms Abbott: What it is worth saying about the Ian Tomlinson case, without venturing into the court case or other areas that are sub judice, which Officers of the House are anxious that I should not do, is that there is some concern about the discrepancy between the two post-mortems.

Mr. Martyn Jones (in the Chair): Order. I am sorry, but it is up to the coroner's court to decide on discrepancies between post-mortems, so the hon. Lady should move on.

Ms Abbott: All right. A number of general concerns arise from the Ian Tomlinson case, some of which I cannot discuss in detail at this point, but one concern that I can properly raise is the allegation that the police who allegedly attacked Mr. Tomlinson covered up their identification numbers. That issue has been raised not only in relation to this case, but in relation to a number of police activities on that day. The Minister will be aware that the entire reason why police have ID numbers is to enable members of the public to know whom they are engaging with and, if necessary, to make complaints. It is at the very least sloppy, and at the very worst suspect, for the police deliberately to cover up their numbers when they go into operations that involve members of the public, particularly those that involve controlling demonstrations. That is one issue on which I should like a response from the Minister.

The other general issue that arises from the death of Ian Tomlinson is the impression that was abroad that initially both the IPCC and the Metropolitan police were trying to avoid an investigation into the incident. The initial reports that were given out made no connection between his death and any interaction he may have had with the police. The only reason the general public got to know about what had happened to Ian Tomlinson was the existence of video tape that had been taken by interested observers. It is clear to many of us that there would not have been a formal IPCC investigation had that video tape not been available and put online. What happened to Ian Tomlinson—and, whatever happened to him, only the coroner's court can tell us—would have been completely swept under the carpet. Many of us find that very disturbing.

Journalists were fed information that was not wholly illuminating, and were told that they were not allowed contact with the family. In accordance with the information that journalists had been given, the initial news reports focused on the missiles that had been thrown at police officers, but eye-witnesses said that there were no missiles. *The Guardian* has reported that it was repeatedly warned off, by both the IPCC and the police, from following the story, and that it was told that the family were extremely upset at its coverage of the case. Other journalists have said that the IPCC told them that there was nothing in the story that Mr. Tomlinson had been assaulted. It is now clear that the family are very happy with the coverage, which has shone a light on the truth, and, of course, it is true that it is alleged that Mr. Tomlinson was assaulted by the police before his death—whatever the relationship between that and his death may be, which only the coroner's court can reveal to us. It seems to me that both the Met and the IPCC went out of their way to dissuade journalists from investigating this issue properly. Mr. Tomlinson's family are not alone in being grateful that journalists and interested observers were anxious to see the truth come to light and justice done in this case.

That leads me to a point about the IPCC. I remember campaigning, all through the '90s and before, for a genuinely independent body to investigate the police. In case after case and campaign after campaign that I was involved in, in London in the '80s and '90s, the issue that always came up was how the police could investigate themselves. I, along with many others, welcomed the setting up of the IPCC. Sadly, it has proved to be something of a disappointment. It seems to offer process, but no outcomes.

The Minister might remember the 1999 case of Harry Stanley. He was a Hackney carpenter who had the misfortune to enter a pub and have a drink while carrying a bag with a chair leg in it. He happened to be Scottish, but someone in the pub believed that he was Irish and that the chair leg was a gun. Harry Stanley emerged from the pub and was gunned down in plain sight. The IPCC conducted an investigation into the matter, which I believe was wholly unsatisfactory. The fact remains that no policeman has been held responsible for what happened to Harry Stanley. He had nothing to do with any crime, criminality or terrorism; he was a carpenter having a drink in a pub in Hackney. His only fault was to be in the wrong place at the wrong time.

Ministers will remember the much delayed and much criticised IPCC report into the death of Jean Charles de Menezes. Again, he was a member of the public who was in the wrong place—

Mr. Martyn Jones (in the Chair): Order. I am sorry to interrupt the hon. Lady yet again, but the subject of the debate is crowd control techniques and we are straying a bit from that.

Ms Abbott: I was trying to make the point that something that emerges from the policing of the G20 protests is the role of the IPCC. I was trying to show that the inadequacies of the IPCC in relation to policing the G20 have been reflected in earlier incidents. That is why I mentioned Harry Stanley and the de Menezes case.

In the case of the G20 protests, the IPCC waited several days before announcing its own investigation. The IPCC denied that CCTV footage was available at the protests when it was, and it seems clear that the only reason why the IPCC moved to announce the investigation was that the truth was being revealed online, on the internet and in newspapers. It is very relevant, when illustrating the failings of the IPCC in relation to this subject, to mention its history hitherto.

In the aftermath of the protests, the Met police released their report of the event entitled "Policing of the G20 summit 2009". The report claims that the Met police were unable to communicate with protest leaders, but protesters have said that they found the police unwilling to talk to them when they approached them prior to 1 April. The report claims that kettling was

engaged only after protesters became violent. The protesters say that the main protest was peaceful until they had been contained for hours and hours.

I have received many letters from constituents who were involved in the protest and were concerned about police behaviour. One constituent tried to leave the protest once the cordons were put in place and asked a police officer if she could leave. She was told that she should have stayed at home in the first place. That seems to reflect the coercive and punitive nature of some of the policing of that protest on 1 April.

The director of Liberty, Shami Chakrabarti, says:

"Few would argue against proportionate interferences with that right to protect people and property. Yet the past 15 years have so blurred the lines between civil, public order and anti-terror powers that we risk turning constables (whose traditional role was to keep the peace) into bouncers charged with shutting down demonstrations."

Although the majority of police at the G20 demonstrations did their best, I believe that the policing of those protests revealed the use of some very troubling tactics, notably kettling, and a very troubling attitude on the part of some members of the police—not all or even the majority. It also revealed something very troubling about how the IPCC sees its duties. When we have the final findings of the coroner's court in relation to Ian Tomlinson, I do not believe that they will necessarily reflect favourably on the policing of the G20.

It is easy to demonise and stigmatise protesters and demonstrators. It is easy for middle-aged Members of Parliament to forget the days when they were demonstrators and protesters too, but, however inconvenient, troubling and challenging the right to protest may be, it is the fundamental role of this Parliament to defend the right of citizens to protest peacefully and to draw attention to policing tactics and attitudes that infringe on that fundamental civil liberty.

12.55 pm

The Parliamentary Under-Secretary of State for Justice (Mr. Shahid Malik): As ever, it is a pleasure to engage in debate under your stewardship, Mr. Jones. I congratulate my hon. Friend the Member for Hackney, North and Stoke Newington (Ms Abbott) on securing an important and topical debate. This important issue has recently attracted considerable interest. I have certainly listened carefully to the points made and I shall try to deal with some of them.

These debates are never long enough. I have been a Member of Parliament for four years and my hon. Friend has been an MP for 22 years, and I think that the idea is that the Minister responds to the debate, but my hon. Friend has left me with five minutes out of the 30, so perhaps my understanding is incorrect.

Ms Abbott: If the Minister is unable to respond to all my points in the five minutes remaining, I am happy to come to see him to hear what further remarks he may have to make.

Mr. Malik: I am always happy to give time to my hon. Friend and I would be happy to oblige her in relation to that.

Some of us have personal experience in this area, so we know that all in the garden is far from rosy. I was first arrested in 1988 on my 21st birthday, which I spent in Southwark police cells, during a "grants not loans" demonstration. Hon. Members will be pleased to hear that I was acquitted at Horseferry Road magistrates. That was my first experience of the police and it was a rude awakening—but just from those police officers involved, not the police as a whole.

My next engagement with the police was in 2001 when I was arrested and hospitalised courtesy of the police during the riots in Burnley. On that occasion, I was not charged and I later received an apology. I know that things can go wrong, but it is my belief, and I think the fundamental belief of most people, that the police often have a difficult job to do, which, in the case we are discussing, is balancing the right of people to demonstrate peacefully with the security and safety of others. That is why the Metropolitan Police Commissioner has asked for the Independent Police Complaints Commission to come in.

I agree with my hon. Friend that, frankly, the IPCC's predecessor was a joke. I experienced its predecessor. I had an officer from the same constabulary investigating other officers because of a complaint that was made. The IPCC is light years ahead. It is truly independent and my hon. Friend is wrong to say that it is not listened to, because, following Stockwell, many of its recommendations were taken on board by the police and have led to fundamental changes.

Rather than focus on my prepared speech, in the few minutes remaining I shall respond to some of my hon. Friend's points. She is right to talk about officers being identifiable. It is completely wrong and unacceptable for any officer to have their number covered so that they are not identifiable. The Met Commissioner, Sir Paul Stephenson, and I believe that to be the case.

My hon. Friend talked about how some of the legislation in respect of counter-terrorism powers is used. I stress that it is our view that those powers should be used only in relation to terrorism and not anything else. It is completely wrong for that to happen.

On the powers that exist in relation to protests around Parliament, for information, that is something that we are looking at, and will be reviewing and repealing. The police message on the G20 summit stressed the risk of violence—my hon. Friend is absolutely right—but it also stressed the right to lawful protest.

Unfortunately, only half that message seemed to get out there through the media. The police were clear about the fact that the coming together of a number of different groups heightened the risk of violence, but they also stressed the commitment to facilitate lawful protest. We should not lose sight of the fact that there was some violence on the day. It was minimal and we should not lose sight of the fact—

Mr. Martyn Jones (in the Chair): Order. We have to move on to the next debate.

Middle East

1 pm

Andrew Gwynne (Denton and Reddish) (Lab): I am pleased that we are having this debate today, and I thank Mr. Speaker for affording me the opportunity to discuss Hezbollah, Lebanon and the middle east peace process at this important time.

The debate is timely, given the forthcoming Lebanese election, which will take place on 7 June. We need to be aware that a win for the Hezbollah-led March 8 Alliance could have a destabilising effect not only in Lebanon, but in the wider region, which is why I requested the debate.

Before I speak about the political situation in Lebanon, I would like to say a little about the nature of Hezbollah, its structure and its objectives. Hezbollah is a political organisation with a strong paramilitary force that operates independently of the Lebanese state. It emerged in the early 1980s to resist the Israeli occupation of southern Lebanon during the Lebanese civil war. Its fighters were organised and trained by a contingent of the Iranian Revolutionary Guard. Even today, Iran and Syria are its main sponsors, providing financial, political and military support to the organisation.

The deputy leader of Hezbollah, Sheikh Nairn Qassem, stated in April 2007 that

"all policies including firing missiles into Israeli territories could not have been done without the consent of the leader of the Islamic Republic of Iran. He has to agree to all Hezbollah's activities in advance."

Hezbollah is a proxy of Iran and is used by Tehran to exert its influence over Lebanon and the eastern Mediterranean.

The Hezbollah manifesto document produced in 1985, entitled "An Open Letter: The Hizballah Program", makes it clear that the organisation operates under one command structure and shares the same goals:

"No one can imagine the importance of our military potential as our military apparatus is not separate from our overall social fabric. Each of us is a fighting soldier."

Hezbollah does not have separate leaderships for its military and non-military work. The Jihad Council, Political Council, Executive Council and Judicial Council all report to the Shura Council. In an interview with the *Los Angeles Times* published on 13 April, the deputy leader, Sheikh Nairn Qassem, said of Hezbollah's structure:

"Hezbollah has a single leadership. All political, social and jihad work is tied to the decisions of this leadership. The same leadership that directs the parliamentary and government work also leads jihad actions in the struggle against Israel."

The 1985 manifesto outlines the objectives of Hezbollah as

"putting an end to any colonialist entity",

bringing the Phalangists to justice for

"the crimes they had perpetrated"

and establishing an Islamic regime in Lebanon.

In addition, Hezbollah leaders have made numerous calls for the destruction of Israel. The manifesto makes it clear that Hezbollah intends to use armed force to achieve its goals and frames its arguments in the language of jihad.

Hezbollah is committed to war against Israel. On 16 April, the leader of Hezbollah, Hassan Nasrallah, was quoted thus:

"I am against any reconciliation with Israel. I do not even recognise the presence of a state that is called Israel. I consider its presence both unjust and unlawful. That is why if Lebanon concludes a peace agreement with Israel and brings that accord to the Parliament our deputies will reject it; Hezbollah refuses any conciliation with Israel in principle."

Hezbollah's objectives and how it sets out to achieve them threaten stability in the middle east and challenge the sovereignty of the Lebanese state. The violent clashes that took place in Lebanon in May 2008 were triggered when the Lebanese Government sought to challenge Hezbollah's independent military capacity. Government moves to sack the Hezbollah-appointed head of security at the airport and to close down Hezbollah's internal communications network were branded by Hassan Nasrallah as a declaration of war against the organisation.

Hezbollah's response was to engage in violence, which brought civilian life into grave danger. The clashes that took place resulted in the death of some 40 people and took the country to the verge of another civil war. Ultimately, Hezbollah seized west Beirut, which forced the Government into a humiliating climbdown and led to the Doha agreement of 21 May 2008, which resulted in the election of Michel Suleiman as the new Lebanese President after 18 months of political stalemate.

The Doha agreement was nothing short of a victory for Hezbollah. It secured the militant group a veto over Cabinet decisions and allowed it to maintain its weapons arsenal as long as it was not used to resolve internal political conflicts. That means that although the Lebanese Government may no longer be a target, Hezbollah can continue to build its weapons cache for use against Israel in direct contravention of UN Security Council resolution 1701, which calls for disarmament of the group.

The international community continues to voice concerns that Hezbollah is rearming and that weapons are being smuggled across the Syria-Lebanon border, thereby raising prospects of further conflict in the near future. I would like to ask my hon. Friend the Minister what discussions he held with the Syrian Government during his visit last month on their political, financial and military support for Hezbollah. I would also like to know what steps the British Government have taken to encourage the Syrian and Iranian Governments to do more to prevent the continued rearming of Hezbollah.

Today, Hezbollah continues to maintain its military capacity in direct contravention of UN Security Council resolutions 1559 and 1701, and in defiance of the UN military mission UNIFIL—United Nations Interim Force in Lebanon—which is mandated to oversee implementation of the resolutions.

Hezbollah leaders themselves continue to maintain not only that they are rearming, but that they are acquiring more sophisticated military technology. UN Secretary-General Ban Ki-moon's latest report, published on 24 April, on UN Security Council resolution 1559 reiterates concern that Hezbollah continues to maintain a substantial paramilitary capacity and infrastructure, separate from the Lebanese Government, along with a distinct telecommunications network.

Those concerns were reiterated by Terje Roed-Larsen, UN special envoy for the implementation of UN Security

Council resolution 1559, when he addressed the UN Security Council last Thursday:

"The most significant remaining Lebanese militia is the armed component of Hezbollah."

He added that it was

"a direct challenge to the sovereignty of the Lebanese State and a threat to regional stability."

The UN Secretary-General's report is also critical of Hezbollah's actions in Egypt, citing the announcement made by the Egyptian authorities on 8 April that 49 people had been arrested for allegedly being part of a Hezbollah cell planning terrorist attacks in Egypt. According to Mr. Roed-Larsen:

"Equally alarming was the fact that Hezbollah has publicly admitted to providing support to Gaza-based militants from Egyptian territory."

On 10 April, Hassan Nasrallah publicly acknowledged that the Egyptian authorities had detained a Hezbollah operative for attempting to provide logistical and military assistance to Palestinian militant groups in the Gaza strip. It is thought that the operative was the ringleader of the cell.

The US State Department's annual report on terrorism, published on 30 April, highlights Iran and its proxy Hezbollah as lead sponsors of terrorism in the region. The report notes:

"Hamas and Hezbollah continued to finance their terrorist activities against Israel mostly through state sponsors of terrorism Iran and Syria, and through various fund-raising networks in Europe, the US, the Middle East, and to a lesser extent, elsewhere."

The US State Department also notes that Hezbollah has completely replenished its ranks, that it possesses more short and medium-range rockets than it had before the 2006 war and that it has moved arms back into southern Lebanon. Perhaps most distressing is the fact that the report notes that London is one of the major financial capitals through which funds to Hezbollah are channelled. I would like to hear from my hon. Friend what steps the British Government are taking to ensure that such funding is monitored and stopped, and that UK banks are prevented from doing business with proscribed sections of Hezbollah.

Focusing on the internal Lebanese situation, the UN Secretary-General criticised Hezbollah for stoking up an atmosphere of intimidation in the run-up to the June election. We should not downplay the consequences and significance of a strong showing for Hezbollah in the forthcoming election. The decision by the UN-backed Special Tribunal for Lebanon on 29 April to release four Lebanese generals who were held in connection with the murder of the former Lebanese Prime Minister represents a major boost for Hezbollah.

More significantly, a new electoral law has redrawn various districts in ways that may bolster Hezbollah at the expense of the current coalition. An electoral gain for Hezbollah would represent a victory for Iran and its long-term strategy of seeking to gain regional hegemony through the promotion of a radical ideology and the application of political violence. It would also strengthen Iran's power in Lebanon and further blur the distinction between the Lebanese Government and the Hezbollah parallel state.

I would like to focus now on UK policy on Hezbollah. On 4 March, my right hon. Friend the Foreign Secretary wrote to the Foreign Affairs Committee to inform it of a "significant change" in Government policy on Hezbollah. That same day, my hon. Friend, who has ministerial responsibility for the middle east, gave evidence to that Select Committee in which he made it clear that the Government were now exploring contacts with the political wing of Hezbollah. The Government have confirmed that that adjustment to policy was designed

"to press Hezbollah to play a more constructive role politically and move away from violence."

The Foreign Office issued a statement on 5 March verifying that, prior to that official announcement, our ambassador in Beirut accompanied a group of Conservative parliamentarians to a meeting with the Lebanese Foreign Affairs Committee on 9 January that was also attended by Hezbollah Member of Parliament Ali Amar.

In response to a written question asking what criteria the Government use to distinguish between Hezbollah's political and military wings, my hon. Friend stated:

"The Government distinguish between those parts of Hezbollah which are legitimately involved in Lebanese politics and those who are actively concerned in terrorism."—[*Official Report*, 31 March 2009; Vol. 490, c. 1118W.]

However, in an article that appeared on Hezbollah's website, Hezbollah senior activist Omar al-Moussawi says that although the UK's policy has changed, Hezbollah's has not. Hezbollah, he insists, remains an unchanged, singular and indivisible entity with no distinction between its military and political wings. He continues by saying that

"today there is a tremendous openness toward Hezbollah, and after a boycott that lasted for many years, Britain has announced a new openness toward Hezbollah and a dialogue with it... despite the fact that Hezbollah has not changed and still resists and refuses to recognise Israel. It is the other side—

—that is, Britain—

"that has changed, and retreated from its previous position".

As previously outlined, Hezbollah has not made any positive moves towards disbanding its militia, in accordance with UN Security Council resolutions 1559 and 1701. On 13 March, Hassan Nasrallah made it unequivocally clear in a speech that, despite the British move, Hezbollah would not abandon its strategy of violence and terrorism and would never recognise Israel. It seems most peculiar that the Government have pursued this policy change at a time when Hezbollah continues to arm itself, in breach of UN Security Council resolutions. How do the Government reconcile their decision?

My worry is that the only benefit so far of the UK Government's policy shift has been for Hezbollah, which has used it for its own electoral propaganda in the run-up to the Lebanese election. Hezbollah's electoral campaign has been boosted by the British decision, which was made despite the fact that, as outlined, Hezbollah does not distinguish between its political and military wings. I therefore ask my hon. Friend whether he would please list the benefits so far for the UK and the international community of the decision to engage with Hezbollah and what benefits he believes there will be, going forward.

What contacts have been made with Hezbollah's political wing since the beginning of March? Will my hon. Friend commit to reassessing the Government's approach to Hezbollah, should the organisation take any further steps in the wrong direction?

[Andrew Gwynne]

An opportunity to re-evaluate the UK Government's position will present itself after the Lebanese election, when Hezbollah will have the choice either to continue down the path of violence or to disarm and engage peacefully through non-violent means. Should it choose the former, the Government should actively reconsider their policy of exploring contacts with any element of the organisation. Not re-evaluating that policy will allow Hezbollah to continue to use UK recognition as a means to legitimise its actions. Further, the danger is that British policy could undermine Arab moderates in the region who strive for peace through non-violent means.

Hezbollah's actions adversely impact on the internal politics of Lebanon. The organisation is intimidating the electorate and marginalising the Government's sovereignty while flouting UN Security Council resolutions 1701 and 1559, which call on Hezbollah to disarm.

Hezbollah also affects the stability of the wider region and the middle east peace process. As admitted by Hezbollah itself, and spelt out in the UN Secretary-General's report, Hezbollah provides support to Palestinian militant groups to strengthen their capacity to launch attacks against Israel. Such actions undermine the Palestinian moderates, led by President Mahmoud Abbas, who are committed to a two-state solution.

The international community should focus all its efforts on empowering and strengthening the moderates in the middle east—specifically in Palestine, Lebanon and Egypt—who are committed to peace in the region. It should not engage with those organisations that have entrenched, non-negotiable positions and which seek political change through violence. I therefore urge my Government to do all they can to engage with the new US and Israeli Administrations and the wider Arab world in a process to build a comprehensive peace and constantly to re-evaluate their position vis-à-vis exploring contact with Hezbollah.

I look forward to the Minister's response.

1.16 pm

The Minister of State, Foreign and Commonwealth Office (Bill Rammell): I am pleased to have this opportunity to respond to my hon. Friend the Member for Denton and Reddish (Andrew Gwynne). I congratulate him on securing this debate. On these issues his passion, commitment, integrity and understanding are apparent to all who know him and came through clearly in his contribution.

Lebanon and the middle east peace process continue to be an extraordinarily high priority for this Government, as well being as a subject of great interest to hon. Members in all parties in the House, particularly in the run-up to the Lebanese parliamentary elections in June. The UK is strongly committed to stability in Lebanon and the wider region. We signalled this commitment to the President of Lebanon during his visit to the UK last month, when we emphasised that his role in providing constitutional continuity and promoting reconciliation in Lebanon sets a positive example for the whole region.

Before I come to the specific policy on Hezbollah, it is important that it be set in its proper context. Since the political vacuum of May 2008, there have been welcome improvements in Lebanon: the Doha accord, the election of President Suleiman, the formation of a national unity Government and ongoing national dialogue and reconciliation. We wanted those things to happen and it would be wrong if we did not acknowledge that that has taken place. These promising developments are supported by a greater movement towards stability in the region. Diplomatic relations between Lebanon and Syria, reconciliation between Syria and Saudi Arabia and the recent reports of movement on the Israeli-occupied Ghajar farms will help to provide a supportive atmosphere for the upcoming parliamentary elections. That is certainly our hope and our intention.

The UK is committed to fair, democratic parliamentary elections and has been supporting that process through projects costing almost £200,000. However, despite these developments there remain outstanding issues of deep concern, which my hon. Friend has mentioned: the proliferation of weapons and armed groups and failure to make concrete progress on issues, including the Israeli-occupied Sheba'a farms and the situation in Palestinian refugee camps. Hezbollah, in particular, continues to maintain a substantial independent military capacity—my hon. Friend mentioned that—and claims of more sophisticated technology and news of developments in Egypt add to the urgency of resolving these issues.

Our policy towards Hezbollah sits in the context of these improvements on one hand, and ongoing concerns on the other. But before I address that question, let me state clearly we have no illusions about Hezbollah. The aim of our policy is for that organisation to change and for it to reject violence, disarm and engage constructively, democratically and peacefully in Lebanese politics, in line with UN Security Council resolutions. In order to achieve this, our policy therefore has two strands. First, and most importantly, we take a strong position against any support for terrorism. In July 2008, we extended our proscription of Hezbollah from the external security organisation to its entire military wing. That was absolutely the right thing to do. It is fair to say that that puts us at the tough end of the spectrum within the European Union.

We continue to urge disarmament and to highlight the destabilising effect of an independent militia in the region. Most recently, we highlighted our strong concern at the UN consultations on UN Security Council resolution 1559 when we argued that it was essential to tackle the proliferation of weapons and armed groups, with particular reference to Hezbollah, to ensure long-term stability in the region. We also discussed the issue with the President of Lebanon during his recent visit to this country.

My hon. Friend asked about funding for Hezbollah and allegations that funding comes through London. I am sure that he and other hon. Members understand that because of the sensitive nature of the question, I am not in a position to confirm or deny funding of Hezbollah in the UK, but I can assure my hon. Friend that the UK is at the forefront of global action to combat the financing of terrorism. Terrorist financing is fully criminalised under the Terrorism Act 2000, and following a recent evaluation by the Financial Action Task Force, the international body which sets the standards for tackling money laundering and terrorist finance, the UK gained more "fully compliant" ratings of its work

in this area than any other country assessed to date. That emphasises our real commitment to that crucial issue.

Secondly, alongside that tough stance, we are exploring the possibility of limited and considered contacts with Hezbollah's politicians, and my hon. Friend referred to that. That means contacts only—I emphasise "only"—with those members of Hezbollah who are legitimately involved in Lebanese politics, and not with those who are involved in violence and terrorism. We are open to serious discussion with Hezbollah's MPs on the same basis as MPs from other factions in Lebanon. Hezbollah's MPs have condemned violence and assassinations, and called for calm and restraint in the run-up to the Lebanese parliamentary elections. On 25 February 2009, the weekly meeting of Hezbollah's MPs concluded that the

"circulation of a calm climate...and the contribution in controlling and easing of tensions, is a responsibility to be shared by all officials, forces and reference authorities in all regions and by all confessions and sides".

We strongly welcome that, and have been pressing for such statements, but it must now be carried through into reality. Such contacts provide the opportunity to speak frankly and directly with Hezbollah politicians about the party's wider actions that threaten regional stability and the peace process. In doing so, we will gain greater insight into their objectives and can pass on clear, firm messages seeking to influence Hezbollah's actions. That is an example of our strong, principled diplomacy and engagement.

It is also important to put that change of policy into context. To date, there has been only one meeting. On 9 January, our ambassador in Beirut attended a meeting of British parliamentarians with the Lebanese Foreign Affairs Committee. Representatives of all members of the national unity Government were present, including one MP from Hezbollah's political wing, Ali Amar. During that meeting, our ambassador took the opportunity to urge all sides to show restraint during the crisis in Gaza, and referred to the importance of their respecting the terms of UN Security Council resolution 1701. No further meetings have been arranged, but any future contacts will be carefully considered and decisions will be made on a case-by-case basis.

As my hon. Friend and I have discussed privately, we are apprising ourselves of the new political situation in Lebanon and tentatively exploring step-by-step contact with Hezbollah MPs who are not involved in and reject violence. We are interested only in serious dialogue with Hezbollah about issues of national importance to Lebanon and the region. We will avoid any engagement with Hezbollah that causes publicity that might interfere with the upcoming Lebanese election. I assure my hon. Friend that, as he has urged us to do, we will continue to keep that policy under review and to take developments into account.

My hon. Friend asked specifically about the distinction between which Hezbollah representatives we will and will not speak to. Our distinction is between those who are legitimately involved in Lebanese politics and those who are involved in violence and support for terrorism. We will rightly take a pragmatic approach by speaking to known moderate political figures who, to the best of our knowledge, have no links to acts of violence.

In addition, we are trying to improve stability in Lebanon and to prevent arms smuggling more generally in the region. First, we are working with our regional partners, and calling on the Governments of both Syria and Iran to cease their support for Hezbollah. During my recent visit to Syria—my hon. Friend asked me about it—I discussed the matter with Syrian Foreign Minister Muallem, and my right hon. Friend the Foreign Secretary raised it with President Assad during his visit to Syria in November 2008. We have serious concerns about Iranian support for Hezbollah. Such support is unacceptable, in contravention of the arms embargo established by UN Security Council resolution 1701, and serves only to undermine regional security. We are strongly communicating that message to the Syrian Government, as well as the Iranian Government, although the degree to which they have influence is still open to question.

Secondly, we have provided some £800,000 over two years to the internationally supported northern border pilot project, which aims to secure the border between Lebanon and Syria. On Lebanon's southern border we are supporting the Lebanese Centre for Policy Studies with a grant of £100,000 over two years to increase UNIFIL's capacity to manage, mediate and resolve localised conflict with the communities of southern Lebanon. I saw some of that work during my visit to Lebanon last year, and it is contributing to the way forward. Through those policies, we aim to improve Lebanon's security, to increase its sovereignty and to work to achieve long-term durable stability in the region and beyond.

It is important to emphasise—my hon. Friend did not raise this today, but he and other hon. Members have raised it with me privately—that there is no read-across from that policy to Hamas. Our policies must reflect the specific circumstances of the Lebanese and Palestinian political contexts. We have no contact with Hamas, and we do not believe that it is productive to talk to it directly at the moment. The Arab League has mandated Egypt to communicate with Hamas. As long as Hamas fails to subscribe to a two-state solution and fundamentally to reject violence, it is difficult to see how it can be part of the solution. If and when the Palestinians form a Government of national consensus, we will look carefully at their exact composition and programme before making any decisions on engagement.

My hon. Friend asked for this debate on Hezbollah in Lebanon and the middle east peace process, and was right to highlight the regional context and the importance of the process in the middle east. The Government are fundamentally committed to pursuing a comprehensive peace based on a two-state solution. A comprehensive approach to the middle east peace process will bring stability to the wider region, and political stability throughout the world. That means developing a solution on the Israel-Syria track, addressing concerns about Iranian intentions, and ensuring stability in Lebanon. Within that, the international community has a hugely important role to play. We must redouble our efforts to make a two-state solution a reality. My right hon. Friend the Foreign Secretary made those points at the UN Security Council yesterday, and we will continue to work with our international partners towards that goal.

We are at a timely juncture in the affairs of the middle east. Some people are pessimistic, but there are hopes and opportunities. President Obama and the new US Government are more committed to pursuing peace in the middle east than any US Administration in recent

[Bill Rammell]

times. We must engage with the new Israeli Government and support the Arab peace initiative, and we need to see some response from the Israeli Government, particularly on settlements. I hope that with support from the international community, we can drive the process forward and move from a debate about a middle east peace process to a plan for implementation that can bring prosperity, peace and security for all.

I again congratulate my hon. Friend on securing this debate, and on his commitment to the issue, which is clear for all to see.

Private Rented Housing

1.29 pm

Lorely Burt (Solihull) (LD): I am grateful to Paragon Mortgages, whose head office is in my constituency, and to the Association of Residential Letting Agents for the help that they have given me in preparing for the debate.

Private lettings have not always enjoyed the best of reputations, but the days of Mr. Rigsby are, if not gone altogether, not a feature that we recognise as part of the general landscape today. Indeed, as an owner of two multi-occupancy properties in the dim-and-distant past, I know how many constraints and rules apply to the modern landlord. The private rented sector plays a very important social and economic role in the UK, helping to meet housing demand throughout the country. It provides housing for 3.2 million households, representing 12 per cent. of housing tenures, according to figures from the Department for Communities and Local Government. It meets the needs of both those wanting long-term accommodation and those requiring more flexibility.

The Government's national housing and planning advice unit reported last year that buy-to-let has significantly increased the size of the private rented sector and helped to keep rents low. Those landlords are still comparatively small and lie at the heart of private rented sector provision. Three quarters of landlords are private individuals and couples, according to figures from ARLA. Only 10 per cent. are private companies.

Julie Rugg's review of the private rented sector for the DCLG recommended that Government policy should help good landlords of all sizes to expand their portfolios. She stressed that that should include smaller landlords as well as larger ones. I look forward to the Government response to the Rugg review, which is expected later this week.

Driven by social and demographic change, the private rented sector now plays an important role in the UK housing market. Landlords have been able to respond to local patterns of demand effectively and efficiently. They offer locally managed responses to local needs.

Institutional investment has been mooted by Government in the form of the private rented sector initiative, which offers institutions interested in the sector an opportunity to invest on a large scale and for the long term. We expect more details of that scheme to come forth as part of the Government response to the Rugg review. However, it may not be the best or at least the only way to increase supply in the sector. The economics may not stack up. Suitable returns may not be made, given the illiquid nature of housing assets and the additional costs with institutional structures. Julie Rugg notes that small-scale landlords inject a great deal of uncosted sweat equity and do not factor in the time they spend managing their properties, in contrast with larger institutional landlords with higher management costs.

Social housing has not kept pace with the UK's demographic changes. There has been a consistent decline in the provision of local authority social housing since the 1980s. The private rented sector has helped to fill that gap. Social housing accounted for 25 per cent. of stock in 1991 compared with 18 per cent. in 2007, according to DCLG figures.

The majority of the growth in the private rented sector has been funded by buy-to-let mortgages. The number of units in the private rented sector grew from 2.45 million in 2000, to 3.2 million in 2007, coinciding with a significant growth in buy-to-let lending. I want to talk about where the funding comes from for this sector. The sector was the mainstay of specialist lending, especially for landlords operating in the private rented sector.

Specialist non-bank lenders have played an important role in the growth of, and improving standards in, the private rented sector for more than a decade. The number of new loans for buy-to-let house purchase grew from 85,000 in 2002 to 183,000 in 2007, but funding constraints meant that that fell to 103,000 in 2008. Specialist lenders, excluding bank and building society subsidiaries, accounted for more than 20 per cent. of the buy-to-let mortgage market in 2007. By the final quarter of 2008, that had fallen to 0.3 per cent. Those figures are from the Council of Mortgage Lenders.

Non-bank buy-to-let specialist lenders have originated high-quality assets and experience low arrears. In addition, most non-bank buy-to-let lenders have extremely sound balance sheets. Colleagues have drawn attention to the number of recent repossessions in the rented sector, but it is important to note that the majority of those involve owner-occupied mortgages where borrowers have not informed lenders that they are renting, not buy-to-let mortgages.

Let me describe the current context. The credit crunch has resulted in increasing demand for rental property. People are more reluctant or are unable to buy and many are seeking refuge in renting. Figures from the Intermediary Mortgage Lenders Association show that 58 per cent. of first-time buyers were unable to get a mortgage through their broker in the final three months of 2008. Of those, 80 per cent. are opting to rent instead.

The private rented sector will play an increasingly important role as the recession continues. There was a 47 per cent. increase in rental demand in 2008, according to the property website Your Move. Demand from residential property investors is strong at a time when other sectors are showing little appetite for house purchases. Landlord purchasing activity has benefits for the wider housing market, as it could put a floor under falling house prices, and it creates an active market.

However, as more people turn to the private rented sector to meet their housing needs, the availability of buy-to-let lending to finance an expansion of the sector has fallen sharply. That shortage has been caused by the closure of the wholesale funding markets, thus non-bank lenders are not able to resume lending. Many non-bank lenders relied on securitisation to fund new lending; but since markets closed in 2007, no new funds have become available through that route, despite the fact that most non-bank lenders have no exposure to toxic assets.

Figures from the Council of Mortgage Lenders show that new lending for buy-to-let properties has fallen significantly. Of the top 10 buy-to-let lenders in 2007, only two are now writing new business: Lloyds TSB and Nationwide, and Lloyds TSB has signalled a change of buy-to-let strategy, reducing its focus on that sector. Non-bank lenders, which have provided vital competition and driven the market forward, are unable to operate in the market at all. Buy-to-let lending by specialist lenders fell to 0.3 per cent. in the fourth quarter of 2008. Figures released last week by Moneysupermarket show that the number of buy-to-let mortgages available has fallen in two years by 95 per cent.

What are the consequences? The absence of buy-to-let finance for investment in residential property has serious social consequences. At a time when people are looking to the private rented sector to meet their housing needs, the absence of funding has meant that the sector cannot expand to meet that demand. Landlords' appetite to borrow remains. Considerable funding for the private rented sector has come from the non-bank sector, but that sector is now severely constrained and little new finance is coming in. Specialist non-bank lenders have been excluded from the Government's lending support initiatives to date. Those lending initiatives have not resulted in any funds being passed through to specialist lenders from banks that have access to the schemes. There is no evidence that the lending commitments agreed by the nationalised and partly nationalised banks will result in the provision of necessary finance to allow the private rented sector to grow.

Existing lending by high street lenders will certainly not be sufficient to fill the gap created by the loss of non-bank capacity. Increased pressure on the private rented sector runs the risk of leading to rental inflation, putting further pressure on tenants. Indeed, the banks that are still lending in the private rented sector are increasing the minimum rent that they require landlords to charge. There is currently a complete lack of competition in that market. Moneysupermarket has referred to the market as a "ticking time bomb", with the products on offer not reflecting need in the market.

What needs to change? What can we do to ensure that the private rented sector plays a full role in the future? The Government have attempted to stimulate institutional investment, but that is not likely to be the answer. Unsuitable properties are likely to be provided, which will not reflect local demand in the way that can be achieved by more adaptable individual landlords, with the knowledge and experience that come from being embedded in the local community.

We need to find ways to encourage such landlords to increase the supply of private rented sector properties. The answer lies in mortgage funding. Private landlords using buy-to-let finance have responded to demand in the private rented sector in the past, and lenders stand ready to provide the funds needed to meet that demand, but the Government need to help specialist non-banks to access finance.

In the Budget, the Chancellor announced further details of the lending support measures initially announced at the start of the year. Among those measures is the guarantee scheme for asset-backed securities, which is aimed at reviving the UK securitisation market to make more funds available for mortgage lending.

On 19 January, the Prime Minister said that the package of measures that have been proposed

"must be accompanied by action to address all the obstacles that are discouraging and preventing the remaining UK banks from supporting the expansion of lending."

The package announced by the Chancellor last month will patently fail to achieve that. Buy-to-let is included in the scheme, but the majority of mainstream banks have withdrawn from the sector altogether.

[Lorely Burt]

Non-banks are excluded from the scheme, which is exclusively limited to banks and building societies, so specialist lenders, which have used securitisation to lend in key parts of the housing market, such as the private rented sector, are prevented from doing so again. The Government have commented on risk profiles, but the overwhelming majority of non-bank institutions have taken a prudent approach to lending.

There will be no secondary lending effect. Even mainstream banks are proving unwilling to utilise the scheme. The lack of lending in the buy-to-let sector is compounded further by the fact that high street banks are not passing on any new funding to specialist financial institutions.

The private rented sector is not getting the inflow of funds that it badly needs to allow landlords to meet demand. The answer is to include non-bank specialist lenders in the residential mortgage-backed security scheme and to amend scheme eligibility criteria accordingly. Given the protracted nature of the European Commission state aid approval process and the impacts that ordinary people are feeling across the country, it is urgent that the Government seek approval from the Commission as soon as practically possible.

Does the Minister accept that the private rented sector, driven by small landlords, must continue to play a vital role in the housing sector in the coming years? Will he raise three specific questions with his Treasury colleagues? First, why have non-banks, which have provided much of the finance that has driven the growth of the private rented sector, been excluded from the Government scheme? Secondly, will the Government seek approval from Brussels for the inclusion of non-banks in the residential mortgage-backed security guarantee scheme? Finally, will they amend the scheme's eligibility criteria?

1.43 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr. Iain Wright): I congratulate the hon. Member for Solihull (Lorely Burt) on securing this important debate. She started by mentioning "Rising Damp" and Rigsby, and I would like to talk about the relationship between Miss Jones and your good self, Mr. Jones, but I am sure that you would rule me out of order, so perhaps I should get on with my contribution.

Aspirations and expectations about home ownership and, importantly, the rights of tenants have risen dramatically in the past half century, and rightly so. Whether people rent or buy, their right to a decent home in a thriving neighbourhood and to fair treatment, regardless of their ownership or tenure status, should be the same. That right underpins the priority that the Government attach to delivering housing across all sectors.

I can answer one of the hon. Lady's questions about the private rented sector straight away. The Government's vision for the sector, and our approach in shaping policy, is that the sector should be encouraged to grow and thrive, while ensuring that it is fair to responsible tenants and good, professional landlords, regardless of the size of their properties. Our aim is to harness what the private rented sector has to offer and to address the ways in which it currently fails to meet its potential. In particular, we want to ensure that all groups have a proper choice as to where they live.

That is especially important for the most vulnerable in society. Although social housing will always have a strong role to play in providing for those most in need, we want to know that a family or individual who is looking for housing will also be offered opportunities linked to employment and training. We want to ensure that the advice they receive looks thoroughly at the options they can be offered to meet their housing needs and that, wherever appropriate, such options include housing in the private rented sector.

We also want to be clear about what the private rented sector looks like. We often talk about the sector as some homogenous block—as if it were a single beast—but it is very complex, with interrelated sub-markets. That was one of the issues that we wanted to address when we commissioned an independent review of the private rented sector by Julie Rugg and David Rhodes at the Centre for Housing Policy at York university. They produced their findings in October 2008.

The Rugg review had a wide remit to look at how the sector meets current needs and expectations and at whether and how the experiences of landlords and tenants might be improved. It identified several overarching themes, including the need to improve the sector's professionalism and increase knowledge and understanding of its various disparate sub-markets. After Julie Rugg produced her report, I went to York university to respond on behalf of the Government. I was struck by her suggestion that landlords should see their properties less as an investment and more as a business. That is a subtle, but profound description of the way in which we should approach the private rented sector.

Within the framework that it provided, the Rugg review also set out a range of what Julie termed "policy directions of travel". Those included a revised and improved regulatory framework, including a national register for all private landlords and full independently led regulation for letting and managing agents; measures to improve the professionalism of the sector and to encourage the sector to grow, including a package of fiscal proposals and a culture change in local authority engagement with landlords; and better co-ordination of initiatives to procure and sustain private sector tenancies for those in housing need.

The review's findings were thoughtful and well evidenced, and it has been really positive to see the endorsement that the report has received from all interested groups in the sector. I have since met a wide range of key stakeholders on a one-to-one basis and reflected on what they told us.

The Rugg review is proving robust in the face of the seismic economic changes that have occurred since its publication. Despite the challenges, we have not yet seen evidence that significantly undermines or invalidates its arguments. The review specifically set out a long-term vision for the sector, as well as the ambition of making the sector work more effectively for tenants, landlords and agents.

As the hon. Lady said, the housing market has been hit hard by global financial turbulence, but we have not yet seen the full implications of what that may mean for the rental sector. There is likely to be increased demand,

not only from those who cannot currently obtain a mortgage, but, potentially, from more vulnerable groups who can no longer sustain home ownership. With more people, and potentially more vulnerable people, looking for housing in the sector, it is essential to ensure that they get a fair deal—particularly those who do not have the financial ability to walk away from bad landlords.

No one could argue that current conditions are absolutely perfect. Unfortunately, the worst housing is still found in the private rented sector, and that has a disproportionate effect on low-income and vulnerable families. As the Rugg review notes, however, the rental sector is in reasonably good shape overall, and there are many strengths to build on. More than three quarters of people who rent privately are satisfied, and levels of dissatisfaction are actually lower than they are in social housing. Our recent reforms, from the Housing Act 2004 onwards, such as the tenancy deposit protection scheme, have helped to give greater confidence to tenants and landlords alike. Although, unfortunately, unsatisfactory landlords and undesirable tenants exist, they are far from the norm.

We intend to issue in the near future the Government's response to the Rugg review for consultation and wider debate, and, without pre-empting that response, I think I can share with the House a few of the principles that have informed our thinking. First, as I think I said at the beginning of my remarks, we strongly believe that a strong private rented sector has an important role to play in meeting the country's future housing needs, so I am anxious that it should no longer be overlooked or marginalised in policy, or seen as somehow "second best" in the popular imagination. It is not in anyone's interest to think that someone who rents privately has failed as a citizen. That is a wrong and incomplete picture.

Secondly, we believe that creating that stronger, healthier sector depends on supporting good landlords and letting agents so that they can thrive and expand. It is essential in tackling bad landlords that we get a proportionate, measured response. Thirdly, we want to make sure that any reform does not strangle the very strengths that attract people to renting in the first place: the flexibility, choice and diversity of what is on offer. My concern is that the proposals that we put forward might lead people to say, "I will not allow my property to be rented out," and that the private rented sector would contract. Any policy considerations, as the hon. Lady will be aware, will need to take that aspect of the matter into account. The publication of the Government response will launch a three-month period of consultation, with the widest possible range of organisations and individuals, about the way forward on our package of proposals.

I am very conscious that the debate has focused in particular on the funding of the private rented sector. The sector will, of course, continue to be funded primarily by the rent paid by nearly 3 million tenants to about 1 million landlords in England alone, at a level freely agreed by both parties, as part of the tenancy contract. In some cases that rent will be funded, of course, from housing benefit, which is now local housing allowance. However, the primary contractual relationship remains that between the individual landlord and tenant. The private rented sector is not primarily dependent on the public purse and is proving relatively robust in the face of the shocks that have recently affected owner-occupation. As I have already mentioned, that is one of the strengths of the sector.

Of course—and the hon. Lady dramatically gesticulates about how she might disagree with me on that last point—private renting cannot be insulated from some of the impact of the global downturn, and we have all heard and read of instances of tenants of private landlords becoming subject to repossession proceedings. That is an important part of the remit of my Department. We must keep a careful eye on repossession statistics to make sure that we establish a range of policy responses to minimise the number of repossessions. I think that the hon. Lady alluded to the fact that currently data suggest that buy-to-let landlords are no more likely to be affected than other mortgage holders, and that just 0.1 per cent. of landlords are affected. However, because of the need to protect tenants as well as property owners in those cases, that needs to be monitored very closely, and that is what we are doing. In a few instances, tenants have faced eviction at very short notice—sometimes just a few days—through no fault of their own, when their landlord's property has been repossessed. That is unacceptable. I am very much aware of the anxiety, hardship and distress that that situation can create, and we are actively looking at what can be done to tackle it.

As I have said, we would like the private rented sector to thrive, expand and offer a housing solution for a growing number of those who are unwilling or unable to buy in the current market. The main theme of the hon. Lady's speech was the important role that buy-to-let can play in the financing of the private rented sector. Buy-to-let has accompanied an improvement in the quality of homes in the private rented sector—particularly flats. The English house condition survey shows that the proportion of "decent" homes in the sector rose to 55 per cent. in 2007. It is still low, and we still want to do something about it, but that rate of improvement exceeds the rate in the owner-occupied sector. Mortgage lending to fund buy-to-let has, as the hon. Lady said, fallen dramatically in the changed market of recent months but, as rental yields gently rise, in response to the supply-and-demand dynamics, the sector will, I think, prove attractive to professional investors and landlords.

Lorely Burt: I agree with everything that the Minister has said so far. The problem is that there is huge demand for buy-to-let mortgages, huge demand from tenants, and huge demand from people who want to make the business of buy-to-let their business, but there is no money. The funding has virtually dried up. I hope that in the closing minutes of the debate the Minister will deal with that problem and some of the suggestions that we have made for freeing up a little funding so that the sector can carry out its important function.

Mr. Wright: The hon. Lady was right on cue there with what I want to suggest. She will be aware of the creation in December 2008 of the Homes and Communities Agency, a powerful national agency working locally with different providers in a flexible way to try to address the needs—the housing and regeneration—of communities. I have said that a key role in housing provision belongs to the private rented sector, so the Homes and Communities Agency has a legitimate interest in it. On that basis, and in that context, I hope that the hon. Lady will join me in welcoming the agency's launch on 1 May of its private rented sector initiative.

[Mr. Iain Wright]

That will also form a key part of the package of proposals in our forthcoming response to the Rugg review. I shall make sure that the hon. Lady is aware of that when we publish our response.

The "expressions of interest" process that the HCA has launched could address the points identified by the hon. Lady. Potentially, it will attract significant investment into the housing market by encouraging institutions to fund new homes specifically for private rent. That is important, because, as I have mentioned several times, I want the private rented sector to grow, expand and thrive. I do not necessarily mean that it should increase as a proportion of the existing housing stock. The hon. Lady knows as well as I do that we need more homes. I want to know how to encourage build-to-let and what the mechanisms are by which we can do that, and thus increase the number of homes rented out in the private sector.

The objective of the private rented sector initiative is to create an opportunity for investors such as pension funds to enter the private rented sector on a large scale. That has not happened in this country before, but it is a great opportunity. The reason why I think so is that this point in the economic cycle, where there is strong investor appetite for low-risk investment with a focus on income distribution and a longer-term investment horizon, is the right time to expand the private rented sector and consider its possibilities. The HCA seeks to work with financial institutions and other investors to develop a long-term funding model for new private rental housing in England. It anticipates that the potential investment could come from sources such as pension funds or overseas investors, which have not traditionally been involved in UK residential letting.

The private rented sector initiative could have the potential to help kick-start stalled development schemes and lead to a significant increase in high-quality new homes for rent. The hon. Lady will be aware of the £400 million announced by the Chancellor in the Budget to help kick-start stalled developments and make sure we have the housing delivery that the country needs. The private rented sector could play a part in that.

Lorely Burt: Is the Minister saying that the new initiative will provide funding for buy-to-let for those individuals whom I have referred to, who are already the backbone of the buy-to-let industry in this country, and who are being starved of funds? Alternatively, is he referring to a hands-off management company funded by pension funds and other investors in large-scale long-term developments?

Mr. Wright: As to the prospect of the HCA providing mortgages for buy-to-let investors, it is early days, but I should have to say that that is not probable. One thing that we are trying to do is encourage, as much as possible, large-scale institutional investment. However, smaller landlords have a role to play as well. As I mentioned, it is important in the funding model that we should take into account the scale, and the variety of scale, in the private rented sector.

I welcome the debate, which is an important one. At a time of major change the private rented sector has the opportunity to grow in importance as part of our overall housing supply and housing offer, and to increase in professionalism, scale and quality. I look forward to working with the hon. Lady and others to make sure that we can realise that vision.

2 pm

Sitting adjourned without Question put (Standing Order No. 10(11)).

Westminster Hall

Wednesday 13 May 2009

[MR. EDWARD O'HARA *in the Chair*]

Sports Betting

Motion made, and Question proposed, That the sitting be now adjourned.—*(Mr. Ian Austin.)*

9.30 am

Dr. Ian Gibson (Norwich, North) (Lab): I welcome all right hon. and hon. Members to this debate, and I thank them for entering into the spirit of things. We touched upon some of the problems of sports betting a few months ago, but we have the opportunity today to consider the matter in some depth and to hear contributions from across the House. I see that some of the sharpest brains in the House are here—I say that in the nicest sense. I am prepared to take bets, from general elections down, but we can talk about that later.

Sports betting is not a new phenomenon. It has been delimited for many years. Golf rules came in during the 17th century, because of alleged match fixing. Cricket came in during the 18th and 19th centuries, and again there was a bit of corruption here and there. I have a list of the various sports about which allegations have been made, some of which were proven and others not. They include football, baseball, boxing, basketball, American football, horse racing of course, snooker and so on. Betting goes on right across sport. It is a real concern. No one thinks for a minute that this is prevalent, but we must ensure that moves are made to prevent the odd event resulting in the police becoming involved, or the sporting organisations having to discipline the sports.

The Gambling Commission was set up under the Gambling Act 2005. It aims to monitor betting patterns and possible corruption; and the Financial Services Authority has considered spread betting. Indeed, the commission has identified some 47 cases since its inception. Last year, I watched the Norwich-Derby game after a tip-off, but it proved hard to gain any evidence. The Football Association and others looked into the game, but they found some difficulty in accessing all the information. However, it was clear that large bets had been placed on the Asian market at half time. Serious things are going on, and we ought to be able to trace them and prevent them from happening again. We all love sport, and we want to ensure that it continues.

I am flattered that so many people have been in touch to help me with this debate. They include bookmakers' organisations—the Association of British Bookmakers and the Remote Gambling Association, which are taking the matter seriously—the Gambling Commission itself; various individuals; and the Central Council of Physical Recreation and the Football Association. All of them have the deliberate aim of preventing such odd events—even one is too much—in sports that are loved across the nation and across the world.

After our last debate, there was a move to consider the Accrington Stanley and Bury game. We cannot say much about it, as the case is sub judice. The FA is considering the matter, but five players allegedly put money on their team losing. That, of course, sours the whole process, not only for the fans but for everyone who loves sport.

Mr. Don Foster (Bath) (LD): I congratulate the hon. Gentleman on securing this important debate. He has spoken of widespread concerns and given numerous examples, but does he share my concern about the briefing that we received from the Gambling Commission? It states:

> "While there is limited evidence to support it, the Commission recognises the widespread concern about the risks to betting integrity".

Does not the hon. Gentleman believe that the commission is being a little naive?

Dr. Gibson: Far be it from me to be critical, but there is enough dismay and concern for the Gambling Commission to take the matter seriously. Indeed, our debate may have precipitated the Accrington-Bury decision. I shall mention later something of what the Minister has said about corruption and the possibility of stamping out such things. The problem is being taken seriously by many. Indeed, the commission has picked up apace; it is almost in top gear, but not quite.

Bob Spink (Castle Point) (Ind): How many of the 47 notifications received by the Gambling Commission have been investigated to a conclusion? Is it that the commission does not have teeth, or is it not biting?

Dr. Gibson: I cannot be sure of the number, but I remember from the previous debate that it is small. We could investigate that, but I am not sure. It starts from a low base, of course, getting the right people into the commission to investigate matters with professionalism, with the right contacts and so on, but it is a difficult arena in which to get evidence.

The commission is not quite there yet; but in such debates, we should be asking the question, "Do we need to help organisations such the Gambling Commission, giving them more support with intelligence units and so on, so that they can do their jobs properly?" I find it difficult, and not only because of Norwich City, bless their souls. One cannot find details on the Asian market, but that is not what happened here with the Accrington-Bury situation. In that case, the commission, with the help of bookmakers and others, nailed it down to those individuals who allegedly perpetrated the actions that the FA is investigating.

David Taylor (North-West Leicestershire) (Lab/Co-op): I am grateful to my hon. Friend for giving way. He has done the House and the world of sport a service in securing today's debate. He comes to it primarily from a football-loving background. I am a cricket fan, and I remember Hansie Cronje, a one-time Leicestershire player, who was at the root of problems in the 1990s and who was banned for life in 2000. The key to the problem is the illegal betting markets, not the legal one, which is transparent. We must always remember that corruption and crime in gambling on sport is rooted in the illegal markets. We shall never root it out entirely, however, because it is a global market, and there will always be illegal black markets in betting.

Dr. Gibson: I agree with my hon. Friend to some extent, but that is no excuse for not trying to root it out completely. I am trying to stop the syndicates and others involved in illegal acts as they emerge. They may be small in number, but they cause a lot of disruption for little effort, and we have to stamp it out. If we ever lose the belief that sport has integrity, we will lose the public. We must ensure that that does not happen, but one event could be enough.

Since the previous debate, the Minister has said that betting corruption is one of the major issues that threaten sport today. I welcome that statement. He said that he wants to ensure that everything is done to stamp it out. He wants to ensure that

"no stone is left unturned in the fight against corruption in sport."

He has gone on—bravely so—to create a taskforce on betting corruption in sport. We will hear later who its members might be, and how it might work.

The Gambling Commission published a policy paper on betting integrity in March 2009, in which it went into detail on subjects that include information sharing, specific bets, terms and conditions, investigation and prosecution. I hope that the House will consider that paper. Betfair, the online gambling company, has launched a legal action against the Dutch Government, who have urged Dutch banks to block transactions to online gambling companies. Legal activity is developing on that subject.

The Gambling Commission's policy called for better information sharing between sports governing bodies and the industry, to scrutinise and investigate betting patterns. That is a firm policy aim. However, the commission believes that that should become a non-legislative agreement. There may be some argument about whether that sort of path is tough enough, but further data sharing is to be welcomed. Sports governing bodies do not know the extent of bets on their sports, and they therefore do not know how to assess whether their sport is at a higher or lower risk from match fixing. We welcome such contact.

The commission is engaging with sport governing bodies on their rules about who may bet and what sanctions can be used against players involved in betting corruption. The Professional Players Federation has criticised sports governing bodies for not educating players well enough on the consequences of foul actions that could completely spoil the sport. That needs to be well thought through, and we must use plain language—the Alex Ferguson sort—on the consequences if one is caught acting in that way.

The commission can restrict betting types, but, in general, it does not want to tighten the rules. A huge diversity of bets is now available to the market; that is of concern. According to a Salford university academic paper entitled, "Risk to the Integrity of Sport from Betting Corruption", novelty bets are creating the biggest problem or, at least, run the highest risk. For example, bets can be placed on how many cricket players will come on to the pitch at 11.30 am wearing hats or black spectacles. We might consider that trivial, but if it is fun and people want to do it, I guess that it should be allowed. However, we must handle the situation, because it is open to deviant behaviour in terms of where the bets go, who puts them on and so on.

The commission is considering employment terms when bets are made. An agreement should be reached, when a bet is placed, that there is no conflict of interest with the individual. For example, if they are a professional player or coach, they should not be allowed to bet on their team. Through section 42 of the 2005 Act, the commission can investigate suspicious betting patterns, although it is ultimately up to the police to investigate and bring prosecutions. According to the commission, the best way to deal with any prospect of match fixing is through sports governing bodies, but some confusion surrounds that. When should the commission initiate and close an investigation? When should governing bodies start and close theirs, and initiate disciplinary procedures? Some people feel that the Accrington-Bury thing was extended because of confusion about the different stages of the investigation. Will the Minister expand on that?

Betfair has a model for information sharing with sports governing agencies and their investigative programmes, but it does not always know the criteria for reporting suspicious bets. I learnt about the suspicious bet that started this debate from a newspaper, although I shall not name it, because it is not that friendly to us at the moment—it will get no more publicity here today. People in the media said to me, "You see, it was a Norwich match"; they know that I am—yes, I still am—fanatical about Norwich. It was difficult to get this debate moving, however: we tried to ask questions in the House, but we were not allowed to name the two teams; but then the hon. Member for North Norfolk (Norman Lamb) managed to name them in a question—and so it went on.

We need guidelines on industry standard practice to inform sports governing bodies on how decisions are made to follow up suspicious betting behaviour. The commission's intelligence unit, which I have met, is severely limited. It is not big enough. It needs to be sharper and to be able to investigate all sports and markets, to interact with different sports and to have greater jurisdiction, so that it can investigate these betting patterns and bring successful charges. An organisation can always be judged by the number of charges that it brings. I have already asked a question about that. Too few cases are being carried through to the end. There are some, but others are dropped, including the one on the Norwich-Derby game, because the evidence cannot be obtained.

The Salford university study identified the billions of pounds entering the betting industry—it went from £7 billion, in 2001, to £38 billion, in 2008—which, it says, increases

"the potential for corruption in the absence of appropriate action by sports governing bodies, regulators and government to address the new threats".

There is an appetite for moving forward. The Asian market presents us with real problems. I am told that the premier league is the best football league in the world—I am not sure whether that is accurate, but we would probably all agree with it. It attracts more than $500 million in bets each weekend in the Asian betting market. That is big bucks and presents considerable opportunities for people to be tempted down funny pathways.

I mentioned that people can place bets on spectacles and hats worn on a pitch. A tennis player could win a first set, but throw the second and third and get beaten.

It is quite possible for a second seed to look good and be playing well, but be beaten by the 487th ranked player. Of course, that could happen legitimately—it is what sport is all about—but, at the end of the day, if a match goes a certain way, a suspicious betting pattern might indicate that the match was thrown, that somebody did not play hard enough or that something was set up. We need to keep tabs on these betting markets across the world and on the size of the sums being bet.

I am pleased that some European countries are starting to take an interest. Often, in debates on Europe—on copyright, for example—people will dismiss an argument saying, "We can't get all the other European countries to engage in this." The taskforce gives us an opportunity to do that on this occasion. UEFA—on the football side—the Jockey Club and other groups could sit on the taskforce and play a part. It could be a wide taskforce with sub-committees and so on. However, as long as it is independent and sets its own terms and conditions, it will be acceptable to the public.

We need to fund education programmes. The all-party football group has produced a sterling report on what needs to be done in British football. For example, as the Minister has said, the four top clubs have all the money and resources. How can we devolve some of that down to the minor leagues and other groups? Delia Smith said that the demise of Norwich into a lower league was all about money. We have not got enough to buy the players. At all stages—including from youth—skills gravitate up to the highest level. The hon. Member for Cambridge (David Howarth) and I visited Cambridge United and saw its youth policy. It has some smart young people dedicated to playing football, but no money comes down to them, because they are not in the full league. Compared with other clubs, Cambridge United needs about £200,000 a year to help its youth academy.

David Howarth (Cambridge) (LD): I thank the hon. Gentleman for raising the point that there must be some way of getting this vast amount of money flowing through sport into the lower leagues. However, youth development faces other problems. Youth development schemes, including the one at Cambridge United, are judged not on how successful they are, but on whether the club is in the Football League. At the same time, the Football League Trust is not spending its full budget. Football itself can do something to improve the situation.

Dr. Gibson: I concur with the hon. Gentleman. Some players at that level end up in the championship or the premiership. I saw a match in the former when at least three or four players came from that level. Some also come in from Sunday league football and go on to become stars. We must encourage that in this country. The all-party group has suggested that the number of foreign players might need to be limited.

We need to get the money down to the minor leagues, to encourage those young people with skills, but, at the same time, they must be educated. Youth academies help them with their schooling, so that if anything goes wrong, such as a bad injury, they can move on and develop other skills that they have learned—a talent for law or business, for example. The opportunity is there to combine with the betting industry and say, "Look, here are worthwhile causes where we can support grass-roots sport." The Minister might be tempted to take over that area and develop it very quickly to the benefit of sport in this country. The education and thrill that young people get from sport can be imparted into schools. Youth academy players go out into schools and bring the better players back into the academy. It could be so exciting.

Our fetish for the four big clubs will not do football any good. By widening perceptions, we might also address the essential problem about intellectual property. I am involved with writing and films and so on. Intellectual property is a big concept now. There are lawyers who work in that field alone. The rights are important not only to science, medicine, new discoveries and books, but to the skills in the sporting world as well. We have to protect such skills. Betting industries, associations and sports governing bodies should combine to form a taskforce to ensure that the whole sport gets the whack that it needs to develop and remain safe for the future.

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr. Gerry Sutcliffe): I am slightly concerned about linking sports rights to integrity issues. My hon. Friend is right to say that we need to look at sports rights, but we should separate them from the integrity issues. The danger is that, by focusing on the sports right issues to get funding into the sport, we will detract from the serious issues on integrity. I caution my hon. Friend against linking the two issues.

Dr. Gibson: There is an argument there, but it is the job of the taskforce to say how each organisation should play its part. The taskforce may want to separate issues or keep them intact. I am not putting down a formula; I am suggesting that we need to get the right people around a table to talk about the ideas. I will bring my speech to an end, because I think that I have put across my message. We need some kind of intelligence to be carried out by an organisation that is seen to be independent and active. It should look for ways to resolve issues and give the impression that, if there are any suspicions, it is really trying to find out what has gone wrong. We have not got there, so I encourage the Minister to think seriously about the matter. As we all know, if we let things drag on for too long, the situation will only get worse.

9.51 am

Philip Davies (Shipley) (Con): I congratulate the hon. Member for Norwich, North (Dr. Gibson) on securing this debate. He has raised the issue of integrity in sport on a number of occasions in the House, and I understand his concerns, particularly in relation to gambling. None the less, it would be fair to put the whole issue in context. The hon. Gentleman has raised his concerns about the Norwich game on several occasions because such occurrences are so rare; if this was an everyday occurrence, people would not raise these issues when they happened. The fact that it has been so noteworthy is a tribute to the fact that they are so rare.

William Hill told me that in the last year, out of the 20,000 football matches for which it provided odds, only four were deemed suspicious. In horse racing, not one of the 10,000 races was regarded as suspicious. Therefore, we must look at this issue in context. We should bear it in mind, too, that the people who suffer the most from such instances are the bookmakers

[Philip Davies]

themselves. When it comes to betting and match fixing, the people who are the victims of any kind of corruption are the bookmakers. At the end of the day, they are the ones who will pay the price.

I reject wholeheartedly the idea of imposing a sports levy on bookmakers to deal with the problem. I want to show how such an idea makes no sense whatsoever. Given that it is the bookmakers who suffer when there is corruption, it seems perverse to suggest that they should be the ones who pay. It would be a new concept to make the victim of crime pay. Surely, the person who pays when a crime takes place is the perpetrator. The sporting bodies themselves must take the lead responsibility. If a match is to be fixed in any particular way, the only people who can do it are the players in that match or, perhaps at a push, the officials. The people who are solely responsible for match fixing are those taking part in the game. Surely, the sporting bodies themselves should be responsible for stamping out such a practice because it is the players of those sports who are committing the crime in the first place. The issue comes down to one of risk and reward. The hon. Gentleman mentioned the number of bets on premier league football, and I will return to that matter later.

I submit that the chances of corruption and match fixing in premier league football are probably considerably lower than they might be in other divisions of football because the people who play are paid so much. Why on earth would they risk losing their £100,000 a week wages for a relatively small bribe to fix a match? The chances of that happening higher up are much lower. The sporting bodies must ensure that the risk of being caught doing such a thing outweighs any possible reward. That must be the easiest way of preventing the crime in the first place.

It is also fair to say that bookmakers and the betting exchanges do more than anyone to help stamp out corruption in sport. They liaise closely with the Gambling Commission and the sporting bodies. It is the bookmakers who flag up suspicious betting patterns, which means that they are doing their fair share. Organisations such as Betfair spend an awful lot of money on integrity departments, which monitor transactions and where things may be going wrong. They are doing more than anybody in that regard. I have asked to visit Betfair's integrity department, and I suggest that other hon. Members do the same to see how much time the organisation spends on the issue.

David Taylor: The hon. Gentleman makes a very fair point about the incomes earned in premiership football, which would be at risk if there was corruption. The famous Swan-Kay-Lane case in 1965 possibly took place before he was born. At that time, the level of wages was very low indeed. While premiership football is highly paid and resistant to that type of approach, most other levels of football—both here and elsewhere—have significantly lower pay levels, which makes them more open to the opportunities, threats and temptations.

Philip Davies: I agree with the logic of the hon. Gentleman's position; however, I refer him back to my opening remarks. Even given those temptations and the fact that such players may be relatively lowly paid compared with their premier league counterparts, we should bear it in mind that such instances are still extremely rare. Just because somebody might receive a sizable reward for doing it does not mean that they will. Most people who take part in sport do so because they are genuinely sporting people and want to do their best for their team, and we should always remember that.

Let me turn to the sports levy and why its imposition would be completely wrong. The Government have spent many years—and continue to spend an awful lot of time—trying to get out of a levy on horse racing. It would be entirely bizarre for a Government who want to do that to try to get into a levy on every other sport under the sun. I hope the Minister will make it clear that he totally rejects the idea of a sports levy.

The other issue, which relates to the points made by the hon. Members for North-West Leicestershire (David Taylor) and for Norwich, North, is that a sports levy would make the richer sports even richer. A huge amount of sports betting takes place on premier league football—it is probably the biggest single area of sports betting. Therefore, given that we all agree that the chances of corruption in premier league football are very slim, it seems inevitable that if we imposed a sports levy, the premier league would say, "Hold on a minute: a huge amount of the money being bet on sport is bet on the premier league, so we want that money. It is premier league money, not football money." We would end up with the perverse situation whereby poor betting shop punters in our constituencies would be putting their hands in their pockets to bump up the wages of the likes of John Terry, who is on £125,000 a week. What on earth would be fair about that? It would be a prime example of throwing apples into full orchards.

Mr. Tobias Ellwood (Bournemouth, East) (Con): My hon. Friend is making an interesting case. Does he agree that the amount of money already kicking around within football does not seem to have trickled down to clubs such as AFC Bournemouth, who, thankfully, have just managed to avoid relegation from division two? Those clubs work towards the possibility of getting just one game in the FA cup against a premier league team, simply so they can get the gate receipts that mean they can manage financially for another year.

Philip Davies: My hon. Friend is entirely right. I submit that a sports levy would do nothing to address that problem; it would make it worse.

It is also important that much of the corruption in sport is to do with illegal betting markets in any case, and I am grateful to the hon. Member for Norwich, North for pointing that out. Therefore, charging a levy to the licensed market, which is doing its bit to stamp out corruption, is not only perverse but pointless, because it would not stop the corruption in illegal markets. For example, the Hansie Cronje case—he was captain of South Africa—mainly involved Indian bookmakers, and the Charlton versus Liverpool match case in 1999 involved Malaysian syndicates. Charging a levy on British-based bookmakers would make absolutely no difference to such alleged cases of corruption.

It is the sports bodies' responsibility to clear up their sports. In fact, it has been suggested to me by a number of bookmakers and exchanges that asking bookmakers to pay for integrity services would be akin to asking Boots the chemist to pay for drugs testing for sportsmen, which would clearly be a complete nonsense. It would

also be unfair to suggest that bookmakers make no contribution to sport: they actually make a massive contribution. We should not underestimate the extent to which bookmakers promote sports by offering odds on them—I would have no interest in some sports if I had not placed a bet on them. Additionally, bookmakers are among the largest sponsors of some sports, including many of those that have so-called corrupt matches. For example, snooker has come under a lot of scrutiny in recent years—when I was a bookmaker, our family business was affected by a dodgy match involving a chap called Silvino Francisco—and yet Betfred was one of the biggest sponsors of the recent world snooker championships. Bookmakers are putting their hands in their pockets and providing money to sports.

We would be in dangerous territory if we claimed that British bookmakers and the British betting industry in some way encourage corruption in sport. We are trying, as the Minister is, to help the betting industry to access some of the European and American markets. What are the chances of our businesses accessing those markets if we send the message that our betting industry is involved in encouraging corruption in sport? It would kill their chances before they had even started.

What lies behind the idea of a sports levy is that sporting bodies see it as a way of getting some extra money from the gambling industry. In effect, they want a share of the profits that bookmakers make from betting on those sports, which I reject entirely: it would be like bookmakers demanding money from tipsters because they make money from the odds being laid on racing and other sports, which would be a complete nonsense.

On the Minister's proposed expert panel, I support his case that the Gambling Commission is not particularly well equipped to deal with such matters. My submission to him is that the commission's biggest fault is that it knows nothing about gambling. Setting up an expert panel that bypasses the commission would certainly be welcome. The commission should be avoided wherever possible in anything to do with gambling, because it does not have the industry's capability and understanding.

I shall draw my remarks to a close because others wish to speak. I hope the Minister makes it clear when he speaks that he totally rejects the idea of a sports levy.

10.5 am

Jeff Ennis (Barnsley, East and Mexborough) (Lab): I congratulate my hon. Friend the Member for Norwich, North (Dr. Gibson) on introducing this timely and important debate. I also commiserate with him as a Norwich City fan. A week last Sunday, he will have been sitting on the edge of his settee. Barnsley were the other team in the frame, and when they went 1-0 down to Plymouth, I thought it was curtains for us. However, we have a certain fighting spirit, like this Labour Government, and we pulled the iron out of the fire at the end to win 2-1. That could be an analogy for next year's general election.

I am speaking primarily in my capacity as joint chairman of the all-party racing and bloodstock industries group. There is no doubt that betting on all sports has grown exponentially with the development of the internet, which has been accompanied by increased risk to the integrity of sport. Betting is a serious issue for all sports and for Governments worldwide.

The British Horseracing Authority has led the way in tackling the threat of corruption and has assisted many sports to deal with the challenges. It stands willing to help any sports that approach it and lends its expertise whenever it is called upon. As the hon. Member for Shipley (Philip Davies) said, in the past 12 months, there have been no corruption incidents to do with horse racing in this country, which is a feather in the industry's cap.

Dame Elizabeth Neville, a former chief constable and a director of the Serious Fraud Office, led an independent review of British horse racing integrity operations in 2008 and concluded that the BHA was a model for the effective investigation of corruption in sport. Four key principles underpin the BHA's integrity operations: clear rules and regulations for all participants, accompanied by robust disciplinary processes and penalties; a partnership approach with the Gambling Commission and betting organisations, which includes information sharing; a high level of intelligence and investigative capability; and, finally, education across the sport, which is absolutely vital—my hon. Friend the Member for Norwich, North referred to that.

Since 2002, the BHA has invested significantly in infrastructure and modern processes, including employing a new director of integrity services and licensing, and two full-time betting investigators, who enable seven-days-a-week monitoring of betting markets on course and fully informed analysis of betting. It has agreed a memorandum of understanding with betting organisations that allows the sharing of information and intelligence, and it has established a fully resourced and funded intelligence unit.

The use of information and its conversion into evidence is crucial, and the system used to grade the information and its source is the same as that used by all UK police forces—many people involved in ensuring integrity in the racing industry are former police officers, as the Minister will know. Finally, the BHA has invested in sophisticated IT systems and a team of seven full-time investigators.

One outstanding issue that remains to be resolved as far as the BHA is concerned is overseas betting operators. The Government recently announced a review of such operators. A growing number of companies locate their online operations outside British regulatory and taxation regimes, yet they can advertise freely to British punters. That means that they do not have to comply with the regulatory arrangements applied by the Gambling Commission or pay the horse racing levy that funds the integrity arrangements that I outlined. The BHA believes that the loophole needs to be closed urgently. Will the Minister say something about that?

Another issue that has yet to be resolved satisfactorily is list positions in the on-course betting ring and the continuing dispute between the Federation of Racecourse Bookmakers and the Racecourse Association. Before the Gambling Act 2005 came into force, many on-course bookies paid high prices for their pitches in the belief that that investment would buy them their list position in perpetuity.

I am sure that all Members who like to go to the race course—as I did on Saturday at Thirsk with one or two hon. Members, in particular those who sit on the Opposition Benches—would agree that the bookmakers' ring adds

[Jeff Ennis]

to the atmosphere at a race course. It makes the difference between racing in Ireland and Britain, and racing on the continent in countries such as France.

A certain amount of progress looks to have been made. I do not know whether the Minister saw the article in this morning's *Racing Post* written by a good Doncaster Rovers fan, Howard Wright. It reads, "Shake-up in store for on-course bookies at Northern racecourses—Proposal for scheme to guarantee positions for 35 years". The article puts the current position in a nutshell:

"Northern Racing is proposing a groundbreaking deal for on-course bookmakers operating at the group's nine racecourses, which will guarantee positions in the 'pick' list for 35 years.

Bookmakers will continue to pay five times the cost of admission to the particular enclosure in which they are betting until August 31, 2012, after which the daily fee will go up by 25 per cent. for the next five years.

After 2017, there will be five-yearly reviews and the cost will rise according to the retail prices index since the date of the last revision.

A daily administration fee of £20 will continue to be paid, subject to review, according to the contract proposal that is being sent to bookmakers today and will appear on Northern's website.

Auctions and private sales of list positions in existing rings will take place quarterly, with 10 per cent. of the sale price going to the individual racecourse as commission…There will be no arbitration system to settle disputes, which 'will be subject to the jurisdiction of the English courts'.

The scheme is backdated to 2007 and, if agreed, could act as a blueprint to solve the dispute over pitch tenure that has raged between the Federation of Racecourse Bookmakers and the Racecourse Association since before the Gambling Act came into force in September 2007.

The row has also frustrated attempts by the sports Minister, Gerry Sutcliffe, to modernise the operation of the betting ring. The FRB has stood firm behind the principle of bookmakers holding their list positions in perpetuity, which the RCA denies."

On the face of it, that looks to some extent like going down the right road. However, the FRB would like me to make a number of points about the issue, because it is not quite as clear and straightforward as Howard makes out in his article.

The FRB is concerned about the working party set up by the Minister. He was quoted in the *Racing Post* on 18 March as saying that he would

"give it one last crack"

by re-convening the working party and would consider using secondary legislation if agreement was not reached. I understand that that meeting has not yet taken place. Will he comment on that and tell us whether there will be one?

The next point concerns the UK-wide solution for tenure. The tenure of list positions must be agreed UK-wide, as it was before the passing of the 2005 Act. Although commercial access fees may vary, it would not be fair for some bookies to keep their assets for longer than others. If a negotiated agreement cannot be reached UK-wide, surely legislation is the only option.

The article mentioned the fact, which the FRB opposes, that there will be no dispute resolution mechanism. The FRB feels that agreement on tenure means nothing if access charges are not fair and reasonable, and a dispute resolution mechanism is essential to ensuring fairness for both sides if agreement is not reached. The FRB strongly advocates such a mechanism, but the RCA has strongly resisted it until now. In my opinion, a dispute resolution mechanism for forward negotiations must be seriously considered.

There are few industries in which this country can truly be described as the world leader, but betting and gambling is one of them. That is primarily due to the high levels of integrity encouraged in all UK sports. I believe that the leading best practice model is the one employed by the BHA. I hope that all major sports in this country will seriously consider adopting similarly high levels of integrity to those that operate in the British racing industry.

10.15 am

Mr. Jim Devine (Livingston) (Lab): I commend my hon. Friend the Member for Norwich, North (Dr. Gibson) on securing the debate and I hope that he did not bet at the start of the season on Norwich to win promotion to the premier league. Sadly, it looks as if my bet on Celtic to win the Scottish premier league will not come to fruition either.

Obviously, the main subject of the debate is integrity. As my hon. Friend the Member for Barnsley, East and Mexborough (Jeff Ennis) did, I wish to mention briefly the integrity not of certain layers or of the sports themselves, but of the Racecourse Association and those who have followed its line. Having been present in the House during Culture, Media and Sport questions on 19 January and, like my hon. Friend, having read the *Racing Post* of 18 March, I am convinced that the Minister shares my concerns.

As some hon. Members will be aware, back in March 2007, the RCA unilaterally announced that race courses would cease to recognise on-course bookmakers' list positions. Despite hon. Members' repeated criticisms and calls for the RCA and race courses to alter their stance, two early-day motions and a Select Committee report, the RCA still has not withdrawn its announcement and race courses refuse to budge to a reasonable position. We have heard today about just one race course, but I agree with my hon. Friend the Member for Barnsley, East and Mexborough that we need a UK solution.

What is a reasonable position? It is not right of first refusal. Under that system, race courses will hold bookmakers to ransom to use their own list positions. If a bookmaker cannot pay what the race course demands, the race course will offer the same position to somebody else, leaving the bookmaker with nothing. Tenure must be tenure. There must be two-way negotiation on access charges, rather than diktat.

To ensure fairness to both sides, a dispute resolution system, as my hon. Friend mentioned, is essential. I hope that the Minister will deal with that issue. As has been said, a UK-wide solution on tenure is necessary. We must protect all bookmakers, not just some. As list positions are assets conferring a priority order of pitch selection, it is also critical that new betting areas are allocated according to existing lists. It would be unfair for assets bought in good faith to be devalued.

There are three main points to address: duration of tenure, a UK-wide dispute resolution system and new betting areas. The matter is fairly straightforward and should not be complicated by more incidental issues. After the working party ended, it was hoped that discussions between race courses and bookmakers would be undertaken

in good faith and without interference from the RCA. As the Minister said, that has not happened. Last October, the RCA wrote to its members, effectively advising them to delay agreement, resist the continuance of tenure rights and refuse dispute resolution.

Correspondingly, although race courses have had more than a year to make an offer to bookmakers, no concrete proposals have been made. For that reason, I urge scepticism about how the RCA and race courses portray the situation to the public, and note that its gambling group note from November states that

"we need to terminate DCMS interest in this, thus avoiding legislation".

Frankly, that is a disgraceful position. It intends to "terminate DCMS interest" by "showing progress locally". The important distinction is between the appearance and the reality; showing progress is not making progress.

I understand the Minister's frustration over this matter. I hope that his last crack at reaching a voluntary agreement by reconvening the working party produces a UK-wide solution. Should that not happen, secondary legislation will be the only option. We should put the message out that we intend to use it if there is no agreement.

Thank you, Mr. O'Hara, for your indulgence in allowing me to say those few words.

10.20 am

Mr. Don Foster (Bath) (LD): May I begin by congratulating the hon. Member for Norwich, North (Dr. Gibson) not only on securing this debate but on the interest he has long shown in this important issue? It pains me to say this and it is a rare occurrence, but I agree with almost everything the hon. Member for Shipley (Philip Davies) said. My remarks will be shorter than they might have been because he has said much of what I was going to say.

It is important to place it on the record that sports betting in the UK is big business. According to various sources, it has seen about a fourfold increase over the last few years. Whether we believe it is the responsibility of sports governing bodies or others to pay for it, integrity work in each sport is expensive and the cost is rising. No major sports governing bodies have been able to give me a precise cost because such work is often integrated with other activities. However, many millions of pounds are spent by major sports governing bodies. It is critical that they do that work. A number of cases have been mentioned in this debate. The hon. Member for Norwich, North referred to various examples and I will speak about a couple of those later.

I was delighted that a number of hon. Members used this opportunity to raise other outstanding business in relation to gambling, and in particular to horse racing. The hon. Members for Barnsley, East and Mexborough (Jeff Ennis) and for Livingston (Mr. Devine) spoke passionately. I, too, believe it is vital that we resolve the question of on-course bookmaker lists. I have attended Westminster Hall debates on that topic over the last two years. I hope the hon. Gentlemen will not mind if I do not comment further on that; they can find my views on the matter in *Hansard*. I share their view that the issue must be resolved soon, in the interests not only of on-course bookmakers but of the people who go to the races and enjoy the benefit brought by on-course bookmakers.

I will not follow other hon. Members in pressing the Minister to tell us about the sale of the Tote because we have debated that on many occasions. However, it could legitimately have been brought into this debate. I will not even ask him for the latest details in the saga of the horse race betting levy, although a comment from him would be interesting.

My point is simple. A lot of money is made from sports betting by the betting industry in this country. A lot of costs are incurred by sports governing bodies in relation to integrity. The question is whether a greater contribution to those costs should be made by betting organisations. Like the hon. Member for Shipley, I do not think the case for that has yet been made. I do not believe we should go down that route now.

The question that remains is, what more can we do if there is a continuing problem? There are a number of cases of matches being rigged for betting purposes. I welcome the Minister's establishment of the expert panel. I look forward to hearing more details from him today and in the near future about who will serve on that body and what its remit will be. That body must help to resolve a number of ongoing problems, which centre around two things. The first is how we gather information about what is going on. The second is how we provide help to sports governing bodies so that they can put in place appropriate rules and sanctions to deal with any incidents.

The hon. Member for Norwich, North raised the matter of the Norwich City versus Derby match, about which my hon. Friend the Member for North Norfolk (Norman Lamb) has asked a number of parliamentary questions. The issue concerned betting on the Asian-Chinese market. It became apparent from the debate on that issue that the Football Association finds it extremely difficult to act and to prove a case of match fixing. The FA has made it clear that it is able to act only if a whistleblower comes forward. It needs help in looking at these issues.

An interesting article in *The Independent* on 24 April said that the FA was "powerless to act" in such cases. It stated that

"an informed source told The Independent that the FA 'is highly unlikely to charge a player with match-fixing' and will not do so in this case. Match-fixing is simply too hard to prove, to specific legal satisfaction, whereas infringements of football's own betting rules are more clear-cut and more likely to end in convictions, though the matter remains within the sport's governing body."

I hope that the expert panel will consider what help can be given to deal with those difficulties.

I share the concern that the hon. Member for Shipley touched on about the role of the Gambling Commission. In an intervention, I asked the hon. Member for Norwich, North whether he had confidence in the commission's work in this area. He said that it was almost up to top gear. That is in marked contrast with the view of the hon. Member for Shipley. The commission document of March this year contained a degree of complacency. At least it is acknowledged that more work needs to be done, and I welcome the fact that the commission will focus more on this matter in future. I would welcome the Minister's comments on that.

[Mr. Don Foster]

The recent worrying incidents demonstrate why it is difficult to have confidence in the Gambling Commission in this area. Many hon. Members will have read the reports of the recent mystery shopping exercise in bookmakers' shops. The commission discovered that a 17-year-old was able to place a bet illegally in 98 of the 100 shops that were visited. However, the only resulting action that seems to have been taken is that a letter has been sent to each of those betting shops, telling them they must have procedures in place to prevent that from happening again. Similarly, we have discussed many times white-listed jurisdictions and the promise of mystery shopping as a way of checking that they are behaving correctly. However, as we have discovered in other debates, no mystery shopping took place on overseas-regulated, white-listed regulated betting sites until very recently. The Minister has told me in a letter that that has now started to happen; I would be grateful if he told me what progress we have made and what information we have received.

Philip Davies: Does the hon. Gentleman agree that it is a rather damning indictment of the Gambling Commission that the Minister is having to set up an expert panel? Surely, if it were good at its job, it should be the expert panel.

Mr. Foster: I have already said that I welcome the setting up of the panel and I hope it will help to inform the Gambling Commission, so that it can do more effective work in that direction in future. The hon. Gentleman is perhaps being slightly unfair on the commission, which has made it clear what it plans to do—I just wish it had been doing it rather sooner.

Let me say to the Minister that the issue of internet gambling is critical. There are some 6,500 internet gambling sites around the world, only 1,000 or so are regulated anywhere in the world, and very few are regulated in the UK. The Gambling Commission's briefing tells us that it is going to work hard on its licence condition 15.1, which is on the business of sharing information. It is critical that we get some assurance from the Minister that that licence condition applies to gambling sites regulated in the European economic area and within white-listed jurisdictions. Will he assure us that there will be regular checks that that is happening and that information is flowing?

I agree entirely with the hon. Member for Shipley, who praised organisations such as Betfair, which has gone out of its way to share information. The critical issue we now have to address is ensuring that all the organisations involved—whether the sports governing bodies or the betting organisations—are given help with knowing what to look for, and we must check that they are looking for it. We must also make sure that we support the sports governing bodies, not necessarily financially, but in adopting procedures to ensure that we have information flows, so that action can be taken if and when illegal gambling affects the outcome of a sporting activity.

10.32 am

Mr. Tobias Ellwood (Bournemouth, East) (Con): It is a pleasure to work under your tutelage today, Mr. O'Hara, and to participate in this important debate, which has been entertaining, educational and informative. I very much look forward to hearing what the Minister has to say in response to the many questions that have been asked about this industry, and it is worth echoing some of the comments that have been made.

We can be very proud of the sport offering that the UK provides and the general level of integrity that we have. If we glance over our shoulders at some other places around the world, we see that corruption is rife, so we can hold our heads up and be proud of where we are today. That should not mean that we are complacent, however, which is exactly why we are here today debating this subject.

I congratulate the hon. Member for Norwich, North (Dr. Gibson) on securing the debate and commiserate with him about where his football team are going, although he probably does not want to hear that again. If it is any consolation, should they have the misfortune of going down another division, I shall be delighted to meet him in the directors' box when they come to play AFC Bournemouth in the second division, but I am sure that that will not happen.

The hon. Gentleman stressed the importance of sharing knowledge and of the communications required to ensure that the governing bodies can do their work and the Gambling Commission can have an overview. It is also important that the customer is aware that we have a transparent and fair system so that people will want to place bets in the first place.

What has changed the situation from that of 15 or 20 years ago is the advent of the internet, which has provided a new dimension in which sports betting can take place. My hon. Friend the Member for Shipley (Philip Davies) stressed the importance of establishing who is responsible for match fixing and who should be penalised if any match fixing takes place. Whether it should be the responsibility of the governing body or the individuals who participate in a team or act on their own is an interesting question.

As my hon. Friend said, we should not forget the symbiotic relationship between bookmakers and sports. They need each other and we need both of them to ensure that the industry as a whole continues. We should never forget that. There are those who frown upon gambling as a whole, but in the correct, regulated environment, gambling can be seen as fun and a form of entertainment. When it slips over into being a short, fast form of investment, there should be processes in place to isolate and help those individuals who use it to try to make money, rather than as a form of fun and entertainment. That is where other responsibilities need to kick in.

The hon. Member for Barnsley, East and Mexborough (Jeff Ennis) mentioned the enjoyment of sports betting. It was a pleasure to meet him up in Thirsk on the weekend—perhaps I should confess, or make a declaration about that. I am not a betting man, but I have been introduced to this wonderful environment thanks to the portfolio for which I am now responsible, and I have to say that the event to which I was invited on the weekend, which the Minister also attended, was a wonderful evening of entertainment. I congratulate the Yorkshire race courses on that operation.

The wonderful sense of community at that event was noticeable, and people came not simply to place a bet, but to enjoy themselves. It was very much part of the

fabric of the community there, which is exactly what we should be moving towards. We do not want people to feel that they cannot place a bet because they are worried that the outcome is preconceived or that a jockey will inadvertently throw himself from his horse at the last hurdle. Such things have happened, but I am glad to say that they do not happen regularly. Long may that continue.

The hon. Member for Barnsley, East and Mexborough mentioned the on-course bookmakers dispute. That issue wanders slightly away from the title of the debate, but I hope that the Minister will not use that as an excuse not to comment on it, because it is a concern. The dispute has been rumbling on for some time and is one of the three big issues of horse racing, along with the future of the Tote—clearly, there needs to be some security regarding what will happen to it—and the levy. I make a personal request to the Minister to try to solve these issues because I really do not want to have to deal with them if I take over his portfolio after a general election. I will be very grateful if he works hard on them in the next 12 months.

The point about the on-course bookmakers dispute made by the hon. Member for Barnsley, East and Mexborough is important because the dispute is the Government's responsibility. There is a dispute purely because of a legislative cock-up in the Gambling Act 2005, which did not understand the legacy that on-course bookmakers had and their intellectual property rights, as it were. Nor did it fully understand their relationship with the race course, which is so important.

On the Gambling Commission and its relationship with the governing bodies, the objective must be to keep gambling fair and open, and to keep crime out of gambling. One question that has been asked several times, including by the hon. Member for Bath (Mr. Foster), is, can the Gambling Commission do its job? He mentioned the mystery shopping exercise, which is where the commission is supposed to zip around the internet, posing as an individual or whoever, to catch out internet companies. We do not see enough of those results coming through, and we do not see scrutiny on the level required to ensure that standards remain high.

The hon. Member for Norwich, North, who opened the debate, also raised an interesting issue about the types of bet that someone can now place. I agree with him. This is my personal view: I have concerns about whether someone should be able to bet on how many players come out to play wearing spectacles or place a bet on an outcome when the event is yet to conclude—for example, what the score will be three quarters of the way through a match. I do not have the answers, but I think that many people do in that, at the end of the day, it is up to the individual to decide whether they place a bet.

It opens up the possibility of types of corruption when someone knows that they can create, or design, a situation and then make up, or compensate, for it—for example, in relation to who scores the first goal in a match, that outcome might not affect the final result. I have concerns about interference with outcomes when that might not impact on the final result.

Philip Davies: Perhaps I can set my hon. Friend's mind at rest. If some of those novelty markets were being manipulated in the way he suggests, bookmakers would rapidly stop laying prices on them, as I believe has happened with, for example, the time of the first throw-in. Some footballers were hoofing it out straight from the kick-off and making a killing. Bookmakers soon cottoned on to that and started withdrawing those novelty bets, so if there were any great manipulation, those opportunities would soon diminish.

Mr. Ellwood: My hon. Friend makes an important point, but, again, the fact is that bookmakers constantly have to review and scrutinise the next type of imaginative event that might take place. Therefore, as a punter, someone is almost playing catch-up in deciding whether they are placing a legitimate type of bet or simply a novelty bet, which perhaps has no place in gambling at all. As he suggests, that is for the industry itself to market. The problem has not manifested itself on a large scale, but I raise the matter as a general concern.

In the next couple of minutes, I shall talk briefly about internet gambling as a whole. On white-listed companies, Antigua and Barbuda is the latest country to join the rather bizarre list of legislative areas that are allowed to operate companies in the UK. I understand from the answer to a parliamentary question that not one person from the Department for Culture, Media and Sport or the Gambling Commission visited Antigua and Barbuda to check out the standards.

Philip Davies: That was an oversight.

Mr. Ellwood: Perhaps the Minister went there on holiday, but clearly he missed out on that particular visit. I have huge concerns, particularly in relation to Allen Stanford, who was involved with cricketing. The financial situation in Antigua is not good and I am concerned about allowing companies based in Antigua to operate and advertise in the UK via the internet. On top of that, they do not come under the direct scrutiny of the Gambling Commission and are not paying any money to GamCare, the Responsibility in Gambling Trust or whatever the successor organisation is in relation to education and research on problem gambling. Such companies are completely outside the loop.

The Minister made an announcement in relation to that last week. I am sorry that he did not have time to come to the Chamber to do so, but perhaps he can compensate for that by letting us know a little more about how that study will take place. It is very serious when there are different standards across the board. I met the Alderney Gambling Control Commission last week and it expressed concerns that when it looks over its shoulder, it sees that there are different standards within the white list itself. That means that we do not have the same integrity across the board.

As I want to give the Minister a full 15 minutes to conclude, these are my final questions. Can the legislation keep up with the developments and trends in technology, and is the Department for Culture, Media and Sport competent enough to be able to keep up with those changes, because the legislation is not being updated to keep up with the changing trends caused by use of the internet?

In addition, is the Gambling Commission able to keep up with the scale of scrutiny expected of it? It has talked about its relationship with the governing body, but the Gambling Commission's report talks about a

[Mr. Ellwood]

memorandum of understanding. When I was in the City, we worked on memorandums of understanding and they were simply used to say, "Yes, we're going to be friends and have occasional meetings and coffee around a table." We need something more robust if we are to get governing bodies to take full responsibility for how their sports are acting.

The hon. Member for Bath mentioned that 50 cases have come through. Is that right?

Philip Davies: Forty-seven.

Mr. Ellwood: Almost 50 cases have come through. What are the results of those? Perhaps the Minister can clarify where those cases have taken us. Finally, I would also welcome his views on the on-course bookmakers dispute.

Mr. Don Foster: It is important to put it on the record that the vast majority of those 47 cases were drawn to the attention of the Gambling Commission by the betting industry itself. We ought to be grateful to the industry for the work it is doing in that area.

Mr. Ellwood: The hon. Gentleman prompts me to say, although I think I mentioned it earlier, that we can be proud of the work that our betting industry does here in the UK. My concern is that going overseas means losing that control and the relationship that we have. We all know the betting community well and encourage high standards, but we do not have that same relationship with companies based abroad. The Minister needs to clarify what level of suspicion triggers an investigation and allows the Gambling Commission to act.

I do not know, and it is not clear from the report, whether the Gambling Commission is familiar with every type of sport. Sports can be so different in many ways—from snooker to football to horseracing and so on. I worry whether the Gambling Commission has the necessary expertise and whether it is itself playing catch-up in understanding the diversity of the world in which it is working.

10.46 am

The Parliamentary Under-Secretary of State for Culture, Media and Sport (Mr. Gerry Sutcliffe): It is a pleasure to serve under your chairmanship, Mr. O'Hara. I congratulate my hon. Friend the Member for Norwich, North (Dr. Gibson) on securing this important debate. From the contributions that have been made, may I say that it has been a constructive debate on the issues that we face in relation to integrity? This is a timely debate, given the cases and issues that are out there.

I want to return to the point that the hon. Member for Shipley (Philip Davies) made about the context of the debate and making sure that we put on the record—as has been done by all hon. Members—the fact that British betting is the safest in the world. We are proud of the way in which gambling operators and sports' governing bodies operate in the UK. We need to put the matter in context of what is happening and what has happened, but we should certainly not be complacent about the issues that we face.

I shall go straight to the point that the hon. Gentleman made about the levy. The Government certainly do not support a sports levy—indeed, we want to see a fair return in the relationship between sports and betting. However, that should be achieved through a voluntary arrangement. Discussions are already taking place about the possibility of that being done. We certainly would not want to pursue another levy, given the issues that have arisen about levies.

May I update hon. Members about the research, education and treatment issues, in relation to which we threatened to impose a levy if we could not get voluntary contributions? I am happy to say that we are well on track to securing the required funding, but some small issues remain in relation to the offering of contracts and ensuring that we have the money for three-year contracts. I am confident that we will receive those assurances from the betting industry. Again, I pay tribute to what has been done.

Mr. Don Foster: I am grateful to the Minister for that information. I am particularly grateful to the sectors of the gambling industry that have made the contributions that have allowed the Minister to make that statement. However, will he confirm that a large number of betting organisations that are based in this country or regulated by this country in some way still make no contribution whatsoever? Notwithstanding that there will be no compulsory levy, what will the Government do to persuade those organisations to make a fair contribution, too?

Mr. Sutcliffe: I am grateful to the hon. Gentleman for that intervention; he has raised that issue with me before. Certainly, in the context of the voluntary arrangements, I am satisfied that the betting industry itself is considering the issue of people who do not contribute, with a view to ensuring that they do so. The new arrangements that have been put in place will facilitate that, and when we conclude the agreement, I will be happy to report back and give an update on progress.

The hon. Gentleman is right to say that we need to ensure that those companies and organisations that are not contributing do so. He will be aware of my announcement last week about how we view overseas people who are able to advertise here and how that issue should be looked at in the consultation that we are undertaking.

So, no to a sports levy. We sorted out the research, education and training position, and I am happy to say that we concluded negotiations on the levy with the British Horseracing Authority and the negotiating bodies of the betting industry. I am pleased with that work, which will give the industry an opportunity to have a stable position over the next period. I hope that it will take advantage of that, look at the issue of modernising the levy system, and, as I know is happening, move forward.

My hon. Friend the Member for Norwich, North has raised these issues regularly. He is a keen sportsperson who wants the integrity of sport to be maintained, which was the basis of his securing the debate. I congratulate him on doing so.

I do not accept the challenge of the hon. Member for Bournemouth, East (Mr. Ellwood) who said that the Government have not done anything. We have actually done a great deal.

Mr. Ellwood: I did not say that.

Mr. Sutcliffe: Okay, not "not done anything" but not enough. *[Interruption.]* Some hon. Members say that we could have done more, sooner. The reality is that we have done a great deal to regulate the gambling industry in recent years. The old Gaming Act 1968 was out of order and needed amending to reflect the development of internet technology in particular. That is why the Government introduced the Gambling Act 2005 and set up the Gambling Commission, whose remit included focusing on betting integrity. We all know that people still like to visit the high street bookies, but there are now numerous ways to place a bet, especially on sport.

We spoke about sporting issues, and I share the concerns that the hon. Member for Bournemouth, East raised about the number of corners in a game and so on. Such things do not materially affect the result of the game, but there are concerns. The hon. Member for Shipley is right to say that the bookies may get on to it, but we have to get the balance right. Betfair and bets in running are a concern as well, but I hope that there will be an opportunity to look at the integrity issues that may come from that.

People can bet with their TV remote. Anyone with a Sky subscription can place a bet with Sky Bet. We know that having a flutter can add to the enjoyment of watching sporting events. From the regular racing punter to the football fans betting on the result of their team's game on a Saturday, betting on sport is an accepted, everyday occurrence.

As the hon. Member for Shipley said, the likelihood of serious, widespread corruption is small, but the threat and risks to reputation are real. We want the UK to maintain its standing as an honest and well-regulated country for gambling. Therefore, it is vital that the threat of corruption, especially from overseas and online betting, is reduced. A major sports betting scandal could damage the concept of sport and conceivably affect public interest in and support for a particular event or sport.

Significant corruption, or a series of betting scandals, would also call into question the regulatory ability of some of the sports governing bodies and the effectiveness of the betting regime, which could have implications for the wider gambling industry. That is why we must do more to ensure that the threats of betting corruption do not become real.

The solution is to bring together all the relevant organisations to support the people who do the intelligence work and to work with the Gambling Commission. The commission has come in for a bit of stick today, but I believe that it is doing well. It is the main player in regulating betting that is licensed in Britain, and its approach to what we are trying to achieve is now heading in the right direction.

Mr. Don Foster: On the role of the Gambling Commission, is the Minister telling us that he is perfectly satisfied with a situation in which 98 out of 100 betting shops allowed an under-age 17-year-old to place a bet, and the only effect of that was for the bookie shops to get a letter from the Gambling Commission basically telling them to get their house in order?

Mr. Sutcliffe: I thank the hon. Gentleman for raising that point. Let me say from the start that the actions of the bookmakers were totally unacceptable. We need to find out what happened—we need to hear their responses. The letter that went out demanded action and a response within 28 days. I agree with him that just sending out a letter may have looked a bit complacent, but the reality is that action and a response were demanded within 28 days. That level of problem—98 out of 100—is totally unacceptable. I said earlier that the betting industry does all that it can, but it must do more. We cannot have vulnerable people and people under 18 put into such a difficult position.

In setting out and clarifying the regulatory position on integrity, the Gambling Commission is moving in the right direction. We need to give confidence to the public and ensure that the regulations are given a high profile. People felt that the cases in the horse-racing industry were not followed through or collapsed because of insufficient evidence or other problems, so it is important that the Gambling Commission recently published its policy position paper on betting integrity, which outlines the work that it has done and the direction that it wants to take.

As ever, time will overtake me. I am happy for hon. Members on both sides of the House to suggest people who should be on the expert panel that I want to set up. It will include eight to 10 people who will be taken from betting, sport and the police. I had a meeting with UEFA the other day, which is keen on the panel because it spends a great deal of money on integrity issues in football throughout Europe. The expert panel will give advice and support to the Gambling Commission on processes, procedures and what needs to be looked at. It is right and proper that experts in the field offer such support to the Gambling Commission.

The hon. Member for Bath (Mr. Foster) was right to raise the 47 cases. More than half of them did not involve serious issues, but the Gambling Commission was right to ensure that they were investigated. The remaining cases that are under consideration, in some cases by sports governing bodies, include a number of active cases in which the commission will be further involved. It is difficult to work out the full extent of the underlying problem, particularly as the Commission can work only with gambling operators who are licensed in the UK.

Mr. Ellwood: Time is running out, so I want to take the Minister back to the Antigua and Barbuda situation. He spoke about having the ability to look at UK issues. How can we sign up a jurisdiction without anyone going there to see whether its gambling commission stands up to scrutiny and can do the same job that ours is able to do here?

Mr. Sutcliffe: The Antiguan authorities came to see us. We checked their credentials in terms of the criteria for whitelisting. I am satisfied that they met all the criteria in respect of the like-for-like responsibilities that we asked them to undertake. We were happy to whitelist Antigua and Barbuda, although we did not do so initially. We looked for further information, which was forthcoming. I do not think that there was any need for anyone to go to Antigua and Barbuda, but I might follow the hon. Gentleman's suggestion and go myself

[Mr. Sutcliffe]

to have a look. Whitelisting is important for the reason that the hon. Member for Bath gave, and as I announced last week, we will be looking at all the issues again in that wider context.

Let me deal with on-course betting in the last two minutes of the debate. The situation was outlined by my hon. Friends the Members for Barnsley, East and Mexborough (Jeff Ennis) and for Livingston (Mr. Devine). I am frustrated by the fact that no progress has been made, although I am heartened by reports in the *Racing Post* this morning. I made it clear to the working group that there should have been discussions between the racecourse operators and the Federation of Racecourse Bookmakers. I will try to arrange such a meeting. I have given the racecourse operators another opportunity, and some have taken it up, but, if we cannot make progress, I shall reconvene the working group in the near future to have one last crack at it. If we do not get a solution that meets the requirements of all sides, I will consider legislation, because this can and should be resolved. I will not allow discussions to take place until we reach the deadline with nothing happening. That would be the wrong thing to do. I give assurances to my hon. Friends that we will deal with the matter.

This has been an important debate. We could have discussed many other issues, and they will be discussed as we take matters forward. I am grateful to my hon. Friend the Member for Norwich, North for raising the issue. We will keep under review—

Mr. Edward O'Hara (in the Chair): Order. We must turn our attention to the next debate.

Gangmasters (Construction Industry)

11 am

Jim Sheridan (Paisley and Renfrewshire, North) (Lab): I am delighted to have had this debate chosen today. It is important for those who work in the construction industry. *[Interruption.]* If the hecklers stopped heckling, perhaps we could get on with the debate.

I shall always be proud that the Government gave their support to passing and implementing my private Member's Bill targeting illegal gangmasters, which sought to flush out those who were exploiting both migrant and indigenous workers. Despite the powerful argument put forward, the Bill covered only agricultural and related industries. Along with the trade unions and the legal gangmasters, I argued at the time that, should the Bill prove effective, the unscrupulous gangmasters would move into other industries. The evidence suggests that that is exactly what has happened.

Alun Michael (Cardiff, South and Penarth) (Lab/Co-op): I pay tribute to my hon. Friend's diligence in bringing forward the original gangmasters Bill. Does he agree that although that Bill was narrowly focused on agricultural activities, it enabled the Gangmasters Licensing Authority, which it established, to prove the value of an approach that engaged all the participants?

I remember having discussions with my hon. Friend—along with Tim Bennett, then president of the National Farmers Union, and Jack Dromey, from the Transport and General Workers Union, who one might think were not natural bedfellows—to produce something that would work. That strengthens my hon. Friend's argument for going further into other industrial areas.

Jim Sheridan: I thank my right hon. Friend for his intervention and pass on my appreciation to him. He was a Minister at the time and was supportive of and helpful in guiding the Gangmasters (Licensing) Bill through the appropriate Committee to get it to its destination. I wish to put on the record my thanks for his work and for the work of the others he has already mentioned.

At the time the Bill was being discussed, we used the construction trade as an example because of its diverse, mobile nature, and this is where we find the illegal gangmasters working now. Those of us who worked in construction and related industries are well aware of the dangerous environment faced by those in the job. I will return to this later.

Mr. Michael Clapham (Barnsley, West and Penistone) (Lab): I congratulate my hon. Friend on securing this important debate. As he will be aware, the unions in construction, including the Union of Construction, Allied Trades and Technicians, have been calling for some time for an extension of the gangmasters regulations to include construction because of the size of the migrant labour population in that sector. If we could extend those regulations, would they bring greater protection to that migrant labour force while at the same time allaying the fears of the indigenous labour force and reassuring them that their wages would not be undercut? There seems to be a feeling that that is happening.

Jim Sheridan: My hon. Friend is right. Again, I put on the record my appreciation for his support for the initial legislation on gangmasters and for his work on health and safety in construction and related industries. He is well respected throughout the industry for the work that he has done on health and safety and on promoting workers' rights. We need more of that in this place, particularly at this time.

There was a major lobby last week in the House of Commons. Hundreds of construction workers came to this place to tell us about the difficulties that they face. People who are desperate for work and others who took time off work came to the mother of Parliaments to tell us exactly what the problems are. Those people were angry and frustrated that they could not get jobs because of the cowboys operating in the construction industry, who are often organised by the gangmasters. Those construction workers are looking to this Labour Government to do something to help them to try to get decent jobs and decent conditions in the construction industry, which is vital for this country.

Migrant workers who come to this country for legitimate reasons and for legitimate work are often lured into the twilight world of illegal gangmasters. I caution those who blame the workers and ask them instead to focus on the real villains, who are the illegal gangmasters. Anecdotal evidence from those who have suffered under those unscrupulous people suggests that they are experiencing the same desperate conditions as those who were exposed in the agriculture industry—none more so than the Chinese workers who perished on the shores of Morecambe bay. That was the rationale behind our introducing the Gangmasters (Licensing) Act 2004.

Despite the financial situation, most commentators agree that we can build our way out of this downturn with major construction projects, such as the house building that we are proposing, the Olympic village and related projects.

Mr. Ian McCartney (Makerfield) (Lab): I thank my hon. Friend for bringing this issue to the fore and giving a Minister the opportunity to allow it—I hope—to progress even further.

I recently met my hon. Friend the Minister for Borders and Immigration, with colleagues from the Chinese community, to give him evidence of gangmaster involvement in the Chinese community in respect of the hospitality industry and other industries. I have asked him to try to get the rest of Whitehall to come together to look, with the Department for Business, Enterprise and Regulatory Reform and his Department, at a comprehensive approach to gangmasters, not just in the construction sector, but in other parts of the economy where they are clearly operating to the detriment of the health, safety and well-being of the people employed by them.

Jim Sheridan: My right hon. Friend is right. He has a proud track record, while in ministerial office, of looking after and promoting the rights of workers. The construction industry is a major problem, but it is not the only problem. Some of those people are operating in the service and leisure sectors in this country and people are being exploited in the most terrible ways imaginable. We are talking about people in the United Kingdom—not just migrant workers, but indigenous workers.

I would welcome the opportunity to extend the 2004 Act to all sectors, but I realise that that may be somewhat over-ambitious. Perhaps we could learn from our experience and concentrate on the construction industry.

Health and safety matters are important to those in the building trade and, in the wider context, in related industries. People must have the fundamental right to return home safely after their work. Since 2007, there have been 120 fatal accidents in the construction industry. In terms of serious accidents, those are only the ones that are reported. I would struggle to guess how many unreported serious incidents or accidents there have been in the construction industry. Given the nature of that industry, people are sometimes afraid to report accidents, simply because they fear being sacked or losing their job.

Again, there is evidence that illegal gangmasters supply unskilled labour to major construction companies and their subcontractors to carry out skilled and dangerous work without taking into consideration the safety consequences for the general public, others on the site and themselves. They also undermine legitimate employers who invest in training, and pay their taxes and national insurance contributions.

Alun Michael: My hon. Friend is making a powerful point, concentrating on a single industry to ensure that it is dealt with. Does he agree that the lesson that we should learn from his private Member's legislation is to get everyone in the industry together? Does he hope, as I do, that the Minister will take the initiative to get all partners in the industry together to promote the right environment for extending the gangmasters legislation quickly?

Jim Sheridan: My right hon. Friend is knowledgeable about the industry and the legislation. He may be aware that last week I asked the Prime Minister whether he and like-minded colleagues would have a meeting on gangmasters in the construction industry. He has kindly agreed, and I look forward to that meeting so that they get a feel for the Gangmasters Licensing Authority's work and how effective it is, and accept that it must be properly resourced.

Companies that pay their taxes and train apprentices for the future are damaged financially, especially small businesses that are struggling to survive and that must compete with cowboys in the construction industry. Cowboys often advertise on mobile phones tied to lamp posts, so they are untraceable. It would be helpful if Her Majesty's Revenue and Customs tracked down those mobile phones and asked the people who operate illegally how they pay their taxes and national insurance, and how they treat their workers.

Mr. Clapham: As my hon. Friend is aware, the construction industry is peculiar in its diversity. It is made up of some 274,000 companies—that figure was given to the Select Committee on Business and Enterprise—and has many thousands of self-employed workers, many of whom have their tax deducted at source as though they were full-time employees. That makes the industry peculiar, and the Exchequer loses out.

Jim Sheridan: My hon. Friend is absolutely right. One of the powerful arguments for the 2004 Act was the benefits to the Treasury, and I will return to that. It is important to understand that the result for the Government

[Jim Sheridan]

of taking steps to protect workers' terms and conditions, and their safety in the workplace, is win-win, because registering gangmasters provides a financial return from the registration fee and ensures that taxes and national insurance are paid.

There is increasing tangible evidence that if gangmasters are required to register, they must also be tax compliant and follow the VAT registration rules. In 2007 alone, the Gangmasters Licensing Authority identified more than £2 million of extra VAT payments for the Exchequer, and that figure takes no account of additional income tax and national insurance contributions being paid as a result of the authority's work. The Government have a vested interest in seriously considering the matter, and I sincerely hope that they do.

Hon. Members should also be aware of the serious matter of community unrest when genuine workers see others doing their work and not contributing to the community or to wider society. That generates social unrest and frustration, which manifest themselves in people turning to extremist parties, such as the British National party, which are happy to exploit such situations. There is political advantage in addressing this matter.

Mr. Clapham: My hon. Friend is being generous in giving way. He will be aware that at the lobby that we both attended last week, there was a feeling among the many hundreds of workers present that they are being badly let down and that employers are using the immigrant labour force to drive down wages. Does he believe that extending the regulations on gangmasters would introduce greater harmony and avoid extremist expression such as that we heard at the lobby last week?

Jim Sheridan: My hon. Friend is absolutely right. There was anger and frustration among last week's lobby of construction workers, and it was targeted at us—the Government—for not providing proper legislation to protect them. People are saying that foreign workers are taking our jobs, and undermining our terms and conditions, and that the Government—a Labour Government—are not doing anything like enough to help them. That resonates in communities.

People on English oil platforms were recently on strike for a long time, and 400 Italian workers, based on a ship offshore, were taken on during the day. That generated anger and frustration among indigenous workers. There is a community cohesion issue, and if the situation is allowed to continue, people will turn to extremist parties, which will provide simplistic answers, but not many solutions.

Trade unions, the Federation of Small Businesses and the Federation of Master Builders are asking for help to get us through these difficult times. With a little vision, we can make that change, help the industry and get people back to work with the terms and conditions and, more importantly, the safety environment to which they are entitled.

11.17 am

The Economic Secretary to the Treasury (Ian Pearson): I congratulate my hon. Friend the Member for Paisley and Renfrewshire, North (Jim Sheridan) on securing this debate, on all his work through his private Member's legislation, and on championing the issue. As he said, the Prime Minister agreed last week to meet him, and I assure him that the Government believe that it is important to debate the matter, particularly when health and safety issues are involved.

As my hon. Friend knows, we have carefully considered extending the licensing regime to other sectors. That was part of the vulnerable worker enforcement forum's work last year. The forum consisted of union and business representatives, Citizens Advice and the key workplace enforcement bodies. There was disagreement about the strength of the case for broadening the Gangmasters Licensing Authority's remit, and it is important to recognise that employment agencies operating outside GLA areas of agriculture and food processing are not unregulated. They are, in fact, subject to employment agency regulations enforced by my Department's employment agency standards inspectorate, and I will say a little about its work.

Following the forum's work, the Government announced that we have no plans to extend the licensing regime, but that we want to prioritise effective enforcement of the existing law. We are doing so by taking steps to strengthen the employment agency standards inspectorate, and to raise its profile among agency workers and agencies as an effective, but less intrusive regulatory alternative. It is important to remember that the majority of agencies want to comply with the law, but my hon. Friend rightly highlighted a number of incidents of abuse and I recognise that there is a live debate about the matter.

Ann Michael: I rise briefly in support of the arguments advanced by my hon. Friend the Member for Paisley and Renfrewshire, North (Jim Sheridan). I urge my hon. Friend the Minister to take on board the fact that although regulation exists in a variety of areas, the success of the GLA arises from the partnership of people who engaged in the industry to go beyond what top-down regulation can do, think outside the box and create an environment that changed how the problem was dealt with. That development was stimulated by events in Morecambe bay, which removed much of the opposition that had existed. We do not want something like that to be the necessary trigger to opening up the debate to which my hon. Friend the Member for Paisley and Renfrewshire, North has drawn attention today.

Ian Pearson: I certainly agree that we do not want a repetition of the events of Morecambe bay. We need to make progress with effective enforcement of the existing law, while continuing to have the policy debate that my hon. Friend the Member for Paisley and Renfrewshire, North has been encouraging us to have. No doubt he will continue to pursue that with the Prime Minister and others, and we are certainly open to listening to his arguments.

However, we are strengthening the employment agency standards inspectorate by doubling the number of employment agency inspectors. In addition, provisions in the Employment Act 2008 that have now come into effect give it stronger powers of investigation—for example, through access to bank and other financial records. Inspectors also have access to stronger penalties. The Act now makes infringements of employment agency regulations indictable, so that they can be tried in a Crown court, where unlimited fines for certain offences

are available. It is important to recognise the strengthening of employment legislation that we have done on the back of my hon. Friend's campaigning.

As I think my hon. Friend is aware, a campaign was run in February and March to build a higher profile for the EAS inspectorate and to increase awareness of the special safeguards for agency workers. That has had a significant impact on the number of calls to the helpline and visits to the direct.gov website.

In addition to raising awareness, the EAS inspectorate is increasing its targeted enforcement activity. Last December, it had a blitz on agencies supplying workers to the construction industry. Using locally sourced intelligence, together with information previously provided by unions working in the construction sector, 52 agencies were identified and inspected to establish compliance with the Employment Agencies Act 1973 and the Conduct of Employment Agencies and Employment Businesses Regulations 2003. Of the 52 agencies inspected, 40 were found to be breaking regulations, with a total of 192 separate infringements. They were sent warning letters, which are being followed up.

I can assure my hon. Friend that the EAS inspectorate has teeth. It has powers to send warning letters, to prosecute in the civil courts and to prohibit people from running employment agencies for up to 10 years—something the GLA licensing system does not provide for.

Jim Sheridan: Some of the people operating as illegal gangmasters will not take much cognisance of warning letters; in fact, they will probably just throw them in the bin. It would be extremely helpful and would send a clear message to those who wish to operate in that way if they, or the company they are working for as subcontractors, were denied the opportunity to tender for Government work. That might concentrate their minds more than just receiving warning letters.

Ian Pearson: I agree that warning letters are unlikely to be taken into account by some of the people whom my hon. Friend describes. That is why, under legislation, we have further powers for enforcement through the courts. On what he says about Government contracts, he will be aware of Government procurement processes and the high standards that are applied to Government procurement. We certainly do not want to be procuring services from the sort of agencies he is talking about.

Mr. McCartney: What has come out of the blacklisting saga is that some companies were operating a blacklist in the construction industry, but solely with public sector contracts. They were getting public sector contracts and private finance initiative work, and all the companies were operating a blacklist against British construction workers. Large numbers were involved. That is just not acceptable. What will we do about it?

Ian Pearson: I shall say something about blacklisting in a moment, but first I want to make the point that although there is clearly more work to be done, it is important to recognise that the EAS inspectorate is having increasing success in cracking down on agencies that flout the law. The team has doubled in size. The inspectorate has been given stronger investigative powers and a higher profile, and we are confident that it will have increasing success in the future in ensuring compliance with the law. That does not mean that there is not more to be done, but we need to recognise that the Government have made progress.

We are putting a great deal of effort into closer working between the enforcement bodies that enforce basic employment rights. At the recent fair employment enforcement board, made up of unions, business representatives and the enforcement bodies, praise was given for the even closer working relationship between the EAS inspectorate and the GLA. They hold joint management sessions, have signed a memorandum of understanding, and work closely together to share information about non-compliant or suspect businesses operating across their respective sectors.

Good progress is being made on setting up a single enforcement helpline, bringing together the helplines of the five key workplace enforcement agencies. That will make it much easier for vulnerable workers to report abuses, and will facilitate more joint enforcement activity where abuses raise issues for more than one enforcement body. I recognise that there is an issue regarding linking things together more effectively.

Let me make some comments about the construction sector, which accounted for a significant part of the contribution from my hon. Friend the Member for Paisley and Renfrewshire, North. According to Construction Confederation figures, only 3 per cent. of workers in the construction sector are engaged through agencies, which suggests that licensing agencies in this sector would have a very limited impact. They are none the less a significant group of employers, and even 3 per cent. accounts for a significant amount of employment. I recognise the points that my hon. Friend makes.

However, given serious economic problems in the sector, which is facing the full impact of the economic downturn, we need to be careful about imposing significant new regulations. That might not only place extra pressures on construction businesses at this time, but could make it more difficult for them to engage workers when the upturn comes. Construction is a tightly regulated sector that also has an unusually large number of small companies, which could suffer disproportionately because of the cost and administrative burden of a licensing regime. However, my hon. Friend is absolutely right to point out the abuses that exist. We need to ensure that we take action in that regard, and to take into account the appropriate way of taking action.

Jim Sheridan: Will my hon. Friend the Minister give way?

Ian Pearson: I have only three minutes left and I have some other points to make in direct response to what my hon. Friend said.

Construction is also a relatively skilled area in which, unlike agriculture and food processing, workers earn more than the minimum wage. However, my hon. Friend is right to point to examples of abuse, and it is important that the Government take action in those areas. Therefore, although we are not currently persuaded of the case for licensing in the construction sector, we will certainly continue to listen to the arguments made by my hon. Friend and others, and I can assure him that we are taking a very close interest in health and safety matters and in self-employment, which he also raised.

[Ian Pearson]

The updated and tightened Construction (Design and Management) Regulations 2007 place a duty on construction sites to employ competent, skilled staff and to ensure health and safety on-site. The regulations now extend to all construction sites—large and small—and the possible fine for non-compliance is unlimited, so there is a big incentive for sites to comply. The Health and Safety Executive is recruiting additional inspectors with a construction industry background. They will join the HSE next month, so further work is taking place, as it is on self-employment.

I want to mention the action we are taking to tackle the issue of blacklisting, which was raised by my right hon. Friend the Member for Makerfield (Mr. McCartney). He will be aware that on Monday, we announced that we were minded to introduce new regulations under the powers in section 3 of the Employment Relations Act 1999 to tackle blacklisting. My Department will launch a short public consultation in the summer, seeking views on revised draft regulations, with a view to securing parliamentary approval of the final draft regulations in the autumn. We had previously thought that there was no evidence for taking action in that area, but we had legislation on the stocks. It is right that we check that it is appropriate, but it is important, given the events that have come to light recently, that the Government take action. We want to ensure that it is the right action, which is why we shall be consulting on it.

11.30 am

Sitting suspended.

Rivers (England)

2.30 pm

Mr. Oliver Heald (North-East Hertfordshire) (Con): It is marvellous that I was able to secure this debate at such a timely moment. I am pleased that it is being held today, as the national campaign "Rivers on the Edge" was launched last night by the World Wide Fund for Nature. The campaign highlights the plight of our rivers, their poor condition and the fact that action is needed if they are not to run dry. Early-day motion 1392, in my name and those of many colleagues, also highlights the problem. I thank Martin Jee, my researcher, who has done a good deal of work in researching the subject. I also thank Charles Rangeley-Wilson of WWF for his work on the campaign.

I was brought up close to the banks of the River Kennet in the Newbury constituency, and I often used to walk by the side of what is probably the best chalk river in the country. I believe that the river runs through the constituency of another Member here this afternoon—the hon. Member for Reading, West (Martin Salter). If I am wrong, it is nearby. It is good to see the hon. Gentleman here today.

The beauty of the Kennet—a wonderful river—is now spoilt by the fact that great parts of it run dry. In my constituency of North-East Hertfordshire can be found the four towns of Letchworth Garden City, Royston, Baldock and Buntingford, but the geography of the constituency consists of 180 square miles of rolling hills and fields, with a tracery of lanes joining the many villages, and nestling in the valleys are the seven chalk rivers and streams—the Ivel, the Ash, the upper Rhee, the Rib, the Quin, the Beane and the Mimram. Chalk rivers naturally have uniquely pure water.

2.32 pm

Sitting suspended for a Division in the House.

2.44 pm

On resuming—

Mr. Heald: Water bubbles up from the chalk aquifer and sustains many species. The main chalk rivers are located in the south east of England and a small part of Normandy in France; they are internationally unique and should be prized and considered as important as other major international ecological concerns such as the ice caps or—

Anne Main (St. Albans) (Con): The rainforests.

Mr. Heald: Indeed.

The River Mimram, in my constituency, features in the WWF campaign and includes a site of special scientific interest, at Tewin Bury, which is home to wetland birds, rare plants—for example, the southern marsh orchid and the golden saxifrage—fish and the white-clawed crayfish. It is also a refuge of the water vole, the population of which has collapsed—it has fallen by 90 per cent. It would be sad to lose the animal that was the inspiration for Ratty in "Wind in the Willows". The Hertfordshire and Middlesex Wildlife Trust has undertaken a major survey of the vole population using data from Tewin Bury.

The River Mimram rises at Whitwell in the constituency of my right hon. Friend the Member for Hitchin and Harpenden (Mr. Lilley), flows through Welwyn and Hatfield, into my constituency and then on into Hertford. Over recent years, these wonderful rivers in my constituency, which are much loved and form an important part of our environment, have suffered. In 2006, the Mimram ran dry. Residents felt helpless—they have described it to me—as they watched trout dying and discovered that the rare white-clawed crayfish had died, too.

Recently, the Mimram has had low flows for far too many years, which is why it features in the campaign. For environmental purposes, it has adequate flow only 1 per cent. of the time, which is worrying, not only because of the rare flora and fauna at the SSSI, but because of what is being lost by local residents. I have visited the Mimram on a number of occasions with Tony Last and Tony Langford from Friends of the Mimram and I pay tribute to their work in highlighting the situation of the river.

The River Beane Preservation Society works hard for its river, too. I have visited the Beane north of Watton-at-Stone, with Ian Knight and Dave Stimpson, and I recognise, too, the contribution of Andrew Bott, who is the society's secretary. The Mimram provides the water supply for Welwyn Garden City, and the Beane for Stevenage. Near the Whitehall pumping station, the River Beane runs dry going north away from Watton-at-Stone. There has been some improvement this winter, but the river has adequate flow, for environmental purposes, only 10 per cent. of the time.

It does not need to be like this. These rivers are great—and could be greater—leisure resources. An expert report by Entec, for the Environment Agency, shows that the benefits could be worth as much as £32 million to £34 million for the Mimram alone. If boreholes were used farther down the river, the benefits could be achieved at a modest cost. Dry fly-fishing, already well-established further down the Mimram and, in living memory, there was swimming and fishing in the River Beane—in parts that are now dry in the summer. It is vital that any new borehole for the Mimram does not damage the precious SSSI, but the site being considered at Tewin—only 1 km from the SSSI—is causing great anxiety.

Is this a sensible way forward? We must keep that wetland wet. Against that background, the additional burdens on water resources in the south and east need to be taken into account. The Environment Agency designates all rivers east of Luton as "over-abstracted" and "over-licensed". Development poses a major challenge. The east of England plan calls for 83,200 extra homes in Hertfordshire. Yet no sensible plan is in place either for the water resources and infrastructure for those properties, or for maintaining or improving the environment.

Hertfordshire is losing water to pollution. It has all the usual problems, as well as bromate contamination at Sandridge, where an old potassium bromate factory has created a plume across Hertfordshire, resulting in higher-than-permitted levels of bromate in water supplies. One borehole is completely out of use, and seven public and three private boreholes have restricted use. The "polluter pays" principle is very important. Why is the Secretary of State for Environment, Food and Rural Affairs taking so long to decide the case of the bromate plume? I have asked several parliamentary questions about it; but after four years, still no firm decision has been made.

I welcome Thames Water's approach; it says that one case of pollution from its sites is one too many. It achieved 100 per cent. compliance with the Environment Agency's stringent sewage treatment standards at its Hertfordshire sewage treatment works in 2008-09, and it is working hard to keep it that way, with carefully targeted programmes of maintenance and investment. I am glad that it is supporting the campaign. However, it will not welcome some of my later comments about abstraction.

None of us can ignore the likely effect of climate change, with Three Valleys Water expecting to lose 5 per cent. of available water by 2030. Decisions will have to be made about our rivers this year. The water framework directive requires our rivers to be of "good environmental status" by 2015, yet the Government's draft plans do not include any improvement in Hertfordshire. Currently, only 20 per cent of our national rivers and lakes are of good status, and the Government's draft plans will improve that by only 4 per cent. by 2015. That is simply not challenging enough and more needs to be done. We need to draw up a proper Government plan to waste less water and reduce consumption to 130 litres per person per day; to keep our rivers flowing, which means altering and amending abstraction licences and, in some cases, moving our boreholes further down river; and to introduce a tiered pricing system for water to help vulnerable people and to reward those who conserve water—the technology is now available to achieve that through smart metering. We need to help farmers avoid pollution through advice, training and incentives; to create a firm policy on pollution; and actively to regenerate our dying rivers.

Mr. David Drew (Stroud) (Lab/Co-op): The draft Flood and Water Bill will provide us with some opportunities, but the clause on water may not be robust enough. The people drafting the Bill were fairly open-minded about some of the improvements that might be sought when the Environment, Food and Rural Affairs Committee spoke to them last week. I advise the hon. Gentleman to look very carefully at that piece of draft legislation.

Mr. Heald: The hon. Gentleman's contribution is thoughtful and helpful. However, powers are available and the Government have compiled 39 reports on the issue, but we have not seen any improvement. It is a question not just of taking powers, reporting on the matter and having a structure and framework in place, but of taking action and making improvements. The debate should be about making things happen.

Mr. Rob Wilson (Reading, East) (Con): I congratulate my hon. Friend on securing this debate, and I am listening with great interest to what he says. Does he agree that the River Kennet, which flows through my constituency, is a very important river that does not get the same attention as the River Thames, which also flows through my constituency, and that it is extremely important that it is protected and enhanced for the benefit of future generations, particularly in and around my constituency?

Mr. Heald: I could not agree more. The people of Swindon could help us out. The River Kennet provides the water supply for Swindon, and it runs dry because too much is abstracted. If the people of Swindon are listening—I hope that they are—I say use a little less water and we can save the Kennet. There are lessons in this for all of us. For example, if we used less water in my area and if more of us were metered, we might be able to save the rivers in my constituency. The problem is that all the current plans for metering and improvement seem to work on the basis that any water saved will be used for new housing. There must be some balance in the system that allows the environment to have its share, too.

Some people argue against the idea of moving boreholes downstream, but there is evidence to suggest that such a move would help the River Mimram, but it must be done sensitively. Similarly, recycling used water could be a way of helping the River Beane when a new sewage plant is built for Stevenage.

Water metering should be introduced sensitively. Smart metering enables companies to introduce a tiered pricing system, so that they can reward those who use less water, help vulnerable groups and better target water resources. Apparently, many people refuse to pay their water bills, knowing that they will not be cut off, because of the commitments made by the water industry. It is estimated that £150 million is owed—about £11 for every customer's water bill—and water companies therefore have less money to invest in improvements.

An initiative called a trickle meter enables someone who is a bad payer to have enough water on which to exist but not so much water as to enjoy the resource. Apparently, that is a good way of encouraging a bad payer to pay. None the less, I accept that it is very important that vulnerable non-payers are given every assistance and that the measure should be used only for those who flagrantly abuse the system.

At present, housing need and other pressures are likely to take all the water released by efficiencies and water metering. Predictions by the east of England regional assembly on the need for water for the east of England plan are simply unrealistic. The assembly is working on the basis that each person will use 105 litres a day. At present, Three Valleys Water's customers are using 175 litres per person per day. The national average is 148 litres per person per day. The "Rivers on the Edge" campaign hopes to reduce it to 130 litres; the Government guideline for a new build is 125 litres per person per day. The idea that housing in the east of England can be planned on the basis of 105 litres a day is optimistic to say the least.

Anne Main: My hon. Friend's debate is very valuable. His last point was raised at the original east of England inquiry. When I talked to the water companies, I asked, "Do you not have any way that you can raise your concerns over this?" Basically, they said, "We are obliged to deliver water if the houses are planned." I think that all of us would say that that is putting the cart before the horse. Rivers running dry and showing stress should be taken into account before more housing is planned, and not the other way round.

Mr. Heald: My hon. Friend makes a customarily excellent point. That is a ludicrous way of planning. We have all become very used to water and are careless with it. We cannot build extra houses without having a sensible plan to deliver the water that is needed. We cannot just say to the water companies, "Abstract away." That does not take adequate account of what a precious resource these chalk rivers are; they are unique and we need to fight for them, which is what the campaign is all about. Councillor Derrick Ashley, who is the planning executive for Hertfordshire county council, has made it clear that development without the proper infrastructure will put huge pressures on our environment in Hertfordshire.

Mr. Rob Wilson: Reading has just been informed that it must build an extra 12,000 homes. Does my hon. Friend not agree that that will place an intolerable pressure on local rivers as well as other infrastructure?

Mr. Heald: When I was a boy, Reading was a market town and not a huge place. One could walk through Broad street and know everyone—at least, it seemed that way. Over the years, it has grown and grown. I am proud that Reading is such an important centre, but it has done its bit in housing the people of this country. It is a good size, and it should not get too much bigger. However, I am not a Member for Reading—I was just brought up there—so the hon. Gentleman will know more about it than I do.

We must not have a situation in which our rivers die just for the sake of a desert full of development. It is important that we take the issue seriously. Unless we have a plan, we will not even ensure that the flow remains as it is in the Mimram and the Beane. That is not good enough; it needs to be better. The rivers should flow, and they should be given as much importance as housing. We need homes, but we need to preserve the environment, especially in a county such as Hertfordshire, which is already one of the most heavily populated and close to London. We value our countryside in Hertfordshire. We have already lost a lot of it to building, and we do not want to lose what we have left; we want to improve it.

Will the Minister and the Secretary of State come to see the Mimram and the Beane, which are not far from London? I have asked the Secretary of State to visit on a number of occasions. Those rivers are a unique environmental resource, and they should not be as they are at the moment. All rivers east of Luton are over-licensed and over-abstracted, with no available water supplies. Must our precious chalk rivers die, or will the Minister take the necessary steps to meet our demands and improve the condition of the rivers of England?

3.1pm

Martin Salter (Reading, West) (Lab): I welcome the debate and congratulate the hon. Member for North-East Hertfordshire (Mr. Heald) on securing it. I do not know how he managed it, but the debate coincides with the launch of the "Rivers on the Edge" campaign, which it was my privilege to attend last night. The hon. Gentleman spoke of the chalk streams that are at risk in his constituency, but he will be aware that the campaign, which is generously supported by the HSBC Climate Partnership, also focuses on the upper Lea catchment, which is in dire need of attention and has appallingly low flows.

The primary River Lea, which flows through his constituency, is down to about 9 per cent. of normal flows in summer, which could be ecologically disastrous.

The campaign also focuses on the River Itchen in Hampshire and, as has been said, the River Kennet. The latter gets a lot of attention—one could argue that too many organisations are dedicated to saving it, but I will address their work in a moment.

I am a keen angler, as is the hon. Member for Broxbourne (Mr. Walker), who is not in the Chamber. The Rivers Beane and Rib, in years gone by, particularly in the 1950s, were heralded as fine dry and coarse fisheries. The grandfather of contemporary angling, Richard Walker, who was from Hitchin, fished the Beane and the Rib. As a child, I remember reading about his exploits in a river that now, I suspect, barely has enough water to cover the tip of a float, never mind to sustain fish life for the bulk of the year.

Mr. Heald: I was talking last night to Andrew Bott, whose father used to fish the Beane in the stretch to which I referred, north of Watton-at-Stone. He told me that it was a fine fishery.

Martin Salter: Perhaps in the not too distant future, the hon. Gentleman will invite me to fish the Beane when it has some water in it. That is the purpose of the debate and the campaign.

I was pleased to launch the parallel "Stand up for Your River" campaign, which is promoted by the World Wide Fund for Nature, the Royal Society for the Protection of Birds, the Angling Trust and a number of other organisations. The campaign feeds into the Environment Agency's river basement management plan, the consultation for which closes on 22 June.

We launched the campaign just outside my constituency boundary in the Newbury constituency, in the aptly named Lower Benyons fishery. Conservative Members might be interested to learn that we anglers refer to Lower, Upper and Middle Benyons and may wish to quiz the hon. Member for Newbury (Mr. Benyon) on which bits of him are lower, upper and middle. We are grateful to the Benyon family for making their fishing available to us and for their contribution to some important wildlife and conservation projects in the Kennet valley.

I ought to declare a number of interests that may make me sound slightly fanatical. I am founder member of the Cleaner Kennet Campaign and a member of the Angling Trust, which is the new governing body for angling, having taken over from the old Anglers Conservation Association. I also chair the Blueprint for Water coalition in Parliament. Those organisations, and the Wye and Usk Foundation, are all doing sterling work, for which I praise them.

The River Kennet brought me to Reading. I had no intention of becoming the town's MP; I went there to go fishing—simple as that. I was lucky that in 1979 and 1980, Reading was a relatively cheap place to buy a house and one of those rare places where small, terraced properties for first-time buyers backed on to the River Kennet in, as the hon. Member for North-East Hertfordshire will know, Elgar road.

Most riverside properties tend to be outside the reach of the first-time buyer, but it was my privilege to own my own 12 ft of river bank, which, for a mad-keen angler in his 20s, was a bit of dream. I found after a while that I kept catching the same fish, but it was wonderful. I commuted to work, but did not have to commute to go fishing. That is what brought me to Reading and I have a deep affection for the river.

The Kennet and Avon canal, which runs parallel to much of the River Kennet—until about halfway between Hungerford and Newbury—had been in a state of disrepair since the 1950s. I was lucky as a young man, until 20 years ago, to be able to fish the Kennet at its peak. It was a crystal-clear chalk stream. Even down to the outskirts of Reading, I could stand and see the bottom in 5 ft or 6 ft of water, which teemed with wildlife. It was an amazing fishery.

Things started to go wrong—none of us spotted why—with the opening of the canal. As anglers, we thought it would be inconvenient to have more boats on the river between Reading and Newbury, but we had no idea of the impact that opening and linking the two watercourses would have.

For 50 years, the sediment in the canal had got deeper and deeper. At the entrance to the canal and the confluence with the river, where the waters first mix at Copse lock, just upstream from Hampstead Marshall, one can now see great slugs of silt and turbidity flowing into what is a crystal-clear chalk river further upstream. The gravels consequently silted up, so the light could not get through, which meant that the ranunculus, a protected species that is vital for the biodiversity and shelter of other plant life and invertebrates in the chalk stream environment, ceased to grow. Slowly but surely, the Kennet began to decline.

We can add to those problems the increase in abstraction, as the hon. Member for North-East Hertfordshire said. It was appalling that the Environment Agency lost the inquiry on the Axford borehole—I cannot remember what year that happened. There was a reduction in flows, especially in summer, as well as an increase in point source pollution as a result of insensitive farming practice, increased run-off from the road network and a gradual decline of one of the finest chalk streams in Britain.

I do not want to bore hon. Members too much about fish, but the grayling, a wonderful fish, is an indicator species. I advise anyone who wants to know about the health of a fishery, especially a chalk stream fishery, to look at the lowest downstream point at which the grayling is found. I used to catch grayling at Padworth, which is well downstream of Thatcham. The most skilled anglers would struggle to find many grayling downstream of Hungerford, some 20 or 25 miles upstream. That is how far the water quality in the river has declined.

The hon. Member for Reading, East (Mr. Wilson) referred to increased housing, but the biggest threat—the 7,500 houses for the Kennet flood plain to the south-west of my constituency, proposed by the independent panel in the south-east plan—has already been averted. On top of that, we have seen the growth of signal crayfish numbers and increased predation. However, all is not lost. It was my privilege, in 1992, to set up a unique partnership between West Berkshire council, boat owners, wildlife groups, Reading borough council and the angling organisations—the Cleaner Kennet Campaign.

The campaign has played a key role in lobbying for funding, catchment management plans and habitat restoration projects, which can and will make a difference.

[Martin Salter]

If we cease damaging environments and allow wildlife to regenerate and regroup, mother nature will do the rest.

I am a trustee of the old Thames Rivers Restoration Trust, which runs a chalk stream restoration project. That project is levering in funding for habitat restoration and looking at whether there is an environmentally sensitive way to filter out the increased silt and turbidity coming into the river as a result of the canal and chalk stream watercourses being mingled downstream of Copse lock.

National organisations are also highly supportive of the work that we are doing in the Kennet valley. In particular, I want to highlight the work of the former Anglers Cooperative Association, which is now part of the Angling Trust. The association is the only organisation that has used the common law consistently to prosecute polluters, often using civil actions to secure far greater damages than the Environment Agency or the statutory authorities.

The association's 2008 annual report showed that record damages were reclaimed from polluters on behalf of riparian owners and angling clubs. The River Blackwater was polluted with tin oxide in 2002, and a case was settled after many years of delay, with compensation being paid to the Ilford and District Piscatorial Society and the Kelvedon and District Angling Association.

In Somerset, a farmer was prosecuted for a liquid food waste spill that caused massive damage to the waters of six different angling clubs on the River Brue, which is a beautiful river in the west country. The Environment Agency managed to secure a paltry fine of £1,000, which is hardly a disincentive to the polluter—the hon. Member for Salisbury (Robert Key) talked about the "polluter pays" principle. However, the ACA pursued a civil claim in the courts and secured more than £7,000 in additional damages, as well as £4,000 in costs against the farmer. I am therefore proud to be a member of the association, which has now been absorbed into the new governing body for angling.

On top of that, some other quite inspirational work is going on. The debate is about not just the Kennet and the Lee, but all the rivers of England, and I draw Members' attention to the work of the Wye and Usk Foundation. It is well worth the Minister and the shadow Minister visiting the foundation's website to see how we can adopt a professional approach to the restoration of one of Britain's most famous rivers.

The river will be under dire threat, particularly as a fishery, if the proposal to build the Severn barrage goes through, and I pay tribute to the work that the hon. Member for Salisbury has done to highlight what an environmental disaster the Severn barrage could be.

Robert Key (Salisbury) (Con): Will the hon. Gentleman confirm that, to a man and woman, all those involved in the area's fisheries and all those interested in fishing and in conserving fish in the Severn and its tributaries oppose the Severn barrage?

Martin Salter: They are opposed to it to a man, woman and dog. It is not that we are environmental vandals; we want the tidal power of the River Severn to be harnessed, because that could make a contribution to green energy, but we do not want that to happen at the cost of destroying the environment, the spawning habitat of 25 per cent. of all salmon in England and Wales, and the jobs that depend on angling tourism, particularly in the constituency of the hon. Member for Brecon and Radnorshire (Mr. Williams) and in rural Wales and the border counties. Such a development would run completely contrary not only to the spirit but the letter of the European habitats directive.

I may be Labour's vice-chair on environmental issues, but if my Government pursue the Severn barrage, I give due notice that I will actively pursue action in the courts with non-governmental organisations and hon. Members on both sides of the House to ensure that the European habitats directive is enforced, because it is not possible, as the directive requires, to recreate a compensatory habitat in this case—we simply cannot build a new salmon river. We will return to that battle.

The Wye and Usk Foundation was founded in 1996 and then became a company limited by guarantee. It has introduced radical measures to tackle acid rain and the acidification of the upper Wye catchment, which were making it impossible for salmon to spawn. We have seen the removal of man-made and sometimes natural obstructions, which were preventing the fish from reaching their spawning grounds. We have also seen amazing partnerships.

We have seen sometimes insular owners of fisheries working together, allowing coarse anglers on to rivers that had been closed to them for many years. We have seen about £6 million of public money—particularly European money—channelled through the Wye and Usk Foundation into voluntary groups and professional work carried out by contractors to restore a river that is certainly the pride of Wales and, in my view, the pride of Britain.

There are some big issues facing hon. Members. This is an easy speech for me to make, because I am not standing for re-election, but we as politicians—we have all been guilty of grubbing around for a few votes—need collectively to confront the issue of water metering, conservation and the price of water. The public will not value water if we continue to treat it as a throwaway commodity. I have no doubt that the third world war—I hope to God that there is not one—will be fought not over culture or religion, but over access to dry land and clean water. That is an inevitable consequence of climate change.

The way we allow winter run-off from our rivers is appalling. If hon. Members stand on the Terrace in winter, they will see billions of gallons of water washing away to the North sea, but in a few months we will be complaining about low flows. We in this country are not efficient at retaining, storing and using the resource that we are blessed with. That is why projects such as the upper Thames reservoir at Abingdon must go ahead and why strategic planning decisions must be made.

I am afraid that such decisions cannot be left to little local councils, with their predilection for parish-pump politics. That is why we have to be big people on the issue of water and be cognisant of the fact that we should be working closely with the powerful coalition of birdwatchers, environmentalists, anglers, naturalists and wildlife groups out there, just as we are working with the coalitions involved with the Blueprint for Water

and the "Rivers on the Edge" campaign. Such issues should set the environmental agenda for the next generation, and water must be at the heart of that.

3.17 pm

Robert Key (Salisbury) (Con): We are talking about Arcadia—nothing less—and I congratulate my hon. Friend the Member for North-East Hertfordshire (Mr. Heald) on drawing the issue to the attention of the House.

In the 16th century, the Avon catchment in the heart of Wessex gave rise to the whole concept of Arcadia—the relationship between the land, the water, the people and what happened there. In 1220, at the confluence of the rivers of the Hampshire Avon catchment—the Ebble, the Nadder, the Wylye, the Avon and the Bourne—we saw the creation by Bishop Poore of Salisbury, with its great cathedral. Later, the landscape was painted memorably by John Constable. Isaac Walton—father and son—fished and wrote on the Avon in Wiltshire. The land on which the Parliament tree stood at Stratford-sub-Castle flows down to the river itself, which was a Roman ford.

The great chalk grasslands where the water for the Hampshire Avon originates are the most extensive west of Poland. On the plain in the midst of those grasslands is Stonehenge. The land round about is under the stewardship of the Ministry of Defence, and the well-being of that landscape has been protected, ensuring that it has remained balanced and diverse. As a result, the Avon river is now a special area of conservation under the European habitats directive.

I have an intimate relationship with the rivers of southern England. In 1947, I fell into one, and I was pulled out by the Bishop of Bombay, who happened to be passing—the true stories are always the best. It was the same river in which I learned to tickle trout and to tie my flies for trout fishing and where I enjoyed lazy summer days in the water meadows. Since then, however, we have seen the destruction of hatches and the abandonment of water meadows. I pay tribute to the work of the Harnham Water Meadows Trust, which has retained, improved and rebuilt much of the water meadow infrastructure. We have also seen the end of water bailiffs, who understood every inch of their waterways and who regulated our streams and rivers.

When I was first elected to the House in 1983, we had great arguments about fish farms. There were 23 fish farms in the Avon catchment, including the biggest in Europe, which was at Barford Park at Downton. I pay tribute to the late Lord Radnor, who instigated that fish farm, which is thriving. He argued long and hard that fish farms were not the devil incarnate, but he had a tough time.

On Thursday 16 February 1984, I asked the then Minister for Agriculture, Fisheries and Food

"when he will announce the date on which the provisions of the Diseases of Fish Act 1983 will be implemented."—[*Official Report*, 16 February 1984; Vol. 54, c. 257W.]

You will not be surprised to hear, Mr. O'Hara, that he answered, "Shortly." Well, the question was not answered shortly. The situation went on and on, and I corresponded with the Natural Environment Research Council and its excellent chairman at the time, appropriately named Mr. Hugh Fish, about the future of the Hampshire Avon. On 10 April 1987, *The Independent* published an article headed "Fishermen blame trout farms for river's slow death: conspiracy claim as anglers and landowners clash over decline of the once-glorious Avon."

When the third report of the Environment Committee was published on 13 May 1987, it stated that the problem was caused by much more than just fish farms, referring to everything from controlling polluters to the control of sewage sludge, agricultural pollution, afforestation, fish farms, nitrates, silage, industrial pollution, chemical formulation and consented discharges. That is part of the long story of our steady destruction of our rivers, and we have only ourselves to blame.

The problems we now face arise principally from the demands of the public water supply. It is outrageous that we go on plundering our chalk aquifers in the way we do. The boreholes in the upper waters of the Avon catchment are responsible for taking up to a third of the water from the chalk aquifers right out of the region, and the water is piped to places such as Yeovil, and even to Bristol and towns such as Chippenham. Under the south-west regional spatial strategy, the water companies, without even being so much as formal consultees, simply had to provide as much water as the planners decided would be allowed for the houses they planned. Another 12,000 houses were planned in my constituency alone. Lord knows where that water would have come from, and, indeed, where the drainage would go and how much it would all cost. We simply cannot go on like that, because the impact on the aquifers is too serious. It takes 30 years for the pollutants to travel right through the aquifers on the Salisbury plain to their exit into the English channel off the Dorset coast.

Martin Salter: The hon. Gentleman will be aware that I am a member of the Longford fishing syndicate, which is based in his constituency. Is he aware that the beloved Hampshire Avon, one of the finest chalk streams in the country, now barely operates as a chalk stream? A few years ago it would not have been unreasonable to expect heavy rainfall on the chalk downs to take perhaps 24 to 36 hours to find its way down to Salisbury and into the river system. That water now reaches the river in a matter of hours because the aquifers are ceasing to work for the river and it is effectively acting as a Scottish spate river, which is a terrible indictment on what should be one of the finest rivers in this country.

Robert Key: The hon. Gentleman is absolutely right. One can now find the real-time readings for the boreholes on Salisbury plain on the Environment Agency's website and see for oneself that when the rainfall comes—in buckets—it does not do what it should do. It should go straight down into the aquifers, but instead it just runs off like a Scottish spate river, as the hon. Gentleman said.

We have many problems in this regard, which the water companies have to face, but this is the time to put pressure on them, because they are just at the beginning of their new plans for their five-year business cycles. I am delighted to see the Minister in his place, because he is a reasonable man who understands these things better than most Ministers do—we all have experience of being parachuted into a job in a Ministry.

One of the problems facing those who care about rivers is river restoration. Rivers have become canalised, over-dredged, over-widened and sometimes over-narrowed.

[Robert Key]

They simply have not been looked after properly. If we are to look after our rivers properly, river restoration is a huge programme facing our nation. Climate change is also important in that regard. It will not be felt for perhaps another 30 or 40 years, but mark my words, by then the salmon population will be negligible and there will be no spawning because the water will be too warm. The decline of water fly life has already been dramatic, and there are now few big hatches on our rivers in the summer. Where is the research on that, and who is meant to be paying for it? Research is always the first thing to be struck off when organisations and agencies have a cash crisis.

Ten years ago, we started to look at one of the serious causes of biodiversity problems in rivers: endocrine disruption cased by the use of the pill. That problem derives not only from the female of the species—after all, it is us who cause the trouble in the first place, so we are all involved.

Martin Salter: Will the hon. Gentleman clarify whom he means when he says "us"?

Robert Key: Well, I had better not go down that path, Mr. O'Hara, or you will have something to say. The problem of sex change in fish is serious and is leading to a decline in fertility. The spawning gravels in our rivers become repositories for endocrine disruptors, and for phosphates and nitrates from run-off from our farms.

That brings me to changes in farming practices, which we must ensure take place. The silt load in our rivers is worse than it has ever been, largely because of farming techniques and practice and the use of particular crops. The worst crop is maize. If only we could persuade our farmers not to plant so much maize, we would not have nearly so much top soil in the rivers. Maize is the biggest polluter when it comes to the problem of run-off. The phosphorous in the fertiliser gives rise to algal bloom, which in turn disrupts the spawning gravels.

There was an initiative about 15 years ago to introduce buffer strips along our watercourses, but that came to nothing. I spoke to the Environment Agency only this morning about that, but it had not even heard of the initiative because the current generation of people at the agency do not know what happened 15 or 20 years ago—why should they? They are not historians.

Martin Salter: The hon. Gentleman is making a superb speech and a great contribution, but is he aware of something happening in his part of the world: the countryside stewardship scheme, which compensates farmers for creating those buffer strips? In the upper Kennet catchment we had problems with pig farms but managed to alleviate them in that way.

Robert Key: The hon. Gentleman is absolutely right, and that scheme was actually introduced in the higher-level stewardship scheme. The gentleman I spoke to at the Environment Agency this morning, who is a great professional, was unaware that it had been introduced—I kid you not, Mr. O'Hara. Actually, it was introduced by my right hon. Friend the Member for Suffolk, Coastal (Mr. Gummer) when he was Secretary of State for the Environment.

There are other problems apart from those resulting from agriculture that we must address, although the nitrate problem and the nitrate directive are very serious issues, which are linked to the question of the nil-grazing of stock. If we nil-graze stock such as Holstein cattle, we will feed them on imported soya, which in turn gives rise to climate change issues elsewhere in the world. This is a global issue that is related not only to rivers in this country. I invite the Minister to address those other factors. Control of mink is seriously needed, for example. If we are to maintain biodiversity, we must keep a balance. Water voles are destroyed by mink, with which we have huge problems on the Avon catchment. Controlling mink means trapping and shooting them, but no one likes doing that to nice furry little mink, which look so nice. My hon. Friend the Member for North-East Hertfordshire mentioned the problem of the signal crayfish, the American cousin. It has just about seen the back of the indigenous white-clawed crayfish, which I used to catch in the river in Salisbury as a child, turning over the stones to find them. They were wonderful eating.

Another bone of contention and serious problem, which we thought we had licked, is the number of cormorants on our rivers. They consume vast numbers of fish, which upsets the biodiversity in our rivers. The restocking of our rivers with fish cannot keep up with the stock lost to cormorants. In the Salisbury area, 30 miles upstream from the coast, we have huge problems with the loss of both coarse and game fish. All that is caused by there being insufficient food in coastal areas, including through the loss of sand eels. Again, that shows the various interrelationships and how enormous a brief the Minister must carry as he answers for all these problems in his winding-up speech.

Invasive plants are a serious problem in all our rivers. The Himalayan balsam is by far the worst. When the Himalayan balsam is present at the headwaters of a stream, as it is in the chalk streams of southern England, including the Kennet and Avon systems, everything downstream is clogged up. It has become endemic. Most major areas affected by Himalayan balsam have been identified by the Environment Agency, but if anyone spots it—if fishermen, for instance, see the plant or notice seeds floating down the river—for heaven's sake, they should tell the Environment Agency. Not nearly enough effort is being put into the issue.

I could go on but I will not, as other Members wish to speak. I will just say that we have no right to plunder our rivers as we are doing. It is our duty to protect our heritage. It is our duty to protect Arcadia and the silver streams of Albion.

Mr. Edward O'Hara (in the Chair): I remind Members that with the addition of injury time, winding-up speeches should now start at 3.42.

3.31 pm

Anne Main (St. Albans) (Con): I congratulate my fellow Hertfordshire MP, my hon. Friend the Member for North-East Hertfordshire (Mr. Heald), on securing the debate. Chalk streams are an extremely valuable and incredibly fragile resource. The River Ver, an important chalk stream, starts in the Chilterns and runs right through the middle of St. Albans. Indeed, St. Albans was probably founded where it is because of that wonderful natural asset.

The river runs through Verulamium park in the city centre, which was a major part of the old city of Verulamium, bending sharply to the south where its flow was blocked and diverted by ice half a million years ago. It is a globally rare chalk stream bordered by rough grassland, water meadow, rare reed beds, hedgerows and woodland. That important mix makes a huge difference to the species of flora and fauna in the area, and we disturb it at our peril.

Although periodic low flows are not good for many species, the farmland along the river is becoming much more wildlife friendly, as colleagues have said. The countryside management scheme and the previous set-aside schemes are starting to take effect. There is some diversity of species—kingfisher, heron, coot, moorhen, little grebe, wagtail and so on. I am not knowledgeable about birds, but people who are tell me that certain species have been declining alarmingly during the past 20 years, particularly skylarks. However, they have started to recover slightly in recent years because we are starting to recognise what damage we are doing to the fragile ecosystem.

Hertfordshire chalk streams have shallow gravel beds and clear water, as the hon. Member for Reading, West (Martin Salter) said, and are fed by groundwater stored in the layers of chalk beneath, which soak up water like a sponge. That soaking-up is crucial. One thing that has not been mentioned in the debate is the run-off resulting from hard landscaping, which causes water to course down culverts and run off rather than being absorbed by the area surrounding the chalk streams. If we build the expected thousands of additional houses, we will have to deal not only with abstraction, but with hard landscaping and run-off.

At various points, water emerges in the form of springs that feed the river. Chalk streams are important and deeply sensitive to environmental pressures, including increased pressure to build in our area. They are unique in Europe. I find it staggering that we are asked to be concerned about rain forests, ice caps and all the other environmentally sensitive areas when we treat some of our local environmentally sensitive areas with such disregard and disdain.

I cannot help but stress how annoyed I was by the apparent statutory obligation to provide water and the fact that the Government can ratify a plan that local people do not feel is acceptable, putting thousands of extra houses in an area that is already stressed. We must stop that now. It is no good saying 20 years down the line, "We have ruined our rivers, and by the way, we put 82,000 houses in Hertfordshire at the same time."

Our chalk streams are unique and recognised globally. They are the European aquatic equivalent of the rain forests, and we should treat them as such. We cannot lecture other societies about what they do in the name of their economies, such as cutting down masses of timber, while we say that our economy in the south is the powerhouse of England and we are going to build wherever people want to live. We must think about it.

The Environment Agency allows Three Valleys Water to abstract more than 30 million litres of water a day from the Ver aquifer by pumping from deep underground at several pumping stations. We have our concerns about that. The Buncefield oil depot disaster in 2005 occurred just outside my constituency, but as we have heard, the flow of rivers and aquifers means that the pollutants that entered the water will reach everywhere. Perfluorooctane sulfonate has entered our waterways and I am still not reassured that we know exactly what the impact will be. I cannot understand why the Government altered the acceptable threshold of PFOS.

We are still waiting for a particular borehole to be opened. A large aquifer was polluted. The Bow Bridge pumping station, which serves my constituency, cannot be used, but is soon to be reopened. We have not had the environmental reassurances that we need, nor have the long-term impact studies that we have been calling for been done. What will this mean for the environment of our area, which relies on that valuable resource?

I am pleased to report that, after several months of above-average rainfall, the aquifer returned to average in March 2007 for the first time in more than three years, and remained at roughly that level throughout 2008. It is amazing that we had a hosepipe ban for 11 of 12 months, despite the fact that it bucketed down with rain everywhere in St. Albans and we had several dreadful summers in a row. The levels had gone so low that it has taken three years just to get back up to the average.

Mr. Heald: I forgot to say earlier that our hon. Friend the Member for Hemel Hempstead (Mike Penning) wanted to be here, but parliamentary business did not allow it. He is very concerned about the Buncefield issue, which my hon. Friend has just mentioned.

Anne Main: I thank my hon. Friend for that intervention and pay tribute to my hon. Friend the Member for Hemel Hempstead (Mike Penning), who has worked so hard, particularly in relation to the pollutants from Buncefield, and been pressing hard for the aquifers to be monitored vigorously.

A lot of good work is going on; we have heard about wonderful work in all locations. The St. Albans Watercress Wildlife Association has opened the watercress beds. They are a fantastic resource, but pressures on building in my constituency mean that people look at those bits of green and think, "Where should we put our houses? How much do we value this?" When I bang on about the green belt and open green spaces, it is not because I am being a nimby; it is because, as all hon. Members have said, such spaces are part of a sensitive ecosystem.

There has been a huge decline in butterflies and pollinators in Hertfordshire. I know that bee decline has featured heavily, but butterflies have been decimated by farming practices. I am privileged to say that Butterfly World, which is opening in St. Albans, will address that issue. We are lucky that the chalk streams support butterflies such as orange-tips, brimstones, peacocks and small tortoiseshells, as well as dragonflies.

Such species are an indicator of good, clear water, but some are declining. As the hon. Member for Reading, West said, they used to be seen further downstream. Not only will we not see those beautiful creatures, but pollinators are being wiped out. That is incredibly important. The film supporting Butterfly World shows that when butterflies and bees decline, so do we.

We must make an incredible effort to support our rivers, resist inappropriate development and be mindful of the fact that houses bring people and that people have expectations about lifestyle and water usage. We cannot curtail those expectations and we cannot just expect water to be delivered by pumps from somewhere

[Anne Main]

else. What is taken from somewhere else might cause pressure somewhere else. We should all ask the Government to listen to local people when they say that certain things must stop, including unsustainable development.

I am hopeful about the good work going on in my constituency and that the concerned people who value such things will not be seen as sandal-wearers fighting for their precious little bit of river and the right to selfish enjoyment of the countryside. It is not like that at all. They should be seen as curators of the future of us all. We are only borrowing the land for a short while, and we should hand it on to the future in better condition, not worse.

3.39 pm

Mr. Roger Williams (Brecon and Radnorshire) (LD): It is always a pleasure to serve under your chairmanship, Mr. O'Hara.

It has been a privilege to hear the hon. Member for North-East Hertfordshire (Mr. Heald) and his colleagues speak so enthusiastically about the chalk streams in their constituencies. We have had the benefit of the experience and knowledge of the hon. Member for Reading, West (Martin Salter), who is an acknowledged expert on fishing and fisheries. I remember listening to the late Lord Denning speak about chalk streams after he retired as Master of the Rolls. That filled me with ambition to see those wonderful streams. Now that my son is living in Harpenden, I have more of an excuse to do so and might spend some time there.

We make huge demands on our rivers for all sorts of purposes. Usually, they are forgiving and can accommodate many of the abuses that we throw at them. However, there comes a time when demand on our rivers becomes such that it damages them, whether temporarily or permanently. It is a huge challenge for us and the Government to find ways to correct the damage that we do.

Obviously, we look to our rivers to provide water, and concerns have been raised over the demand for water for additional housing. The Government must work with local planning authorities to see what can be done. I am sure that the Flood and Water Management Bill will contain proposals to deal with run-off from hard surfaces and to create a more permeable approach to development. There should be less concrete and more lawns and gravel, so that rather than run off and be lost immediately, water joins the aquifers that supply the streams.

It is not just housing that puts demands on water. There are demands from agriculture and irrigation. As a result of climate change, the need for irrigation will increase if we are to keep up with the food output targets that many think should be introduced. Irrigation can be improved. Rather than having a broadcast system of irrigation, more targeted forms such as the trickle system could be used so that water was delivered to the plant, rather than going across the whole piece of land. That would ensure that the water for irrigation was better used.

We also look to our rivers for conservation. Hon. Members have compared them to the rain forests in the Amazon in saying that rivers are our rain forests. That is probably true. We have heard examples of the plants and birds that they support. If the parks of London are the lungs of the capital, the rivers are perhaps the arteries and veins of our countryside; they support the countryside and its wildlife. Rivers also contribute to the landscape. Nothing is as great as a river flowing through countryside in completing the Arcadia that the hon. Member for Salisbury (Robert Key) described. Artists have celebrated our landscape on many occasions.

We look to our rivers for recreation. Nothing has yet been said of the ongoing conflict between canoeists and fishermen. Perhaps the Minister will say a word about that. I was with a prime mover in the Wye and Usk Foundation on Monday night. He is hopeful that progress can be made by better management and through working together on those issues, rather than through conflict.

Martin Salter: The Minister has not been in his post long, but he has impressed so far. It has been the policy of previous Ministers to say no to the absurd campaign being fought by the British Canoe Union for a statutory right to paddle up every river, ditch, stream and spawning ground the length and breadth of England and Wales. I am sure that the Minister will confirm that voluntary access agreements are the way forward. There will be problems if he does not.

Mr. Williams: I knew that I would be able to incite the hon. Gentleman.

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Huw Irranca-Davies): There is much more scope for work on voluntary agreements. I hope that the BCU will work with us to take that forward, including in the devolved nations. We are keen to do a lot more within the current settlement.

Mr. Williams: I thank the Minister for his intervention. I believe that that is the correct approach. There must be give and take on both sides. David Jones Powell holds the ring for riparian owners on the River Usk and has negotiated an agreement with the BCU. It has signed that agreement on a fairly regular basis, but I understand that lately the BCU has been unwilling to sign the document because it believes that it will create a legal right for riparian owners to control and negotiate on the matter.

The BCU believes that canoeists should have the right to access whenever they want it. All the sentiments that have been expressed today point towards a voluntary approach, not a right for canoeists to go wherever they want. We have to manage our rivers. If we are not able to do so, they will be in danger.

Just as there are debates over the recreational use of rivers for canoeing, there is much debate about their recreational use for fishing. Many comments on that have been made this afternoon. Our rivers are also used for transport. British Waterways controls some river areas around Gloucester for the movement of goods and for the use of pleasure boats.

Because we have abused our rivers in the past and continue to do so, we have suffered many problems. The problem that has been emphasised most today is low flows. There is evidence that if climate change develops as we think it will, by 2050 the autumn flows of all our rivers will fall by 80 per cent. Therefore, not only chalk

streams, but rivers throughout the UK, will be damaged. In a way, you are highlighting what could be a problem for the whole UK, not just the streams in your area.

Mr. Edward O'Hara (in the Chair): Order. As Chairman, I have no interest in any of these rivers.

Mr. Williams: I am sorry; I got a bit carried away with my enthusiasm for the rivers.

Another problem is pollution. Mention has been made of specific problems in specific places. Farming must play its part in ensuring that rivers are improved. Everything must be done to prevent the massive pollution incidents that occur from time to time, but those are not the only problems. There is also diffuse pollution. That is why nitrate-vulnerable zones were introduced. However, nitrate problems in river water are not solely to do with agriculture.

Certainly, the legislation on nitrate-vulnerable zones does not seem to be fit for purpose. Regulations were introduced many years ago, since when the condition of many of our rivers has improved in terms of nitrate pollution. However, the Minister should be aware that not only agriculture but sewage systems and various other industries are involved. The burden on agricultural industry should be viewed in proportionate terms, not in the absolute terms that the NVZ legislation requires.

The cleaning of rivers that pass through private agricultural land is both a private and public matter for which the Westminster and the devolved Governments must take some responsibility. Because we have had a certain amount of pollution, I am concerned about the licences that the Department for Business, Enterprise and Regulatory Reform issues for specific, large-scale civil engineering work such as the gas pipeline through my constituency. Such licences have not been accompanied by conditions on remedying and alleviating the pollution of rivers over which those big schemes pass. DBERR issues the licences, but does not have the powers to ensure that those conditions are implemented, so the pollution goes on.

I shall draw my remarks to a conclusion, as the Minister has a lot on his plate. He will need all the time available to him to respond on all those issues.

3.51 pm

Miss Anne McIntosh (Vale of York) (Con): I apologise for my voice, Mr. O'Hara, and I shall ensure that the *Official Report* gets the full text of my contribution.

I congratulate my hon. Friend the Member for North-East Hertfordshire (Mr. Heald) on the sterling contribution that he has made under your excellent chairmanship, Mr. O'Hara, and may I say what a privilege it is to appear under your chairmanship? My hon. Friend has put a lot of thought into his contribution and covered a lot of ground. I should like to make my bid for having the most stunning countryside in my constituency, which is also blessed with a number of very fishable and beautiful rivers, and I thank my hon. Friend for setting the scene.

Most hon. Friends and colleagues who have spoken today have done so in the context of the rivers that they live next to—chalk streams in a particular part of the countryside have been discussed—or the anglers whom they represent, but I am sure that the Minister will want to broaden his response to include the water framework directive. I was touched by my hon. Friend's contribution, especially when he set the scene regarding unsatisfactory flows in our rivers and pointed out that the UK has a variety of local climates, with differing rainfalls. Having represented part of East Anglia in the European Parliament for 10 years, I am only too aware that the rainfall in East Anglia is probably less than in northern areas, and I am grateful to him for drawing our attention to the issue.

I congratulate the WWF on its latest campaign, "Our Rivers", which aims to protect river habitats. I am grateful to the hon. Member for Reading, West (Martin Salter) for drawing the Chamber's attention to my hon. Friend the Member for Newbury (Mr. Benyon), because he was the first to set up a protection zone local area committee to protect the River Kennet, I think. As the hon. Gentleman has said, the Benyon family have, for many generations, allowed fishing and other natural activities to occur on that river, and we pay tribute to the Benyon family today.

Martin Salter: I thank the hon. Lady for her generous tribute to my neighbour, for whom I have great respect. It is actually the River Pang that he was instrumental in enhancing.

Miss McIntosh: I am grateful to the hon. Gentleman. I am sure that my hon. Friend will take me out and beat me up for misnaming the river.

I was particularly struck by the contributions on biodiversity, especially those of my hon. Friends the Members for Salisbury (Robert Key) and for North-East Hertfordshire, who spoke about the loss of the water vole, and that of my hon. Friend the Member for St. Albans (Anne Main) about the loss of butterflies. We have had debates about the bees, but we should also be aware of the contribution of the butterfly to biodiversity.

There have been many degrees of consensus in this debate, and my hon. Friend the Member for North-East Hertfordshire spoke at great length about biodiversity issues. Personally, I would yield to no one in my quest for clean rivers of excellent quality. The main thrust of my remarks to the Minister will be about the need to assess the implications for England, for biodiversity and for water quality of the European water framework directive, which has huge implications for water companies, local authorities, highway authorities and, not least, farmers.

The WWF campaign, which most people would want to support, refers to three strands, the first of which is developing water efficiency, particularly in relation to new housing. The second strand is about providing incentives to promote water efficiency, and the third strand is about reviewing water abstraction. In all this, the Environment Agency is being asked to maintain a delicate balance. One relevant issue is the requirements of agriculture. Given that I represent one of the most rural constituencies—the hon. Member for Brecon and Radnorshire (Mr. Williams) represents another rural constituency—I am cognisant that the main industry in the Vale of York is agriculture. The requirements of agriculture and the responsible use of water should be encouraged and respected, as should the use of water for human needs and the protection of the natural environment.

[Miss McIntosh]

One thing that has emerged from the debate is a forming consensus that we do not want development on the scale that is being discussed for the various constituencies that have been so well represented here this afternoon. We also want water to be used more stringently and recognised as a resource, and we want to encourage adaptation to climate change, which is one of the few remaining aspects of the climate change brief for which DEFRA is now responsible. We all want a reduction in water stress.

The Conservative view is that the water requirements of agriculture are extremely important and must be given some priority, although protection for human needs and the natural environment are important. We must also recognise that, over the next two decades, the population is expected to increase by 10 million, so there will be further housing development and continued pressure on supplies. With climate change having a significant impact on supply, we will need to prepare for long dry periods and droughts such as those in the summers of 2005 and 2006, and for potential problems with abstraction, particularly as rising temperatures reduce river flows, possibly by as much as 80 per cent. That is a real concern.

Mr. Heald: My constituency has a substantial farming interest, and I recognise the point that my hon. Friend made about farming. Does she agree, however, that it is possible, as the environmental stewardship scheme has shown, for farmers not to pollute rivers and to use water for farming in a thrifty way? Does she agree that advice, incentives and Government policy should be targeted at achieving that?

Miss McIntosh: I am grateful to my hon. Friend for flagging up two very worrying trends on which I hope the Minister will respond; I shall end with some questions on them. The stewardship scheme has, over a number of years, greatly advantaged rural constituencies—my own is no exception—but there is concern in the farming community about how DEFRA is seeking to amend the stewardship scheme, between the higher-level and entry-level schemes. He might also like to respond regarding flood-alleviation schemes, as the water at the riverbanks will expand naturally, as with the significant flooding in Yorkshire and Gloucestershire. I hope that he will see fit to use some European Union funds—some rural development funds—to allow farms to be compensated for taking excess water off riverbanks.

I shall conclude with a number of questions for the Minister. What does he understand by good ecological status? A number of consultations were carried out for the draft Flood and Water Management Bill—we warmly welcome that draft legislation—but the exact meaning of the water framework directive's requirement to achieve ecological good status for all surface waters by 2015 is unclear and, either today or in writing, I would welcome the Minister providing a better definition.

What assessment has the Minister and his Department made of the obligations that the water framework directive will impose on local authorities, water companies, farmers and others? From meeting the Commission officials who drafted the directive, my understanding is that those obligations will be significant and are additional to what is already in the pipeline—if hon. Members will pardon the pun. What will the directive cost those bodies, and how will they be expected to raise the money? On the question asked by my hon. Friend the Member for North-East Hertfordshire, when do the Government aim to introduce a plan for the water industry to hit water resource consumption in relation to the four new developments that are in the pipeline?

4.1 pm

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Huw Irranca-Davies): Thank you, Mr. O'Hara, for your chairmanship. There are several styles in which I usually make these concluding remarks—sometimes I am slow and languorous, and at other times, I am like a machine gun. Today, the style will be like a machine gun, as I try to deal with the many points raised. I am happy to write to hon. Members or engage in further discussion and dialogue on the points that I do not address.

I congratulate the hon. Member for North-East Hertfordshire (Mr. Heald) on securing this important debate and on how he put his points across. I also congratulate the hon. Members for Salisbury (Robert Key) and for St. Albans (Anne Main) and my hon. Friends the Members for Stroud (Mr. Drew) and for Reading, West (Martin Salter) on their contributions. I will turn to some of those contributions in a moment. I also congratulate the Front Benchers on their contributions—the hon. Members for Vale of York (Miss McIntosh) and for Brecon and Radnorshire (Mr. Williams).

Mr. Heald: I thank the Minister for his kind remarks. Will he and the Secretary of State come to see the Beane and the Mimram?

Huw Irranca-Davies: I am more than happy to accept that invitation—perhaps we can look at some other issues surrounding biodiversity and so on in the area at the same time. I shall ask my diary assistant to engage my people to get in touch with the hon. Gentleman's people, and we will try to sort that out—perhaps during the summer. It will be delightful. We have indeed learned much about the River Mimram—for example, about its biodiversity, beauty and sometimes its fragility. We have also learned much from hon. Members' contributions about other localities.

I will not waste time by reiterating what a valuable resource water is. On the comments about Arcadia made by the hon. Member for Salisbury, this is a complex area. We are considering the beauty of the environment and our rivers; the water quality; the biodiversity and the habitat; and the water supply and demand. We are also considering abstraction for canals, which everyone loves, and abstraction for farms, which everybody treasures, and how to square that circle. On top of that, we have the issue of home building and the necessity of providing affordable homes for rental and purchase for all our constituents across the country. How do we square that circle? There is also the necessity of providing good water supply for businesses, recreation, anglers and canoeists, and the massive challenges that we face in relation to climate change. In addition, we have to consider the water framework directive, to which I will return in a moment, and the importance of local

engagement. All those issues mean that this is one of the most challenging subjects. There are no simple magic bullets, but I shall mention some of the issues and the way forward in a moment.

I commend the opening comments of the hon. Member for North-East Hertfordshire and the work that he has done. I also commend the engagement of the Environment Agency with the friends of the River Mimram, the Beane restoration association, the Ver Valley Society, the Chiltern Society and others. The Environment Agency is committed to continuing engagement with those organisations and to finding workable solutions on the ground—however difficult and challenging it is.

On the hon. Gentleman's comments about metering and tariffs, he will know that Anna Walker has been commissioned to bring forward a piece of work on that issue. We look forward to her reporting imminently. We hope to have another debate on that matter to consider what solutions can be brought forward.

As others have done, I commend the work of my hon. Friend the Member for Reading, West on environmental issues and angling. I note that there is often a significant overlap between conservation and angling. Among other things, I commend his chairmanship of the "Blueprint for Water" campaign and his work on the Marine and Coastal Access Bill—we attended a meeting on the Bill together earlier today. He pointed out—this is a crucial theme—the importance of partnerships on the ground and how they can deliver benefits through river catchment management plans. He will be a great loss to the House, and I urge him to reconsider and stand again as a Member of Parliament. I will try to assist him in any way I can, but I urge him not to go—for goodness' sake!

The hon. Member for Salisbury commented on the fact that I was reasonable. I hope that the Government Whips were not listening when that compliment was made, because it could be the end of my career. I thank him for his comments. He talked about his intimate relationship with rivers and having fallen in and been pulled out by no less a person than a bishop. He did well to talk about the very long and complex history of the issue, and he talked about the necessity for correspondingly complex solutions. I hope that those are not long solutions—they might be long term, but I hope that they do not take a long time to put in place.

On the aspects of river restoration that the hon. Gentleman talked about, we need to focus our work on balancing the ecological, chemical and biological status of rivers and driving forward. Work is being done, and I will talk about it in a moment. We have to deal with this matter—not least to comply with the water framework directive.

The hon. Member for St. Albans rightly talked about biodiversity and the richness that she wants to protect. However, in trying to square the circle, there is also the challenge of providing the affordable homes that her constituents want. It is difficult, but we have to make sure that engagement is done in a top-down way and that it takes place genuinely across the board.

Anne Main: St. Albans fully accepts that it needs a certain number of homes; it is the number that is in dispute. That is where the sensitivity lies, and that is the balance that needs to be struck. I hope that the Minister listens to the representations on that.

Huw Irranca-Davies: Indeed. That is where the balance must be struck. On the Bow Bridge aquifer, I will ask the Environment Agency to contact the hon. Lady and discuss that and other issues further. She did a good job of reminding us how important the birds and the bees are, as well as the butterflies.

The hon. Member for Brecon and Radnorshire talked about intelligent approaches to abstraction. I absolutely agree—that is the direction of travel in which we are going. It is also important to balance supply and demand. On the importance of agriculture, yes, it is a major component of diffuse pollution, but there are many other aspects, too. We must also move forward on those issues.

In the few minutes remaining, I shall turn to some of the issues that the hon. Member for Vale of York mentioned. She spoke comprehensively on many matters—not only agriculture, but the wider issues surrounding the water framework directive. We all share the same aspirations: to have a sustainable, affordable and secure supply of clean, good quality water and a healthy environment. I think that everyone recognises that achieving that is no easy feat. The two biggest challenges ahead of us in the water sector are the increasing demand for water and our changing climate. The population is growing and the pattern of hotter summers, wetter winters and extreme weather will continue. We also still need to tackle ongoing issues, such as pollution. None of those problems have quick fixes; we must take a long-term view. That is the basis of the future water strategy, which outlines how we intend to deliver our vision right through to 2030.

We are taking a long-term approach, but we will achieve our aims only by working together. Homeowners, businesses, water companies, environmentalists and everyone else need to work with us. In many areas, we are already reaping the rewards. We have made great progress. No one today has remarked on the progress that we have made in cleaning up our rivers across the UK. We have considered issues in highly stressed areas today, but across the UK—as the title of the debate implies—we have made progress in cleaning up our bathing waters, beaches and rivers. We have addressed some of the most acute sources of pollution, such as sewage treatment works and overflows.

Fifty years ago, the River Thames outside our doors here was so polluted that it was declared biologically dead, but it now supports more than 120 fish species. Otters and kingfishers have returned to stretches of river from which they were absent for many years. We have been used to figures reported under the general quality assessment, which has shown a consistent improvement in the quality of our rivers since it was introduced in 1990. Let us remind ourselves where we are. Some 72 per cent. of rivers were of good biological quality in 2007, compared with 55 per cent. in 1990. However, we need to go further.

The water framework directive sets exciting—I have to use these often over-used words—and extremely challenging new targets for the quality of our rivers, and it brings with it a more stringent set of requirements for measuring their quality. We are now looking at the ecological health of our rivers—not just simple indicators of water quality—and, indeed, other water bodies including lakes and coastal regions.

[Huw Irranca-Davies]

The headline figures look far worse than those reported under GQA, because we monitor many more quality indicators under the directive than under the GQA and because the worst-rated element determines the overall class, yet the quality of our rivers continues to improve. Working with others on the ground—industry sectors, local stakeholders and local partners including, I am sure, some of those who are listening to the debate—the Environment Agency has developed many draft river basin management plans. Some people believe that such measures do not go far enough, and I agree. We want them to be more ambitious, but they have to be more ambitious without resting on one individual or one organisation. Across the board, we must all play our part. We are currently exploring ways flexibly to manage areas where water quality standards are falling, and water protection zones are one possibility there.

Agriculture has a huge impact on such pollution, but we have been supporting farmers in their efforts to reduce a range of pollutants, including nitrates. Through the England catchment sensitive farming delivery initiative, farmers have received advice as well as capital grants in priority areas. Such measures will help.

Water companies have a vital role to play, and I am keen to see more initiatives like SCAMP—the United Utilities sustainable catchment management programme—and South West Water's Exmoor mire restoration projects. Ofwat is undertaking its periodic review of water price limits for 2010 to 2015. I am glad to say that there are now more than 100 management schemes in water companies' final business plans—more than double what originally appeared in their draft plans. Misconnections and bringing people together are other issues.

We have much more work to do, but our rivers are continuing to improve. Now more than ever, through the river basin management plans, we have the chance to plan and manage sustainable, long-term improvements in the quality of our rivers. We are all striving to square the circle, deal with all the difficult and challenging issues and bring back the Arcadia that the hon. Member for Salisbury described, and the more that we can engage with that actively—on the ground, not just in Whitehall—the more chance we have of success.

Helios Airways Flight ZU 522

4.12 pm

Nadine Dorries (Mid-Bedfordshire) (Con): This debate is about Alan Irwin, who is one of my constituents. I am afraid that I shall read from notes because it is important that I get every aspect of this case into the debate. I shall probably speak rather quickly because there is a great deal for me to get into the time I have been allocated.

Mr. Edward O'Hara (in the Chair): Order. We are simply running 12 minutes late.

Nadine Dorries: I am sorry, Mr. O'Hara. I meant that there is a great deal to say within the time allocated for the debate.

Alan Irwin is a licensed aircraft engineer who is facing criminal prosecution in Greece for manslaughter as a consequence of a fatal air accident in summer 2005. In that accident, 121 people died. It would be difficult for any of us to understand or imagine the impact that it has had on his family, and on him and his health, or the consequences of having to live with and deal with such an event hanging over someone. That is why I asked for this debate. I gave the Minister notice of it, and I hope that we can get some good, conclusive answers.

At 9.7 am on 14 August 2005, Helios Airways Flight 522 left Larnaca for Athens on the first leg of a flight to Prague. The aircraft only partially pressurised and both pilots succumbed to hypoxia, which is caused by oxygen deprivation. Their performance deteriorated rapidly, and they soon lapsed into unrecoverable unconsciousness. With no further input from the pilots, the aircraft continued on its pre-programmed flight to Athens.

The flight was on autopilot for about three hours. It ran out of fuel and crashed at Grammatiko, north-west of Athens, at 12.3 pm. All 121 people on board lost their lives. The accident received worldwide media attention—indeed, I remember it well—but particularly in Cyprus, Greece and the United Kingdom.

The Greek Air Accident Investigation and Aviation Safety Board investigated the accident, and the final report was published on 10 October 2006. It is highly contested on several issues, one of which is the unsupported assumption that Mr. Irwin left the pressurisation mode selector in manual after a pre-flight maintenance task. The report makes it clear that the accident was caused by the crew not identifying the aircraft's failure to pressurise, due in part to the use by the Boeing Company of a misleading warning horn. The United States Federal Aviation Administration recently said that the system creates an unsafe condition in this widely used aircraft. In layman's language, the same sound and tone of horn is emitted for two completely different faults. The pilot and aircrew misinterpreted the sound of the horn as indicating a different fault.

The report found that both pilots were licensed and qualified in accordance with international standards, and that they were adequately rested and medically fit to conduct the flight. The aircraft also conformed to international standards and had no recorded defects. The Cypriot company, Helios Airways, was found to be in compliance with the European joint aviation requirements

known as JAR-OPS 1. The last audit of the company, in July 2005, was conducted by UK Civil Aviation Authority inspectors who were contracted to the Cypriot authority.

Mr. Irwin was working on a short-term contract with Helios Airways for the summer of 2005. It was the second season that he had worked for Helios Airways in Cyprus. He is now facing criminal charges in Greece for manslaughter with potential intent, which carries a maximum penalty of life imprisonment. There is also the emotional impact of knowing that 121 people died on the flight. Although there is only one charge of manslaughter, Mr. Irwin is facing criminal charges for 121 deaths, not one.

Mr. Irwin was not insured for the prohibitive cost of defending himself, and his continued defence is now in jeopardy because of the lack of financial support available to him. Helios Airways did not carry legal expenses insurance, which would have indemnified him in respect of the defence costs he now faces.

At 4.25 am on 14 August, the aircraft arrived at Larnaca from London Heathrow. The cabin crew reported freezing around the rear service door seal at cruise altitude, and loud bangs during the flight. The captain consequently requested a full inspection of the door. With two other engineers, Mr. Irwin carried out an inspection of the rear service door of the aircraft. They found no fault when they inspected the door on the ground, so Mr. Irwin pressurised the aircraft to reproduce conditions similar to those experienced in flight. This is a normal procedure for a flight engineer. Again, the engineers found no fault with the door, so the aircraft was depressurised. During the test pressurisation, the aircraft pressurised as normal, and as it would have done at altitude in flight.

Mr. Irwin entered the details of his actions in the aircraft technical log and recorded that no fault had been found with the rear service door. At 6.15 am, he signed off the maintenance procedure. That was about two hours before the flight crew arrived to start their pre-flight preparations.

The accident report maintains that Mr. Irwin left the pressurisation mode selector in the manual, as opposed to the automatic, position after depressurising the aircraft. He has stated that he left the selector in the automatic position—the normal position for flight—as was his usual practice over, I believe, 20 years.

The final accident report states that

"the Board concluded that if the Ground Engineer number one had not returned the mode selector to the AUTO position, this could not be considered an omission as there was no specific requirement to do so."

I repeat that he was not required to leave the selector in the automatic position.

However, the report inconsistently concludes that a contributing factor in the accident was the omission of returning the pressurisation mode selector to auto after unscheduled maintenance of the aircraft. It is that conclusion which forms the foundation of the prosecution of Mr. Irwin.

Since the accident, Mr. Irwin has carried out certain tests recorded on video in the presence of various aviation experts. The tests demonstrate that it is unlikely that he had left the pressurisation mode selector in the manual position after depressurising the aircraft.

The draft final report was issued by the Greek board in May 2006. It was sent to the various entitled states for comment under the provisions of "Aircraft Accident and Incident Investigation", which is annex 13 to the Chicago Convention 1944. Despite the fact that Mr. Irwin's alleged omission was the key to the predicted accident scenario, the Greek board would not give permission for him to have a copy of the draft report. After representations by Helios Airways, he was eventually allowed to see only those pages that related directly to his actions. Even though he was unable to appreciate the full picture, having only been given selected pages, he made limited comments through his lawyer on 11 July 2006. Although the state agency is entitled to receive a copy under annex 13, chapter 6.3 of the Chicago convention, the United Kingdom Air Accidents Investigation Branch did not receive a copy of the draft final report when it was first issued.

On about 23 July 2006, the AAIB was able to send a copy of the report to Mr. Irwin to enable him to make significant and substantial comments. He was given 28 days to submit his comments, instead of the usual 60 days mandated by Greek law. Mr. Irwin acknowledged receipt of the report on the following day and included details of the tests he had carried out. On 26 July, the AAIB forwarded these comments to the Greek board by e-mail and post. On 4 August, the AAIB forwarded Mr. Irwin's final comments, which again included details of the test, to the Greek board by e-mail and post. Mr. Irwin requested:

"Should the final report not be amended to include my formal comments, I would like them to be appended."

The state of the United Kingdom is entitled to make such a request under the provisions of annex 13, chapter 6.3. The state of Greece is obliged to comply with such a request under the same provision, but it did not do so. Although the AAIB was led to believe that Mr. Irwin's comments had been received by the Greek board, it has since transpired that the comments were either not received or have been mislaid. Therefore, details of the tests that cast reasonable doubt on the contention that Mr. Irwin left the selector in manual were neither included in nor appended to the final report.

Annex 13, chapter 5.13 of the Chicago convention makes provision for an investigation to be reopened if new and significant evidence becomes available. As the comments of the state of the United Kingdom on behalf of Mr. Irwin do not appear to be in the possession of the Greek board and have not been included in or appended to the final report, they constitute new and significant evidence—obviously, as they were not included.

The UK AAIB has been asked to make representations to the Greek board to reopen the investigation to consider the comments of the state of the United Kingdom on behalf of Mr. Irwin, particularly those related to the tests. Annex 13, chapter 3.1 of the Chicago convention states:

"The sole objective of the investigation of an accident or incident shall be the prevention of accidents and incidents. It is not the purpose of this activity to apportion blame or liability."

It has always been the case that any major air accident has been investigated with the sole purpose being not to apportion blame, but to take the evidence from that investigation to prevent accidents from occurring in future. The Greek final report into this accident is being

[Nadine Dorries]

used openly as the basis for the criminal charges that Mr. Irwin now faces, although his statement was not taken under caution and he was not afforded the usual protection of persons under investigation for criminal wrongdoing.

There is no direct evidence that Mr. Irwin's actions contributed to the accident, yet he has been publicly vilified at extreme personal cost. Mr. Irwin's name was released to the United Kingdom, Greek and Cypriot media during an extremely emotional time—children were on board the flight—and as a consequence he became a figure of public hate. Mr. Irwin's actions were portrayed in the media as a causal factor in this accident, and he is now facing criminal prosecution in Greece.

Even if Mr. Irwin had left the selector in manual, which he did not, it is a basic principle in aviation that an aircraft engineer is never responsible for configuring an aircraft for flight: this is the sole responsibility of the flight crew, as part of their pre-flight checks, and the ultimate responsibility rests with the captain.

The cost of a criminal defence in Greece is prohibitive and Mr. Irwin faces the prospect of funding his defence personally. A small amount of funding for all the defendants was secured when the Greek charges were initially served. However, there is now a parallel criminal prosecution in Cyprus and although Mr. Irwin is not yet named in the Cypriot proceedings, this has placed an immense strain on the diminishing funds that are available. Those funds will shortly be exhausted. Mr. Irwin is not in a position to continue funding his defence personally, although the failure to mount a proper defence could lead to a custodial sentence in Greece—a life sentence.

It is anticipated that the Cypriot proceedings will overtake the Greek proceedings: they are already at an advanced stage, owing to the differences in the two criminal justice systems. Mr Irwin will not be entitled to a reimbursement of the fees paid in Greece, regardless of the outcome of the proceedings. For the sake of clarity, it is important to highlight the fact that parallel criminal proceedings in two different European jurisdictions are as yet not prohibited, though this is the subject to debate at European Commission level.

Thankfully, Mr. Irwin is not included in both cases, but the double proceedings do have an impact on him. The legal resources are now split between two countries and the funding has to be divided between both cases to ensure that a full and proper defence is mounted in both courts. Mr. Irwin's legal team believes that he may not receive a fair trial in view of the damaging and speculative press stories that circulated in the aftermath of the accident.

This accident had a huge emotional impact in both Greece and Cyprus. Mr. Irwin's name and actions were freely discussed in media reports and his home address was also published. Despite receiving various retractions from the UK press after the defamatory comments had been published, the belief remains in the public's eyes that his actions caused this accident. Various senior aviation experts disagree with this allegation, but, as far as Mr. Irwin and his family are concerned, the damage has been done. If the case is allowed to continue in Greece, it is obvious that the media-fuelled speculation and rumours will have an effect on the courts.

Neither Helios Airways nor Mr. Irwin had access to any of the components of the pressurisation system after the accident. They cannot therefore review the tests done during the investigation or carry out their own independent tests. The relevant components are still being held by the Greek Government, although the major part of the wreckage has been released.

I have a number of questions to ask the Minister, of which he is aware. Will he address Mr. Irwin's case with his counterpart in Greece? In light of the issues highlighted in this debate, it is apparent that the prosecution in Greece is misconceived and the use of the accident report is inappropriate under the circumstances. Can the use of the official accident report in respect of criminal prosecutions be raised by the UK with the International Civil Aviation Organisation? Will the Government assist Mr. Irwin with his defence costs in Greece?

Article 1 of European Union Council directive 94/56/EC of 21 November 1994, establishing the fundamental principles governing the investigation of civil aviation accidents, states:

"The purpose of this Directive is to improve air safety by facilitating the expeditious holding of investigations, the sole objective of which is the prevention of future accidents and incidents."

Both the UK and Greece have adopted this directive. Will the Minister now make representations to the EU for its members to adhere to the overriding objective of the directive and prevent the misuse of air accident reports being used to criminalise aviation? Will the Minister make representations to the UK AAIB to request that the investigation be re-opened in accordance with annex 13, chapter 5.13 of the Chicago convention, in the light of the evidence that was not considered by the Hellenic Air Accident Investigation and Aviation Safety Board?

4.28 pm

The Minister of State, Ministry of Justice (Mr. David Hanson): I thank the hon. Member for Mid-Bedfordshire (Nadine Dorries) for the way that she presented a complex case that is of extreme importance to her constituent and to the wider community impacted by the air accident in Greece. I also thank her for giving notice of some of the issues that she wished to raise. It is helpful for me to know about such matters in detail so that I can try to respond accordingly.

As the hon. Lady mentioned, the accident led to the loss of 121 lives and it is, understandably, an emotive issue in Greece. The Greek authorities take it particularly seriously. The implications of the Helios accident of 14 August 2005 have already been brought to the attention of the Ministry of Justice and of my colleagues in the Home Office, the Foreign and Commonwealth Office and the Department for Transport. The Government are willing to help and support where we can, as far as we can, wherever possible.

The Government take cases such as that of Mr. Irwin, as set out by the hon. Lady, very seriously. For that reason, as well as answering the debate, I want to offer her an opportunity to meet Ministers in the Ministry of Justice to raise these issues outside the Chamber and discuss them in more detail, if that would assist her.

I am acutely aware—the hon. Lady described it so clearly—of the incident's impact on Mr. Irwin and his family. The prospect of facing criminal charges for manslaughter with criminal intent, as well as his naming in the media, to which she also referred, have placed him under considerable strain emotionally and financially. I cannot begin to imagine the nightmare that he is going through, faced with a tragic accident that needs to be investigated and needs to be resolved and on which we all need to have answers as to why the incident occurred.

The hon. Lady mentioned a number of key points, and it is important that I respond to them. I want to touch on the principle of mutual recognition and the European arrest warrant. The general principle is that the Government should not and do not interfere in the judicial systems of other countries, particularly when the principle of mutual recognition is fundamental to our relationship with the other country.

We expect other EU member states to follow international and European standards that guarantee the rights of our citizens, and there must be mutual trust in the operation of member states' legal systems. An important principle is that just as we would not want other member states to interfere in the judicial proceedings of the United Kingdom and those that take place in our jurisdiction, we would not, in normal circumstances, intervene in proceedings in other member states.

The proceedings being discussed today, which the hon. Lady presented very well on behalf of her constituent, are at an early stage. If proceedings continued to prosecution, and indeed to conviction, a number of safeguards through EU mutual recognition instruments are in place and would be of assistance. The most important for the UK is the European arrest warrant.

That warrant contains robust safeguards against extradition of UK nationals to another member state if there is a request for extradition. Those safeguards include double jeopardy, the passage of time and the age of the subject. In addition, the request for a warrant must be agreed by a district judge, who must be confident that ordering extradition would not be in breach of the subject's human rights.

As the hon. Lady said, the EU is also negotiating an instrument to prevent separate prosecutions from taking place in two member states based on the same case and the same facts. That will prevent some of the difficulties facing Mr. Irwin in relation to the financial implications of two criminal prosecutions.

The hon. Lady raised a number of key questions and recorded the history well. I will try to respond to those key questions in particular, because they are the nub of the matter for her and her constituent. She asked whether I would contact my counterpart in the Ministry of Justice in Greece to discuss these issues and Mr. Irwin's case. The proceedings against him are at an early stage.

On that basis—this will disappoint the hon. Lady—it is difficult for the Government to raise the case with the Greek authorities because that would be seen as interfering with the independence of the investigation. I will keep the matter under review and, as ever, we can continue to consider whether we can discuss it in future, depending on the outcome of progress on prosecution. However, until such time as the Greek authorities have determined their course of action, this is a particularly difficult matter for us to raise.

The hon. Lady asked whether we can raise the issue of the use of the report with the International Civil Aviation Organisation, in particular whether we will raise the use of the report in the criminal prosecutions. As she mentioned, paragraph 5.12 of annex 13 of the Chicago convention provides that Greece, as the state conducting the investigation of the accident, should not make evidential statements and certain other records available for purposes other than accident or incident investigation. That is clear under the convention.

However, an exception allows for the appropriate authority for the administration of justice to determine that its disclosure outweighs the adverse domestic and international impact that such action may have on that or any future investigation. If any records, such as the accident report, are being used in the prosecution, it is likely that their disclosure has been considered and permitted by the appropriate courts in Greece. I will certainly investigate that issue, and we can return to it if the hon. Lady takes up my offer of a meeting.

The hon. Lady rightly raised the important point of the defence costs, which I can understand will be a burden for Mr. Irwin, particularly as Helios Airways does not have the indemnity that I would have hoped it had. She considered the issue in relation to the separate prosecution in Cyprus, where Mr. Irwin may have to fund the majority of his defence from his own funds and will not be reimbursed for any costs.

However, I hope that it helps the hon. Lady to know that the administration of justice in Greece, including provision of legal assistance, is a matter for the Greek authorities. Article 6(3)(c) of the European convention on human rights makes it clear that Mr. Irwin has the right to defend himself through legal assistance of his own choosing and that legal assistance is to be given free when the interests of justice so require.

If Mr. Irwin finds himself finally being prosecuted and having to fund his own defence, he should urgently make representations—I am sure that the hon. Lady can help him with that—to the Greek authorities to enable him to access the legal assistance to which he would be entitled.

The hon. Lady also raised the question whether the Government will make representations to the EU for member states to adhere to the objective of Council directive 94/56 on investigation of civil aviation accidents. Annex 13 to the Chicago convention provides:

> "The sole objective of the investigation of an accident or incident shall be the prevention of accidents and incidents. It is not the purpose of this activity to apportion blame or liability."

I recall the hon. Lady quoting the same tract, and that objective is mirrored in Council directive 94/56. However, that does not mean that criminal proceedings should not be brought against persons who are believed to have been responsible for an accident, nor does it prohibit the use of the factual evidence contained in an accident investigation report to support such proceedings. That will be a difficult issue in relation to her constituent and the representations that she has made today, but that is the position.

The hon. Lady asked me to consider inquiring whether the Government would make representations to the UK air accidents investigation branch to reopen the investigation. I appreciate that this answer will disappoint her, but the investigation can be reopened only with the

[Mr. David Hanson]

approval of the Greek authorities. While there are strong arguments that the setting of the pressurisation mode selector should not be considered a causal factor in this accident, it is not a significant issue from an accident prevention point of view. There are no air safety grounds for reopening the investigation, as far as I have been advised, so we cannot ask the AAIB to reopen the case.

When the hon. Lady has reflected on what I have said, and if she believes that there are further grounds to consider, I am happy to discuss those issues in our meeting and consider them on behalf of the Government. We recognise that this case and the prospect of criminal damages and charges are causing great distress to Mr. Irwin. I pay tribute to the hon. Lady for presenting a complex case professionally on behalf of her constituent. She will want to consider my answers. Some are disappointing to her, but I am willing to meet her, and to meet Mr. Irwin if that is appropriate, to discuss what assistance the Government can provide at this stage. Subject to progression of the case and formal prosecution, mechanisms are available whereby the British authorities can consider the issues in detail, given the complexities involved in making any approach to the independent Greek judiciary and the role of member states within the EU.

I hope that my comments are of some help to the hon. Lady and I thank her for raising this case today.

Regional Development Agency

4.39 pm

Mr. Parmjit Dhanda (Gloucester) (Lab): It is a pleasure to serve under your chairmanship, Mr. O'Hara. At a time when Westminster is under such scrutiny, it is good, as a Member of Parliament, to be able to focus on trying to get tens of millions if not hundreds of millions of pounds of investment into my constituency. All Members of Parliament try to do that in their day-to-day lives.

What a story we have to tell in Gloucester of what has happened over the years, but before I do that, I welcome my hon. Friend the Minister. I know that she is standing in for another Minister, who is on paternity leave. As the father of a nine-week-old child myself, I find that entirely understandable and I wish him the best of luck. As a reward at the end of his paternity leave, I invite him to come to Gloucester to visit the projects I am talking about and to meet representatives of the Gloucester Heritage Urban Regeneration Company to talk through some of the issues I shall describe in the debate.

We have done very well out of the regional development agency in recent years. We must not forget that a Labour Government created the RDAs. The Conservatives want to do away with them because they see them as among those quangos that are unimportant. We have also done very well out of the creation of an urban regeneration company. Some of the gratitude and tributes deserve to go to a gentleman named Ian Knight, who works for the RDA. I remember having a chat with him back in 2001, soon after my election to the House, when he talked about urban regeneration companies generally. I said, "Wouldn't it be a good idea to have one in our area?" We agreed on that, and my very first question at Prime Minister's questions was to Tony Blair, urging him to set up an urban regeneration company. I am proud to have been one of the founding members of the urban regeneration company, which has gone on to do great work, with the backing of the RDA.

Since 2002, we have had £17.3 million in capital funding through the RDA. We have had a further £9.5 million in revenue funding. Before 2002, we had £9.2 million of funding. We have therefore had about £35 million through the RDA. Much of the funding is now channelled through the urban regeneration company. This is not all down to Government. There is a partnership involving local and national Government, but also the private sector. Through the creation of RDAs and urban regeneration companies, the Government have created an environment that has got the private sector to invest.

In my constituency, we are, we hope, looking overall at a picture of £1 billion of investment. Already, £300 million has been levered in through the private sector. I know that the people from the private sector are delighted to be partners, because they will make a good deal of money out of this themselves. I am delighted that in just a few days' time, a gentleman by the name of Gok Wan will open the new retail designer outlet centre. If there are any young viewers of this Adjournment debate in Westminster, they will be aware who he is; not everyone in this place will be, but you may be, Mr. O'Hara. We are talking about 100 units—100 retail designer shops—in

the Gloucester docks. There has been £120 million of investment. Just the other side of the docks, the new Sainsbury's is due to open as well. Some 1,000 jobs are being created in the heart of the Gloucester docks area. Sitting opposite is the further education college, Gloucestershire college, where there has been £35 million of investment. I am delighted to say that the urban regeneration company was involved in that as well. It was driven largely by the hard work of a gentleman named Greg Smith, principal of the college and chair of the company, who did sterling work to help to ensure that it happened.

What we need in Gloucester is the opportunity to finish what we have more than started. That is what we want. I accept that there are real difficulties at a time of economic downturn and recession, and that new challenges face regeneration companies and particularly RDAs. RDAs across the south and east of the country are somewhat under the cosh at the moment. Understandably, the Government have looked at their budgets and dipped into them for important measures to fight the recession—to keep people in their homes and to create jobs. We understand and respect that, but let me just explain the situation with regard to the South West of England Regional Development Agency.

SWRDA spends £180 million a year and it expects £26 million of its budgets to be raided in the course of two years for some of the recession-busting projects. That will hit the agency particularly hard in 2010-11, when it will lose £20 million for some of the other measures—largely the HomeBuy Direct scheme, which is focused on trying to keep people in their homes. I understand that £6 million will go to support small businesses as well. I say to the Minister that we understand that—it is important to do that at a time of recession—but let us balance it. It needs to be balanced with those priority areas, which Gloucester is in the south-west and the urban regeneration company is in my constituency, where a great deal of investment is beginning. Some agreements have been made involving the public and private sectors and local government, and we are making real headway. Let us ensure that when the RDA board meets on 18 May, it is in a position to continue the investment in the key projects. I shall describe those in a moment.

The other problem that SWRDA is dealing with—this is not the fault of the Government or anyone else—relates to the £30 million that it gains from receipts. Land value going down has had a huge impact on the capital receipts that it can claim. RDAs are very good at buying land, investing in it and getting housing on areas of derelict land, and as a consequence, they gain capital receipts. The estimation in the south-west is that the expected £30 million of receipts for 2010-11 is now likely to be only £14 million. The rest may well be recovered later, when the market turns around and land values change, but at this time there is a significant additional pressure on our RDA and possibly, as a consequence, on our urban regeneration companies as well. Hence we have had a letter from the chief executive of SWRDA. Indeed, all urban regeneration companies have received a letter, asking them to focus on their priorities. I shall say a little about the priorities in Gloucester.

There are four particularly key schemes that my local authority and the urban regeneration company have written to SWRDA about. I want to elaborate on the importance of those schemes. The Minister will be right, when she responds to the debate, to refer to the importance of the work that Departments want to do to keep people in their homes and in work, but all these projects make a difference. That is why I hope that SWRDA will prioritise the projects, ensure that the money keeps coming in, and work with the Government to ensure that the money is available for it to continue to do that. As I said, the Labour Government have a very proud record of having done that in recent years, after having created the RDAs in the first place.

The first very important project is on economic linkages—linkages between the Gloucester quays development and our town centre. For many years, people have been coming up to me and saying, "Parmjit, what's going on in the docks is fantastic. We're really pleased with what you've been doing to help drive things forward there. It'll be really good for us. But what about the town centre? Will it die as a consequence of that?" It will not, but one of the provisos is that we get the £7.4 million that SWRDA had promised in order to help ensure that we have good, strong public realm linkages from the town centre to Gloucester docks. That will mean that people come in on the train or bus. They can go to Gloucester cathedral, to the docks, visit the new designer outlet centre and use Kings square and the other shops in the town centre.

It is important to get the linkages right. As a result of the project and the economic linkages, we will be getting 4,000 sq m of improved public realm works; 10,000 sq m of new office floor space; 1,900 sq m of new retail floor space; 9,000 sq m of improved public realm in the Kimbrose triangle and Southgate street area; and 1,900 sq m of refurbished A3 units. An estimated 100 jobs will emanate from that development.

The second key project is Kings square, a 1960s-style piece of architecture that I think Prince Charles might describe as a carbuncle. It is in the heart of our city. I probably receive more complaints about the state of Kings square than about any other site in the city. Local authorities may try to cover themselves in glory by making pledges just before local elections that they will bring in the JCBs to do the work within a few weeks, but it never happens.

However, the project will materialise with the support of £1.75 million from SWRDA. That money has been earmarked to help us redevelop Kings square, turning it into a top-notch, top-quality square, with many new retail opportunities. There will be 29,500 sq m of retail floor space, 257 new residential units and a new bus station. The old bus station is dilapidated. The Gloucestershire women's institute was here yesterday to complain about it, and they were right to do so.

If we get Kings square right by turning it into a modern, popular square, people will want to use it and visit it with their families. Making a pleasant place in the heart of our city for people to sit and spend their time, as well as improving the bus station, will make a huge difference.

The third priority is Blackfriars. It is on the site of a special Dominican priory—the best-preserved priory in the country. It is a wonderful historic quarter and a very peaceful part of the city. However, it is also a large area that needs work to be done on it. At present, it is not much better than a concrete car park. It is in the heart of the city, and links the docks area with the city centre.

[Mr. Parmjit Dhanda]

SWRDA has earmarked £8.865 million for that project, which will deliver a lot. There will be a new concert hall and conference and exhibition area, with space for 200 people; a new city centre police station; a 150-bedroomed four-star hotel, and all the jobs that will go with it; 650 sq m of business incubator space; a 450-space multi-storey car park; 12,000 sq m of office or residential floor space; and 2,600 sq m of specialist retail floor space. It is an important project. I know that the university of Gloucestershire is interested in using the old priory as a place for learning, and it would be a wonderful opportunity to tie that work in with higher education. The RDA is behind that important project; we do not want to lose it because of changes to the funding allocations.

Regeneration should not be only about steel and glass and beautiful buildings. There must also be a social aspect. The Westgate ward in my constituency is one of the poorest areas in the south-west. Considering all the indicators, it is the poorest ward in Gloucestershire. We want to build the Four Gates centre there. It will be community focused and will provide crèche facilities; it will also provide training facilities for unemployed local people. It will be a real community hub that will also be able to provide medical facilities. It is an important project, and I know that SWRDA was thinking of putting some £2.8 million towards it.

Having heard a little about those projects, I hope that my hon. Friend will persuade the Minister responsible for these matters to visit them, and that she will actively encourage SWRDA, at its board meeting on 18 May, to ensure that the tap is not turned off and that the money continues to pour in for those projects. It is important to Gloucester for that to happen.

I have two questions for my hon. Friend. I hope that she can respond, but I know that it is not her area of expertise. If she cannot respond now, it would help if she responded in writing. First, I would like the Department for Business, Enterprise and Regulatory Reform to work with other Departments to consider closely the consequences of dipping into the RDA budgets. We do not want a counter-productive measure that involves taking money out and then realising that big projects such as those in the new designer outlook centre at the Gloucester quays will create hundreds of jobs. Those projects will also create hundreds of construction jobs, and many housing projects are entwined within them.

Creating homes and jobs are the priorities of the urban regeneration company. We do not want to lose money to other projects, worthy though they may be. We have to strike a balance. A key part of that is the meeting on 18 May. I would be interested to hear what my hon. Friend has to say on the matter, but it is imperative to continue what we have begun—and more than begun—by maintaining investment through the RDA for the coming comprehensive spending review.

My final question is on the role of the new Homes and Communities Agency. If there are gaps that cannot be filled or are not filled by the RDA, we need to see more joint ventures. We need the HCA, with its huge budget, to step in and say, "We appreciate that there are other priorities and projects, and other things that the Government have to do at this time of recession, but we will work more closely with the RDA to support the priority projects of urban regeneration companies across the country"—including in my constituency.

I would be interested to know what my hon. Friend's officials think. She might need to grab one or two of them by the scruff of the neck; I recognise some of them, as I worked with them when I was a Minister. They are good, but I want them to work closely with Department for Communities and Local Government in order to ensure a good link between the RDAs and the HCA.

People used to say that it would never happen, but during my time in Gloucester I have been lucky enough to see the regeneration of so many aspects of my city. We will have a £30 million new hospital, with another £30 million for a new birthing unit and women's centre at the hospital; university status, with a £20 million campus; £35 million for the further education college that I mentioned earlier; and £20 million for the new police headquarters.

On top of that, we will be able to build on some of the regeneration sites—places that have remained dilapidated for generations. That will be more than icing on the cake. It will help people such as, Chris Oldershaw, the excellent chief executive of the urban regeneration company, to deliver the projects. Together, the urban regeneration company, SWRDA, the local authorities and I, the local MP, will work to create a city that is worthy of and fit for the 21st century.

4.58 pm

The Vice-Chamberlain of Her Majesty's Household (Claire Ward): I congratulate my hon. Friend the Member for Gloucester (Mr. Dhanda) on securing this Adjournment debate. I credit him for his efforts in support of his constituents. He is an assiduous Member, who always fights for more investment in Gloucester. The detail that he has given today shows how much his constituents have benefited—not only from having a Labour Government, but from having a Labour Member of Parliament.

My hon. Friend referred to the fact that I am standing in for the Minister for Employment Relations and Postal Affairs, my right hon. Friend the Member for Wolverhampton, South-East (Mr. McFadden), who commences his paternity leave today, and we all wish him well.

The subject of this debate is very important, both in the context of the current economic climate and in reflecting the challenges faced by businesses and communities up and down the country. Over the past decade, Gloucester and its hinterlands have made a significant contribution to boosting and underpinning economic growth in the south-west region. It has led the way in developing a high valued-added, advanced technology and manufacturing base, which has driven up skill levels and provided well-paid jobs for the local community.

I recognise that Gloucester—in particular, its advanced manufacturing sector—has been hit particularly hard by the economic downturn and recession, and my hon. Friend has worked closely with many businesses to help them through these difficult times. It is vital that the Government and their economic development agencies do as much as possible to help to mitigate the

immediate problems faced by local businesses and individuals and to secure the skills base that has been developed so successfully. For example, several high-tech firms—in aerospace engineering and motor manufacturing, for instance—in the county are being impacted on through the supply chains.

The situation is being monitored closely by the regional economic taskforce, led by the Minister for the South West and including the RDA. Gloucestershire First, too, has set up an economic taskforce to deal with the business issues associated with the downturn, and the local authority has undertaken work to support local people affected by the downturn. The focus is on better information. The Federation of Small Businesses will survey banks in Gloucester to ensure that they are following the national criteria. The support packages announced by the Government will ensure that the national measures are working on the ground and that the information is getting out through the banks and various agencies. We all hope that that will happen in all our constituencies.

I cannot pretend that there are any easy solutions or quick fixes to these significant problems. The global downturn requires global solutions, and I am proud of the way in which the Government have led the way in developing ideas and practical actions aimed at mitigating the effects of the recession and preparing for the recovery. The current economic climate means tough choices on public spending. Like other parts of government, businesses and households, RDAs nationally have had to face budget reductions and declining capital receipts.

SWRDA must work within its financial allocation, and re-prioritise its investment plans and existing financial commitments, to ensure that funding is directed in the most efficient and effective way, to help the regional economy and businesses to survive and recover. The agency is re-prioritising its spending programmes and looking for further efficiencies in its own operations. Inevitably, that will impact on some of the work that it has planned. It has informed its partners and stakeholders in the region that it will make announcements about the outcome of its re-prioritisation exercise in June, after its board meeting later this month, and it will consider recommendations. I am sure that officials will draw attention to the strong case that my hon. Friend has made on behalf of his constituents, businesses and developments in his constituency.

Naturally, concerns have been raised locally, but SWRDA has been extremely responsible in keeping its partners and stakeholders informed of its plans. However, it has signalled that, as part of its refreshed corporate plan, priorities will include planning for a sustainable recovery and longer-term economic prosperity; supporting businesses through the recession; and setting the foundations for a low-carbon economy. SWRDA is playing a key role as part of the Government response to the recession, as set out in its publication, "First Steps: Action for Recovery", launched in November 2008. The Government have worked with, and through, the RDAs to give help to businesses in the south-west. I shall return to that a little later.

Nationally, supporting businesses is at the heart of the package of measures developed to support what are, in effect, the lifeblood of our economy—small and medium-sized businesses—through this difficult period. The package of support, delivered through the RDA-run Business Link networks, provides practical solutions to help businesses to secure credit and finance, to plan for managing day-to-day operations through these difficult times and to plan for future investment priorities. That includes several different schemes.

Under the enterprise finance guarantee scheme, the Government have provided £1 billion of guarantees to support up to £1.3 billion of bank lending to smaller firms. Under the working capital scheme, the Government have provided banks with up to £10 billion of guarantees, covering 50 per cent. of the risk. That will secure up to £20 billion of working capital credit lines for companies and free up capital that the banks will use for new lending. Under the capital for enterprise scheme, we have set up a new £75 million fund—£50 million of Government funding and £25 million from the banks. Professional fund managers are providing equity investment, which can be used to pay off existing debt, to free up capital for day-to-day cash flow and for future investment for viable companies.

Working with the European Investment Bank, the Government have helped UK banks to negotiate credit lines of more than £4 billion to provide loans to small and medium-sized businesses.

5.5 pm

Sitting suspended for a Division in the House.

5.18 pm

On resuming—

Claire Ward: I return to my point about the capital for enterprise scheme and the fact that the Government have been working with the European Investment Bank to help UK banks negotiate new credit lines. Under the "more time to pay tax bills" scheme, the new business payment support service sets out an affordable timetable in which viable businesses in temporary financial difficulty can pay their tax bills to Her Majesty's Revenue and Customs. In Gloucestershire, more than 1,800 businesses have been given agreements to delay the payment of tax worth some £27 million. That will help businesses deal with any cash-flow problems.

The Government have provided all sorts of other help through a range of different agencies. It is vital that businesses continue to invest in skills to survive the recession and prepare for the upturn. To support that, the Government have expanded apprenticeships; there will be more than 250,000 starts nationally next year. The Government have increased the training support available to unemployed people. They have provided £100 million for 40,000 extra places on employability programmes for those who are unemployed or under notice of redundancy; and £83 million for 75,000 high-quality training places for those claiming jobseeker's allowance for more than six months to help them back into sustainable employment. Train to Gain also provides continuing support, with £925 million invested for 2009-10, and new support for small and medium-sized enterprises only. In respect of Train to Gain and the Business Link, as part of the Government's Solutions For Businesses initiative—

Mr. Dhanda: I am grateful for the detailed information about some of those training exercises and the things that are available to keep people in work—they are very important—but I would be interested to hear the Minister's answer to the question about gaps. What if the RDA

[Mr. Dhanda]

does not find the money for the projects that I was talking about? That is really important.

I should also like to use this opportunity to get a message to Sir Bob Kerslake of the Homes and Communities Agency. There should be greater joint working between the agency, urban regeneration companies and the RDAs to plug any gaps that arise. Can the Minister do anything through her good offices to help that to happen in places such as Gloucester?

Claire Ward: My hon. Friend has made his interest in the issue clear. He made some good points about the need for local and regional powers to work together as effectively as possible to plug those various gaps. In a sense, he was saying that we need one vision for local areas, and for people to bring as much to the table as possible to help to deliver those things. He is keen to be part of any agencies, groups and organisations that will help, which the Government want. The Local Democracy, Economic Development and Construction Bill, which is in the House of Lords at the moment and due to arrive in the Commons, will help. I am also sure that officials have taken his point about the need for the HCA to work with the RDA—the message was loud and clear.

The national assistance that is being provided, including health checks for businesses and Business Links, will help many of his constituents. Other things are helping in the Gloucester area that are to do with partners other than the RDA. For example, a grant to improve the city gateway into Gloucester has been set up by the city council. The funding will be aimed at improving the look of businesses in lower Eastgate street, from which about 30 businesses are in line to benefit from improved shop fronts and reinstated architectural features. In addition, nearly £15 million of Government money has been awarded to Cinderford in the Forest of Dean to aid its regeneration, some of which will be used to decontaminate former mining land for redevelopment and to build a new road. A central feature of that redevelopment will be the Steam Mills lake, around which planners hope to attract a hotel. Perhaps that is a little off to the side of my hon. Friend's area, but it will have a positive impact on Gloucester.

Mr. Dhanda: I am grateful for all the investment throughout Gloucestershire. I appreciate that the Minister is concluding her remarks, but after the debate, will she nudge my right hon. Friend the Minister for Employment Relations and Postal Affairs, when he comes back after his well deserved two weeks' paternity leave, to arrange a visit, so that he can see some of the local projects that she mentioned and to follow up matters with our local urban regeneration company, which would be keen to see him, especially following the 18 May meeting?

Claire Ward: I would be happy to ensure that my right hon. Friend the Minister is aware of the kind invitation that my hon. Friend has extended to him. I will strongly advise him to take it up—as his Whip, I will do whatever I can to support and encourage him. My hon. Friend has done as much as he possibly can to support some of the projects that he would like my right hon. Friend the Minister to visit, such as the latest business centre—

5.25 pm

Sitting suspended without Question put (Standing Order No. 10(11)).

Westminster Hall

Thursday 14 May 2009

[JANET ANDERSON *in the Chair*]

NHS Next Stage Review

[Relevant documents: First Report from the Health Committee, Session 2008-09, HC 53–I, NHS Next Stage Review, and the Government's response, Cm 7558.]

Motion made, and Question proposed, That the sitting be now adjourned.—*(Claire Ward.)*

2.30 pm

Mr. Kevin Barron (Rother Valley) (Lab): May I say how pleased I am to be in Westminster Hall to debate a report from the Select Committee on Health? The last time that we attempted to have such a debate on the Floor of the House, it was knocked down the pecking order by two statements, and we barely had an hour left for it. At least, we have ample time to debate the report and the Government's response today.

Hon. Members might be aware that "High Quality Care For All: NHS Next Stage Review Final Report" was published by the Department of Health on 30 June 2008. That was the latest of many reviews of the national health service. The Department stated that the review was different from others because it was led by an eminent surgeon—Lord Darzi—and was the subject of a wide-ranging consultation. For probably the first time, that consultation was not just with NHS managers or senior civil servants, but with clinicians themselves.

I was contacted about the shape of the consultation that took place in my region of Yorkshire and Humber, because people felt that the representatives from the acute sector were too prominent on the original board. That alleged imbalance was put right. Indeed, the Government responded to some people's concerns that the primary sector of health care was not represented and, for the first time, many clinicians were consulted. Will my hon. Friend the Minister say how many were consulted? I am not sure how many clinicians throughout the country were consulted, but doing so was probably a first for the national health service, and is a good thing.

The report's main focus is on improving the quality of care provided by the NHS. Variations in quality have been known about for a long time. As Lord Darzi acknowledged, those variations continue despite the doubling of NHS expenditure in real terms since 1997. Lord Darzi also believes that, during the past decade, health policy has rightly focused on access and argues that it is now time to improve quality. I will come to our comment about that, but the focus has been on access. Even five years ago, in my constituency, the wait for things such as orthopaedic surgery on knees and hips was years—not months or weeks, as it is currently. There has been a big move in relation to access, and that is to the credit of the NHS.

The Committee published its report on the review on 13 January this year. We took oral evidence from a wide range of witnesses, including the Royal College of General Practitioners, the Academy of Medical Royal Colleges, the British Medical Association, the chief executives of three strategic health authorities, academics and national health service manager representatives. We also held an evidence session with Professor Lord Darzi himself and David Nicholson, who is the chief executive of the NHS. Many of the review's key recommendations have been made in previous reports and White Papers, but, nevertheless, we still welcome the extensive consultation undertaken as part of the review and the emphasis that it places on improving quality throughout the system.

The Committee's main finding was that there are doubts about the capability of primary care trusts to implement Lord Darzi's recommendations successfully. Despite the Department's world-class commissioning programme, which aims to improve PCT commissioning, the NHS does not afford PCT commissioning sufficient status. As we said in the report, we found that to be "striking" and "depressing".

Like most things in the NHS, some aspects of it are good and some are not so good. We cannot sign off any report by saying that commissioning must be present in all aspects of the quality improvements that we would like to see in the NHS. It would have been wrong to come to that conclusion. Some parts of the NHS are quite sensitive about the comments made about the lack of comprehensive commissioning. Indeed, that issue will cost me a couple of hours next Friday morning, when I will meet someone from a national organisation and the chief executive of my local PCT to discuss what they think are some of the report's implications. That is not part of this inquiry; it is just something I am happy to do.

If the people who I meet in any way think that the evidence that we took was inadequate or we were wrong in our conclusions, I will be more than happy to go along with that. I think that our conclusions on commissioning were well thought through. Perhaps it was a bit emotive to use the words "striking" and "depressing", but at least we brought the issues forward, so we can further discuss the ability of the NHS overall—or, indeed, of individual PCTs—to commission for quality. I will come on to that in a moment, because it is a different issue.

We are also concerned that the review provides little detail about costs and that it provides many priorities without ranking them. In the NHS, everything is a priority—if someone is ill, what is wrong with them is a priority. We thought that there should have been some prioritisation in the review. However, it was not surprising that that was not the case, because it has happened in many past reviews.

On quality costs, although Lord Darzi argues that improving quality saves money in the long term, that is not always easy to demonstrate. Of course, if we do not know the costs of these things, it is difficult to demonstrate that. An assumption is being made by Lord Darzi that, if quality is improved in the NHS, costs will be saved. That is a difficult assumption to accept without good and reasonable evidence. Certainly, during the years that I have been on the Health Committee, many of our reports have occasionally commented on the woeful omission of good, cost-effective evidence before decision making takes place. There has also sometimes been a lack of effective clinical evidence, which is something that we clearly need to consider.

[Mr. Kevin Barron]

The review proposes to seek improvements in quality through better measurement and the provision of financial incentives for providing a high quality of care. We strongly support the principle of using financial incentives, but we recommend that the Department should proceed with caution. Schemes such as advancing quality and PROMs—patient-recorded outcome measures—that link the measurement of clinical process and patient outcomes, must be piloted and evaluated rigorously before they are adopted by the wider NHS.

My reading of the NHS, which I truly support as an institution and an organisation that looks after the health of this nation, is that it is equitable in most respects—although not all. Such a situation has been going on for many years, but not much evaluation is done before things are rolled out, which is one of the reasons why many people who work in the NHS—as people have done for 60 years—get somewhat demoralised on occasions, particularly when a missive comes down from Richmond house without much justification other than, "We think that this is a good idea." It seems that evaluation, knowing what works and piloting good schemes is the way forward in that respect. The evidence should be taken to those parts of the NHS that could do better and we should say, "We'd like you to improve what you're doing on the basis of this evidence, which we have proven works in similar circumstances."

The review also reiterated the Department's plans to create 150 general practitioner-led health centres—one for each PCT in England. We welcome the provision of additional primary care services and acknowledge that there are strong arguments for increasing provision in under-doctored areas. However, the expansion of supply needs careful management and evaluation to determine whether it leads to better evidence-based medical interventions for patients and whether it reduces the disparities in health care access and utilisation between different classes. I do not want to drift off into our report on health inequalities. It has presumably been sitting on a Minister's desk, but we are expecting the Government's response to it soon. We believe that there should be better, evidence-based medical interventions.

It should also be recognised that investment in primary care might increase demand for hospital care, as deprived people get better access to care and as referrals increase with more diagnostic tests. That is an interesting concept. If one considers the number of people that the NHS has served over the years at GP or another level, notwithstanding that other health professionals such as pharmacists speak to people about their health needs, even in times of plenty, when unemployment was low—before the current recession—there was no lack of attendance at GP surgeries. Just because people are better off financially and perhaps in many other ways, or just feel much better about life, it does not mean that they do not go to the doctor. That is an interesting point. More contact may mean that there will be more referrals to the secondary or hospital sectors.

Jim Dowd (Lewisham, West) (Lab): While my right hon. Friend is on the subject of GP-led health centres, or polyclinics, as they are known—I do not know whether he will refer to this later in his speech—the Committee welcomed in some measure the establishment of what he has just described. However, it also expressed concern at the uniform—some would say doctrinaire—attitude of the Department of Health that every PCT should have such a centre. We felt that that was far too prescriptive and that it would not necessarily be advantageous for every area, even though it would be for some areas.

Mr. Barron: I shall move on to that. My hon. Friend is absolutely right. This is probably one of the areas about which the Government feel a bit sensitive. Although some PCTs would undoubtedly benefit from more primary care services, particularly those in areas that are under-doctored or that have a high burden of disease, it is less clear how others would benefit. We are not convinced by the Department's argument that all PCTs should have a GP-led health centre.

Whether a PCT has a centre should be decided locally on a case-by-case basis, as a witness stated, using the best clinical evidence available and a full assessment of the costs and the impact on patient access. PCTs should not make their decisions on a whim. National criteria should be set out to ensure that the benefits and costs of their decisions are known. I and the Committee were disappointed that neither the Government nor the witnesses who appeared before us as representatives of doctors could tell us what criteria should be used to decide whether a PCT needed a GP-led health centre.

I have no doubt that other Members in this Chamber, like me, might have had in their constituency a campaign run by the medical profession when the proposal was introduced. Before the local government elections last year, I had one doctor from a practice of five—not all five doctors—putting out letters saying that people should demonstrate in the ballot box against the proposed changes in primary health care. The letter was about a new primary care health centre in Rotherham that would be open seven days a week for 12 hours a day.

If we look at the disease burden of the three constituencies that cover Rotherham, there is a good case for a centre, in my view—this is anecdotal, to some extent—or we can look at the health profiles of the communities, which are not very good in most circumstances. The only things that make the Rotherham and Sheffield health profiles look good for the region are profiles of places such as Hull and Bradford, but they do not look good when the detail of the problems that we have are studied.

I had a public meeting with that doctor and some members of his association locally. I believe that we agreed that it would probably be a good idea to have the new primary care health centre in Rotherham and that there is a need for it. One of the witnesses who was a representative of one of the professions told us that he worked in a part of East Yorkshire that is, by and large, well off. That does not really mean that everyone is in good health. He said that one centre was going into his PCT, but that there was probably an argument that they ought to have two or three in Hull. Given the profile of the city of Hull and the surrounding area, I think that he was probably right.

It was greatly disappointing that the discussions that we had last year, which have ended now—I am pleased about that—were based on assumptions and not on any agreed criteria about where centres should go. Decisions

should be based, by and large, on the health needs of the population, not on the structures of the NHS. All the members of the Committee felt strongly about that.

Another area that we looked at—at this stage, it is a train coming down the track—is the Department's decision to conduct trials of personal budgets for health care. We welcome those trials if they are done rigorously, and if policy makers wait for the results before beginning any large-scale roll-out of the programme. We would be happy with that.

One or two members of the Committee received briefings prior to the debate. I want to quote from one that I received from Diabetes UK:

"Diabetes UK believes it should be clearly enshrined in legislation that Personal Health Budgets of any kind (notional, third party or direct payments) remain voluntary for pilot schemes and in the event they are rolled out further."

I do not know whether my hon. Friend the Minister has seen the briefing. Diabetes UK goes on to state:

"Having a personal budget for the entire care package for a complex, changing and progressive condition such as diabetes, could potentially result in individuals receiving suboptimal clinical care if their budgets run out, or a process of self rationing in order to achieve all desired goals within budget."

I thought I ought to mention that.

I know that my hon. Friend will tell us that the proposals are part of the Health Bill that is in the other place at present—it has not yet reached us. First, I would like to congratulate the Government on piloting the scheme. I hope that the results will be measured and evaluated properly before the scheme is rolled out.

I thought that I ought to mention what some of the major charities that work with people with long-term conditions feel about that prospect. They are not saying no, but it is clear that we must be careful to ensure that it does not disrupt the needs of people with long-term conditions.

The review also makes several proposals for improving work force planning and the quality of leadership in the NHS. The Committee welcomes the Department's focus on those areas following the severe criticisms in our report, "Workforce Planning". However, we note concerns that planning will be concentrated in the Department. Strategic health authorities have a key role in work force planning, and we believe that the Department should take steps to ensure that regional NHS employers are given a role in identifying future work force requirements.

When we were doing the work force planning inquiry, we looked at the projections made for the increases in the work force that were very much needed when the Government came to office in 1997. I recall that one of the figures—this was announced in 2000—was that we wanted another 20,000 nurses within five years. Within four years, we had 64,000 more nurses in the system—a 340 per cent. overshoot on what the politicians at the centre predicted.

The Committee tried to investigate why that happened—this is in a different report. By and large, it happened because there was little or no strategic planning for the work force inside the NHS. We think that the Department should use the reconfigured SHAs as one way to improve work force planning, and we hope that that will be taken on board.

We argued that it is unfortunate that the review does not place more emphasis on the importance of recruiting and developing better managers. In many inquiries, the Committee has heard concerns about the quality of management in the NHS, and witnesses to this inquiry echoed those concerns. I am not having a go at management, or saying that managers are not needed. They certainly are needed in our NHS. I know that managers, and the number of them, have often been easy targets for politicians of all parties, but we should be looking at the quality of managers and what they are doing to ensure that patients get better-quality treatment than they have had in the past.

We said:

"Some managers lack the analytical skills or motivation to handle and interpret the wide range of performance and routine administrative data, such as Hospital Episode Statistics, that they have to deal with. With the introduction of PROMs and other quality related measures this issue is becoming ever more important. The Department must address the issue of weak management skills in this area with urgency."

If we are going to measure the outcome of a patient episode from a quality point of view, as opposed to a quantitative point of view, we need to know how to measure and what we are measuring, and we need to ensure that quality is high on the agenda.

The Government response was published in March 2009. They argued that PCT commissioning would be improved through the Department's world-class commissioning, saying:

"It is a ground-breaking and ambitious programme that... will help PCTs deliver better services, which are more closely matched to local needs, resulting in better quality of care, improved health and well-being and a reduction in health inequalities across the community."

We have heard similar claims before in such responses.

If my hon. Friend looks at the Government's response to the Committee's inquiry on dental services, he will see that such claims were made at that time, too. The Government also stated that practice-based commissioning would be supported and extended, even though it had not proved popular with many GPs. Is that improving now? I saw some statistics last week that showed that, in respect of the measurement of practice-based commissioning, practices were doing it, but not for everything. There are issues with that.

The Government also accepted our recommendation that incentive schemes for improving quality, such as PROMs and commissioning for quality and innovation, should be properly trialled and evaluated before their widespread implementation. I understand that, strategically speaking, there is a pilot scheme taking place in your constituency, Mrs. Anderson, in respect of the quality up in the north-west of England. I met the chair of the SHA for the north-west at a gathering and said that I might spend one of my days in the recess not lying on a sunbed in a country off the Indian ocean, but going over the Pennines to have a look to see what is happening with that trial. Although this report is now gone, I have no doubt that hon. Members would be interested in how that SHA is measuring quality, how it proposes to do so and the likely effect of that on other parts of the NHS.

The Government reiterated their commitment to extending choice and personalisation in health care and said, again, that this would be piloted. I welcomed that earlier.

[Mr. Barron]

Subsequently, since those developments, PROMs for hips, knees, hernias and varicose veins have been rolled out from April 2009. We expect that data in relation to those first roll-outs should begin to emerge in late autumn. Does my hon. Friend have a view on that? Are we likely to see data and what type of data will be useful?

I understand that the Department has put out a tender for PROMs for chronic diseases, so we intend to pilot and roll out further PROM measures for other conditions. When I became a member of the Health Committee in 2005, I had been actively involved in health care as far as my constituents were concerned since I was first elected to the House, and my general assumption was that the NHS spent most of its money on new hospitals, new theatres in hospitals, new innovations or new drugs of the more expensive kind. For example, we are debating the use of end-of-life cancer drugs and how much more expensive they are. In fact, we spend about 80 per cent. of our money in the NHS on none of those things: we spend it on management of chronic conditions.

Some people have two, three or even four chronic conditions. That is where we spend most of our money, from the taxpayer's point of view. It is right and proper that we should be looking at that area in terms of how PROMs will work. I will welcome the chronic disease pilot when it comes along. If my hon. Friend is still in post—if I am still in post—when it comes along, I shall be more than interested, as an individual, to see exactly how something that I hope will manage and improve the quality of health care for people with chronic conditions is being piloted.

We do not yet know how much PROMs will cost and who will be evaluating the large investment in them. I return to something that I must have mentioned at least three times now: a lot of the time we do not know, although we should know exactly, how much things cost. So, I hope that these pilots will teach us something before there is any general roll-out.

We understand that other quality measures are now published, including hospital mortality rates for certain conditions and GP satisfaction surveys. I do not know how clinically accurate those surveys are. However, they are certainly having some influence in my locality in terms of access to local GP surgeries that are not tied into the new centres that are being built. That is a good thing.

Something hit the press about five weeks ago in my constituency: a surgery was dubbed by regional BBC television the worst surgery in Britain. That surgery is still using 0800 numbers and nobody can ever get through. There was a massive queue, starting at 8 am, for people to see their GP and, until it appeared on television, if it was raining, people had to stand outside in the rain to get in.

The practice's first reaction was to open the doors at 8 am, which is hardly rocket science. Nevertheless, it has done that, so at least the good people of Dinnington do not have to wait outside in adverse weather conditions. I hope that that practice has put something a bit more practical in place in respect of people phoning and that it is getting rid of a system that makes it difficult for people to get through on the phone when wanting access to their local GP. Out of all the surgeries in my constituency, that is the only one that I have ever had complaints about in terms of access—and I am going back many years.

I understand that we have no plans for evaluating CQUIN, although that is going into many commissioning processes throughout the NHS at the moment. I would like to hear the Minister's view on that, if he has a view at this stage. I was at a gathering on Monday down here in London, talking about the NSR, and somebody said—I should have kept my notes—"We are collecting the CQUIN data from nine areas. We are not sure what it is intended for at this stage, but we think that if we are collecting data from nine areas, that must be a good thing." I questioned whether it is a good thing, if the intention in respect of putting CQUIN into current commissioning is not known. Perhaps my hon. Friend will say what the intentions are. I do not know what data are being collected, but I was told about this by somebody who works for the NHS in London. It would be useful if we had that information.

Just prior to the debate, I received a little note from Professor Alan Maynard, from York, who often advises the Health Committee. I often say—with some truthfulness—that he tends to appear at Committee sittings more frequently than some Committee members, but that might be a bit unkind. *[Interruption.]* I see one or two of my hon. Friends smiling. Professor Maynard's note said:

"There are some indications that improving does not always save money".

He said that Lord Darzi's

"contention that improved quality was always cost saving is dodgy",

because people are likely to grab hold of the low-hanging fruit, which they have had a tendency to do for many years. Once they have got hold of that low-hanging fruit from the lower boughs of the tree, that is taken as evidence that something works. However, the further up the tree they go, the more expensive the fruit might be to get hold of.

Professor Maynard believes that there is no straight read-over and that money might not necessarily be saved. Having said that, that is not the point of the exercise. The point is to put quality rather than quantity on the NHS agenda.

We said in our report that there was no reason why we should not have included quality when we provided quantity during the past decade, but that, by and large, is now a matter for historians to debate. The important point is that what came out of the NSR was an intention to ensure that when our constituents use the NHS, things will not just be done quicker than previously, but the outcome will be clinically better and the quality of that outcome will be measured.

I hope that everyone will understand that, and that those who have a positive view of the NHS and who use it, particularly those who go into hospital, will be able to say in a few years, "It was the best outcome that I could have had," and not just that it was the quickest outcome or that the nurses and doctors were fine.

3 pm

Dr. Richard Taylor (Wyre Forest) (Ind): It is a huge privilege to speak second after the Committee's Chairman,

Mrs. Anderson, because I do not have to take account of what other hon. Members might have said. I am grateful for that.

My first words are of congratulation for the Department on its response, which is full and in order. I have criticised it previously for fragmenting our reports and making its comments in an order that is amazingly difficult to follow. I have the distinct impression that, unless the word "recommendation" is included, the Department does not respond, but it has responded to these conclusions and recommendations in full, and I am grateful for that.

I welcome the emphasis on quality and leadership, and I shall spend most of my time on those two aspects. The Committee's Chairman questioned the proof of quality-saving costs. Without proof, it is obvious that, if the quality of care is right, care is likely to be safe, efficient and low cost. Paragraph 36 of the response states:

"High quality and value for money are not competing alternatives; they are one and the same thing. Better care equals better value."

An obvious example is that cutting down on litigation as a result of better quality saves money.

That quality needs to be addressed is all too obvious. We have recently had examples in mid-Staffordshire, and some time ago, we had examples in Brighton. I fear that poor quality may be more widespread than just two cases. With your permission, Mrs. Anderson, and as time is, thankfully, not tight, I shall read a whole letter that I have received from constituents in the past day or two. It states:

"Dear Dr. Taylor,

A few weeks ago we were devastated by the death of our only son. (We are not saying the standard of care he received wasn't good in many respects, but there were areas that could have been…improved upon.)

We would arrive to see him, to find him lying in a soaking wet bed, or worse. He was unable to walk at this time so couldn't get to the bathroom. I offered to take a commode to him, but was told no the nurse would do it. 30 minutes later I asked again but by the time it arrived it was too late. It was made worse by the fact"

that

"when the cleaner was polishing the floor she went only to the first bed, leaving the other two beds not cleaned under.

Our son had an infection under his nails and was unable to pick things up. This the staff knew about, so why were pills left in the little plastic cup. They would be left from the morning and lunch time. Maybe it was because he had no water jug or cup so he had nothing to drink. His Consultant told us he must drink plenty. He was given a warm drink which he had to drink through a straw, but his dad had to fetch water and a mug most days. He would drink 4 or 5 glassfuls which we had to hold for him. We know he wasn't the only person they had to look after, and it's said nurses are rushed off their feet. Lots of working people have long stressful days, and I know people who went into nursing as a vocation but sadly those days have gone. When someone is training for this job, I'm sure they must learn what is expected from them, and the meaning of the word nurse means to take care of and hopefully give a person dignity, which sadly our son didn't have at times.

We hope that if others of us should need to go into hospital in the future, that the cleaners do what they're supposed to do and our right to dignity is upheld."

Thank you, Mrs. Anderson, for allowing me to read that long letter. What does one say in reply? It is not an official complaint, but I will pass it on to the commissioning and providing trusts. Sadly, I have been passing on such complaints for a long time. If they are formal complaints, there is an investigation, probably an apology and an expression of aims to do better, but I continue to receive such letters.

Today, I received another, much shorter letter. It states:

"I had an operation November last year to remove a possible…adenoma from my parotid gland. I was extremely unhappy with my treatment…The aftercare was disgraceful—the drain in the wound wasn't working, but despite me asking numerous times, one was never re attached. I had salivary fistulas and an open wound till mid January, but they just told me to 'squeeze' it every day! I was given no guidance on cleanliness, dressing the wound etc. It was appalling.

I asked the surgeon to check my neck in January as I felt that the tumour was still there".

The surgeon

"refused to listen and explained that the only lump they found was the lymph node, which they removed, so I was wrong, end of story.

I was not satisfied, so I asked my GP…to refer me for another MRI. I received the results of that…and the tumour is still there"

Why is basic quality lacking? Why are compassion, dignity and communication lacking? Stress and overwork are not an excuse. Demoralised staff are the fault of the leadership. Is there too much emphasis on scientific training for doctors and nurses without adequate training in interpersonal skills, the need for compassion and sympathy, and the importance of dignity to the helpless?

I do not blame the chief executive at the hospital that I am talking about because I have high regard for him, and other chief executives in the area have said that, if anyone could turn things round, he could. Who am I blaming? I am afraid that I am blaming the clinical staff and the clinical leadership, and I will return to that.

Much of the Government's response is about commissioning, so quality must be written into the contract, and the commissioners must be able to enforce that contract. Will quality observatories in each SHA help? How will they know about the sort of care that constituents do not make formal complaints about because they do not know what to do? If they come to me, I pass those complaints on.

The Government's response reiterates much that has been said about quality, and paragraph 50—"High Quality Care for All"—sets out the seven aspects of the quality framework, but I am worried that those seven aspects may not pick up the sort of basic lack of quality that I am talking about. One is

"bringing clarity to quality—making it easy to access evidence about best practice by asking NICE to develop and kite-mark quality standards".

I do not believe that NICE will be able to rule on not leaving patients in wet, soiled beds.

The other aspects include:

"supporting clinicians to measure quality to support improvement…requiring quality information to be published…recognising and rewarding the delivery of high quality care…safeguarding basic standards through a new independent regulator, the Care Quality Commission".

Patient-reported outcomes will pick some things up, but they are obviously very limited to start with. I am not sure that commissioning for quality and innovation will help, because we need basic quality before innovation.

[Dr. Richard Taylor]

I am also not quite sure how the NHS constitution will help people such as my constituents, but perhaps the Minister can clarify that.

The only answer is inspirational leadership by all groups of clinical staff, and that is covered by recommendations 21 to 24 of the report. Paragraph 107 of the Government response says:

"Far from taking a centralised approach to leadership development, we believe that leadership should happen at every level of the system and that leadership development should start at the level of the individual. All NHS staff have a responsibility to continuously learn, seek development and career opportunities, spot talent and support the development of others."

My big question is what has happened to the local leaders? Do the ward sister and the consultants on a ward actually talk to one another? Do they do ward rounds together? Does the consultant tell the sister when the nursing standards are low? Does the sister tell the consultant when a junior doctor is hopeless? Sadly, I suspect that the answer to all those questions is no, and that is what we want to look at—we want to bring back basic quality care. The first allegiance of consultants and nurses on the wards must be to the patient and the other staff. I just hope that the review will address the restoration of basic quality care for all, while remembering compassion, dignity and communication.

3.12 pm

Sandra Gidley (Romsey) (LD): It is a shame that the House authorities have put the swine flu debate on in the main Chamber, because more hon. Members would have been here if they had not. I do not know whether we can make representations so that we can avoid doubling up in future.

Although there were some reservations about the next stage review, it was well received on the whole. Much of the tribute for that must go to Lord Darzi, because the process was very much driven by him. Initially, I thought that it was a brilliant idea to have him conduct the review. Indeed, one could see the light bulbs popping on over some Ministers' heads as they thought, "Let's find a doctor and make him a Lord. If he does the review, it will have much more credibility."

Call me cynical, but that is the way I felt at the time. I thought that the process would surely get buy-in from the whole health service, but GPs initially said, "Ah, but he is a surgeon," and even surgeons said, "Ah, but he's the wrong type of surgeon. He's a tertiary surgeon. He works on a specific bit of the bowel." I wondered whether it was ever possible to please anybody, and it is partly a tribute to the man himself that he managed to bring the review off.

Various review streams were being carried out in different strategic health authorities, and it must have been an administrative nightmare to bring them together into some kind of cohesive whole. We sometimes underestimate the sheer hard work that goes into something like the review, and I pay tribute to all involved. Although the Committee found fault with some things, there was a consensus that the review was a good thing.

The hon. Member for Wyre Forest (Dr. Taylor) commented heavily on the issue of clinical leadership. I have been on Committee visits and other visits to countries where hospital boards are led by a strong medical component. That arrangement seems to lead to a more clinically driven process, and one cannot overestimate the importance of that. I am talking not just about doctors, and I am glad that the hon. Gentleman also mentioned nurses. I once visited a local hospital in connection with hygiene, and I was given free rein to go into any ward I wanted, so it was very much a pot-luck visit. What struck me very powerfully was that some wards were run with a rod of iron—the nurse in charge had complete control and authority—but others were not. For the sake of patients, we need to invest heavily in dealing with that.

When I was elected in 2000, people waited at least a couple of years for a hip replacement, and they waited months in a cardiac ward for urgent cardiac surgery, hoping to survive, but we do not see that now. Although we criticise targets, I concede that they might have been necessary at that time to introduce outcome-driven targets, which were probably the only way to focus on what needed to be done. None the less, some targets did skew priorities. Now, however, waiting lists are low, and I hope that budgets will not be affected too much, so we can concentrate on improving clinical care and perhaps have a more clinically driven process.

It was entirely positive that the consultation did not involve just the great and the good and the worthies in their profession—the same old names that we see on every committee. The review went wider and tried to engage health workers in different localities and to involve patients and the public. We could argue about whether it did that as well as it could, but it tried, and that set a useful benchmark for the future. The review's engagement with the strategic health authorities also meant that the focus could be a little more local. I am not usually a great fan of SHAs, but the engagement with them was useful in this case.

Getting the commissioning right will be crucial to the review's implementation. It has frequently been noted that people seem to complain about the quality of commissioning wherever one goes in the health service. The Committee's report highlighted that, saying:

"PCTs lack analytical and planning skills and the quality of their management is very variable."

We should bear it in mind that the report was published fairly recently.

The Government response was a little weak and a little defensive about commissioning. It acknowledged that the Government were aware of the problem in 2007, but then went on at great length about world-class commissioning. That part of the response is the most disappointing; it is a fine exercise in NHS management speak and makes much of vision, competencies, assurance and status. I do not doubt the Government's good intentions on commissioning, but the Minister must accept—particularly when he looks at the review of how PCTs were doing on world-class commissioning—that commissioning is patchy.

Services are often commissioned by people who know little about them. I recall speaking to local commissioners about dentistry. They were new in the job and knew little, at the time, about dentistry. They did not even know how many units of dental activity a dentist could get through. They said, "We are going to commission so many thousand units of dental activity," and when I

asked them how many dentists that meant, they sat scratching their heads for a while. If people with so little understanding of what they are doing are commissioning services, we are clearly not going to commission services of any class—let alone world class. There is also a danger that some of the newer, more innovative services that people are trying to develop will not be commissioned.

I want to talk about quality and patient-reported outcome measures. I hope that the Minister will update us on that. The four areas that have been outlined were supposed to have been initiated by April. Niall Dixon, of the King's Fund, described the implementation timetable as "very challenging". How far has implementation gone, and what is the sample size? Can we have more information about how the data will be used? The Government response gave as much information as was available at the time, but things will have moved on since then. It would also be helpful, as has been mentioned, if the Minister would outline costs. Lord Darzi estimated £6.50 per person, but other witnesses who came before the Committee gave estimates ranging from £2.50 to £10. It would be useful to have a clear idea of the likely reality.

Another aspect of the NSR report—to do with choice, personalisation and access—was also well-intentioned, but it is unclear how it will pan out. In the interim report it was announced that 100 additional GP surgeries would be developed in under-doctored areas. No one could argue that that was a bad thing. I certainly would not; I might ask why there were to be only 100. More controversial, as has been said, was the new GP-led health centre in every PCT—a one-size-fits-all solution. According to my reading, that was supposed to be a matter of improving access, tackling inequalities and fostering team working; so it might be useful to see whether it has worked out. There is a slightly schizoid tension in Government between the top-down imposition of a centre in each PCT and the mantra that enables responsibility to be abdicated: "Ah, but each PCT will decide where it will go locally." Well, they did not actually want them locally; and there are some PCTs with huge problems—some of the spearhead PCTs—that could probably have done with a couple more of them. There seems to be no overall planning of the matter; it is neither fish nor fowl. If the Government are serious about tackling inequalities it would be better to concentrate more on the under-doctored areas, because the Committee's report on inequalities highlighted many problems in those areas.

The desire for access and greater team working was not as well thought through as it might have been. I am not sure whether the consequences were thought through. Very little thought was given to the impact of a polyclinic on the local health economy. If existing doctors and pharmacies were to go out of business, would not the public have less choice? Their only choice would be the new GP-led health centre, which might not be as close for people who had to walk or rely on public transport. A significant proportion of the people affected might be disadvantaged.

There are legitimate concerns, but the campaign that the British Medical Association led on the matter was—I am not allowed to say this about hon. Members, but I think I may about the BMA—dishonest, disingenuous and nothing short of disgraceful.

The Minister of State, Department of Health (Mr. Ben Bradshaw): What a shame that the hon. Lady did not say that at the time.

Sandra Gidley: I think I did, actually. I was vociferous with my local doctors. Every hon. Member was contacted by the GPs in their area who were up in arms about what they all called polyclinics; they did not seem to know what they were—there is great confusion about polyclinics and GP-led health centres. I went to some surgeries in the south of Hampshire, and said, "I think the clinic is going to be in Basingstoke. No one from the locality is going to go there." There is a good reason for putting it in Basingstoke, because a lot of housing is planned there. A frenzy was whipped up, with no real thought about whether it was realistic. GPs must be careful before they cry wolf, because there will come a time when we do not believe them. This is such a case. I give credit to the surgery in my locality that did not join in the feeding frenzy, taking the attitude: "We know there is no risk to us; we think we are a good surgery and our patients will not want to go to Basingstoke." There is nothing wrong with Basingstoke, but it is a long journey from Romsey. That campaign by the BMA was unhelpful.

As to team working, I concede that there are advantages in a variety of health practitioners working together in one location, but that is another approach that ignores the wider health economy. There will be a feeling that there is no mechanism to enable people outside the loop, who could work with the GP health centre and build up links, to do that. The way to get health professionals working together is to start when they are at university. Many schools of nursing at universities are trying, with varying degrees of success, to do that. Students regard aspects of such courses as tokenistic. I took part in a BMA-organised debate in Southampton, which was well attended by medical students. It was good to see that they were interested and engaged enough to come out on a Thursday night. They were quite scathing about the joint working. It was not that they already had an arrogant attitude towards working with other partners. They just felt that it had not been well thought through. When the Committee was in New Zealand we made a visit to someone—I think it was a doctor—who had tried such an approach. I think that a little more thought had gone into what he did. He had not mixed everyone together at the beginning of their training, but had put doctors at the beginning of their training with nurses and pharmacists who had been training for longer, and set exercises that meant that the student doctors had actively to engage with those pharmacists and nurses, and appreciate their expertise. Such approaches should be considered more closely.

The other concern about polyclinics and GP-led health centres is that they are being introduced with no pilots or evaluation. I have never quite understood why some initiatives are introduced with pilot after pilot—and when it is clear that they are doing quite well there is another pilot, so that it takes years to introduce them—whereas other, untried, initiatives are introduced wholesale. It would be helpful if the Minister clarified how the Government decide what will be piloted and what will appear everywhere. The Committee's report raised concerns that

"roll out will precede the results of the evaluation, which has the potential to waste taxpayers' money and be grossly inefficient."

[Sandra Gidley]

Obviously, in the current financial climate, we cannot afford to do that.

The Government response in paragraphs 77 to 79 was a little disappointing. Those paragraphs only defended the Government's position. There was no mention of a review. The Government did not even say, "Well, we're not going to do one, so tough." It would therefore be helpful if the Minister elaborated on whether there will be any evaluation and, if early health centres are shown not to work, what will be done.

I shall briefly mention personal health budgets. Despite what I have said about piloting, I think that it is absolutely right to pilot those. I have been a great fan of individual budgets in social care, but they are not for everyone. Some people would rather have the responsibility taken off them. For those who like individual budgets, they are brilliant and they have made a huge difference to people's lives. Hampshire has been at the forefront of piloting them. However, the lessons from social care cannot necessarily be transferred wholesale to health care, for a number of reasons. People live with a range of long-term conditions. We do not all neatly fit into a box, so it is not easy to decide what the budget should be. If someone has three or four conditions, are there economies of scale; can some of them be managed together? Is it the case that someone's situation is more complex and they need more funding? Also, the budgets could be a back-door route to rationing if there was not careful monitoring.

Despite my criticism of the BMA, I think it only fair to say that it is asking sensible questions about the budgets. What happens if the budget runs out? Who is responsible? Who will have access and how will they have access? Will they be able to access the budget for the next year, in advance? If they spend less, what will happen to the money? Will the patient get a pat on the back and be able to keep it, or will they have to return it to the NHS pot? How will all that be administered? The BMA also raises the point that I have raised. How will the calculations be made? Will there be a consistent methodology between PCTs? We have all seen the differences in the commissioning of various services by PCTs. How can we price health? Not everything can be easily put into a one-size-fits-all tariff. There are realistic and genuine concerns in that regard.

I shall finish with a few words about the NHS constitution. No one could argue with the general idea, but it does seem a bit motherhood and apple pie. It is all very well having a nice document and handbook, but if we are trying to improve the patient experience, we really need to be concentrating even more on clinical leadership, which has been mentioned. Just producing the book will do no good at all if it is not linked with clearly defined ways of inculcating that leadership and ensuring that the thinking behind the constitution, which is well meant, is part of everyday thinking. Otherwise, sadly, we will be sitting here in debates in years to come and the hon. Member for Wyre Forest or his successor will be reading out letters similar to those that he read out today. We would all wish to avoid that.

The nature of these debates is that we often comment on the difficult parts, but I want to end my remarks by saying that, on the whole, the next stage review was a very good thing and I wish all those who have the task of implementing it the best of success.

Janet Anderson (in the Chair): As no other hon. Members had previously indicated a wish to speak, I moved on to the winding-up speeches by calling the hon. Member for Romsey (Sandra Gidley) in her capacity as spokesperson for the Liberal Democrats. However, I think that her dual role—she is also a member of the Health Committee—has caused some confusion, and the hon. Member for Lewisham, West (Jim Dowd) has now indicated a wish to speak. Therefore, exceptionally, I call Mr. Jim Dowd.

3.34 pm

Jim Dowd (Lewisham, West) (Lab): Your generosity and understanding are legendary, Mrs. Anderson, and I apologise to hon. Members—I was misled. The hon. Member for Wyre Forest (Dr. Taylor) is not only the health spokesman for his party, but the leader of his party. He is with us today, as is the hon. Member for Romsey (Sandra Gidley). I thought that you were just calling members of the Committee and, in my naturally deferential way, I deferred to them before attempting to speak. I will be brief, even though we are not short of time.

To go off on a slight tangent, we have had a next stage review in Lewisham, south-east London, recently. It was principally about the future of acute hospital services. The independent reconfiguration panel reported just last week, and there are difficult choices for some of the hospitals in what was called outer south-east London, although as a native south-east Londoner, I had never heard of such a place before.

Queen Mary's hospital, Sidcup; the Queen Elizabeth, Woolwich; and the Princess Royal hospital at Farnborough in Kent will have difficulties, but the report was excellent news for Lewisham and for the future of University Hospital Lewisham. The critical services that it provides to my constituents and people across a much larger area have been secured, and I thank the Department and everyone involved for reaching such a conclusion.

Lewisham hospital can now engineer an ever closer collaboration with what will become, I think, the largest academic health sciences centre in the country. It will involve King's College hospital, King's college itself, Guy's and St. Thomas's hospitals, and the South London and Maudsley NHS Foundation Trust. University Hospital Lewisham looks forward to an increasingly beneficial partnership with them.

As ever, it was a pleasure to serve on the Health Committee and to be part of the preparation of the report. I want to highlight the one area that I mentioned in my intervention on my right hon. Friend the Member for Rother Valley (Mr. Barron). I am referring to the concerns about GP-led health centres, or polyclinics.

I want to echo much of what the hon. Member for Romsey said about the issue. I have to say initially that I notice that the Government response states:

"GP-led health centres as a model of provision are distinct from the 'polyclinic' programme that has been developed by the NHS in London".

The previous Conservative Government lost the battle over calling the community charge the community charge, because the rest of the world called it the poll tax, and

the current Government are in a similar position over GP-led health centres and polyclinics. The whole world out there believes them to be polyclinics—not that they necessarily understand what a polyclinic is, but even on the title, the Government have lost ground.

I received a delegation at my advice surgery in Forest Hill last Saturday from the Lewisham pensioners forum. It is always a pleasure to meet and discuss issues with them. I think that at the outset of the meeting they did not realise that we were discussing this issue today, but they came with a copy of the Select Committee report to say how much they supported it, particularly the less than ringing endorsement that the Committee has given. Perhaps that overstates it, but certainly we have serious reservations about why the Government are proceeding as they are on GP-led health centres. I am referring to the instruction that every PCT has to have one.

The fact that there has to be a private sector bidder is, in particular, causing considerable disquiet among not only the Lewisham pensioners forum, but people far more widely. The fear is that the centres will undermine local GP services and that if they are proved not to work—to have failed, in the absence any evaluation—they might so seriously undermine current provision of GP services that people will have no alternative other than to suffer a degradation in services.

I would contrast that with the Government's approach on personal budgets, which the hon. Member for Romsey described. There, they are happily, and in my view wisely, proceeding with great caution, because although personal budgets do not necessarily worry people, they are not quite sure what the term means. It may well mean caps on personal budgets, as there are on all other budgets, but what will that mean for the provision of health care needed by the individual?

I believe that the Government are being wisely cautious in preparing for the introduction of personal budgets, if they go ahead, yet that stands in stark contrast to their approach on GP-led health centres—that everyone must have one, and that every PCT should provide one. The Government response suggests that it is up to the PCT to decide what mix of services should be provided. Paragraph 79 states:

"Although we have encouraged PCTs to consider including other community-based services in GP-led health centres, where this meets local needs, it is up to local PCTs to decide whether and, if so, on what scale to do so."

That is fair enough, but taking it back one step, it is not up to the PCT to decide whether to have one at all. The Committee found that something of a contradiction, one that at least needs clarification.

The proposals may be beneficial. The PCT in Lewisham is looking to provide a GP-led health centre at the Waldron health centre in New Cross, which is in the constituency next door to mine—that of the Under-Secretary of State for Energy and Climate Change, my hon. Friend the Member for Lewisham, Deptford (Joan Ruddock). There has been little or no enthusiasm for it from the practice already based there and no demand for it from patients in Lewisham; the pressure is coming entirely from the centre, from the Department of Health. The danger is that something will be foisted upon us that we may not need.

I am genuinely optimistic about the programme, but the Government need to show more direction, more clarity and, in particular, more flexibility in introducing it. There is one element that we should never underestimate. The Government have an excellent record with the NHS over the past 12 years, and particularly the last eight. We have made huge, tangible and sustainable progress. I am a great supporter of what the Government have done, but on this matter they need to tread more cautiously and more carefully.

My right hon. Friend the Member for Rother Valley mentioned the campaign mounted by the British Medical Association. Incidentally, my GP was leading the campaign locally. I have been trying for the past month to get an appointment with him for a medication review; I must say, in all modesty, that he found it a damned sight easier to get hold of me than I found it to get hold of him.

When giving evidence to the Committee, Dr. Hamish Meldrum, chairman of the BMA council, disowned the activities of the GP in the constituency of my right hon. Friend. My right hon. Friend was too modest to mention it, but Dr. Meldrum went on to say that the BMA does not support one-size-fits-all health provision, to which my right hon. Friend rightly pointed out that the BMA supports one-size-fits-all political campaigning when it suits.

Mr. Bradshaw: Is my hon. Friend aware that Dr. Meldrum was successful in his bid to run one of the centres?

Jim Dowd: Of course—if you can't beat 'em, join 'em!

The Government need to demonstrate more openness and flexibility. The one crucial element to the changes engineered in the health service was taking the public with us. Public confidence can be established, but I am pretty certain that there is none at the moment.

3.43 pm

Mark Simmonds (Boston and Skegness) (Con): May I say how pleased I am to see you in the Chair, Mrs. Anderson?

I congratulate the right hon. Member for Rother Valley (Mr. Barron) and his Committee on putting together a thorough, pithy and succinct report. It clearly sets out the issues raised by the next stage review. I thank him for his comprehensive and detailed introduction to the key points in the report.

The right hon. Gentleman was correct to highlight the concerns of the primary sector. I would go further; it was not only the primary sector and GPs that did not feel that they were involved in the process, but the nursing profession. It would be helpful if the Minister said how many of the 2,000 consulted were GPs and nurses. The right hon. Gentleman also mentioned costs. The primary care sector was supposed to have set out the costs in detail by spring 2009. Will the Minister say how many PCTs met that time scale, and what he and the Department are doing to chase those that have not and to ensure that they do so shortly?

Another issue mentioned by the right hon. Member for Rother Valley and the hon. Members for Lewisham, West (Jim Dowd) and for Romsey (Sandra Gidley) was one that I had intended to refer to without being prompted—the question of pilots. The Minister will not be surprised to hear that I shall return to the subject of polyclinics and GP-led health centres. However, when

[Mark Simmonds]

the right hon. Gentleman was talking about the significance of pilots, I noticed that the Minister was nodding vigorously. If pilots are right in some cases, why were they not right for rolling out GP-led health centres? They were introduced without adequate criteria or clinical evidence and so on. I may go into that in more detail later.

The right hon. Gentleman highlighted the importance of leadership and improving the work force. On that, the Government response to the Committee's report was good, and we agree with much of it. It is essential to have incentives and standards, and to advocate improvement at all levels within the health service. The Government dealt with that point properly.

The hon. Member for Wyre Forest (Dr. Taylor) always makes extremely informed contributions to our health debates. He is right that, for once—I do not know whether he was criticising only the Department of Health—the Department's response to a report is extremely logical and easy to comprehend and digest. That is not always the case, and is certainly not the case with other Departments.

However, I am sorry to have to tell the hon. Gentleman that the examples that he gave and the moving letters that he read out are not unique to his constituency. We could all do that, and I receive similar letters at my office relating to my constituency in rural Lincolnshire. Although there are centres of excellence and good hospitals, examples of poor practice can often be found. We need to deal with that collectively. However, he is right to highlight the concerns set out in the quality framework.

The hon. Member for Romsey is right in what she said about commissioning, and about the problems and patchiness that exist. Even if we could define what is meant by world-class commissioning, it is clear that many PCTs are struggling to implement it. Indeed, many are struggling to separate the conflicts that arise in their commissioning and provider arms. Indeed, the Minister will be aware that some PCTs are struggling to commission efficiently and effectively, and that the independent sector has been sent in to assist, but if PCTs cannot commission as they should, innovation can be harmed. Given the time, that is another theme to which I shall return.

I join the hon. Lady in thanking Lord Darzi for the tireless work that he put into the NSR. Like her and others, I picked up on the fact that he was bring criticised for not understanding primary care, but the NSR summarised many of the problems prevalent in the health service. However, the Select Committee report says that many of the key recommendations had been made before. Indeed, many were set out two years previously in the Department of Health White Paper "Our health, our care, our say", and some themes are replicated in Lord Darzi's report. The NSR is nevertheless a significant report, the difference being the wide range of consultation involved and the fact that people throughout the NHS participated.

The White Paper was the sixth on health since 1997. I would argue that few of the aspirations set out in them have been achieved. However, we do not need more reviews and more reorganisations. We need to focus on delivery and better patient outcomes through the NHS.

If I have a generic criticism of the NSR, it is that the responses to the issues highlighted in it are inevitably bureaucratic. They are centralised and do not focus on patient care. I give the Minister an example: out of the NSR and the regional reports that emerged from it, in the east of England alone, 12 new permanent bodies have been set up. That is a bureaucratic response, not a delivery-based and outcome-based response.

I want to turn to some of the specific issues highlighted in the Select Committee report and the Government response. Of course it is vital that the NHS focus on quality, but quality and standards should always have been right at the top of the priority list for the NHS. If one key issue is highlighted in the Select Committee report, it is the feeling that building capacity and access has been the significant priority, rather than improving quality. I would certainly argue that the two things are not mutually exclusive and should not have been treated as if they were.

Lord Darzi quite clearly sets it out that each trust should produce a quality report, and he hopes that the quality account will soon be as important to trusts as meeting their financial targets. However, I am concerned when I look at the draft produced by the Department of Health. I have it here. It is entitled "Sunnyview University Hospital Trust quality report 2008-09". I do not know whether the Minister has had a chance to look through it, or even whether he has seen it in his ministerial box. If not, it is well worth looking at, because what it says to me is that quality equals targets, and as far as I am concerned that is not the perspective of the original Darzi review, or indeed the Select Committee report published afterwards.

There is a danger that many trusts will look at the draft produced by the Department and merely replicate it for their own use, inserting what is relevant to them. I suggest that the Minister and his team need to have a fundamental look at that issue.

Lord Darzi was absolutely right to say that quality can be achieved only by having much more accessible and comparable information; I believe that patient outcomes can be bettered only by having such information. Indeed, the Conservative party has produced a skeleton outline for an information strategy, which we will be fleshing out in the coming months.

However, I am not convinced that information should merely be disseminated through NHS Choices. There must be other avenues. We must ensure that we take information to patients, not just wait for patients to come and access that information.

I want to say a few words about outcomes. We in the Conservative party have been talking about an outcome-focused NHS for a long time, so I am pleased that there seems to be a drift in the original Darzi document towards that sort of conclusion. I am afraid that we still have some of the worst health outcomes in the whole of Europe, whether it be cancer survival rates, stroke and lung disease rates or cardiovascular mortality rates.

As the hon. Member for Wyre Forest mentioned, we need to say that tragedies such as Stafford demonstrate that there are still significant issues to be addressed in the system. I must say that the Stafford trust was criticised for focusing on a target culture and on financial savings, rather than on patient safety and outcomes. If there is one common theme that I hear as I travel

around England talking to people who work in the NHS, it is that they agree with that comment. They agree that there is too much focus on process-driven targets and not enough focus on patient outcomes. We certainly want to change that perception.

Lord Darzi's report clearly says:

"There will be no additional top-down targets beyond the minimum standards."

Perhaps the Minister can clarify whether that means that there will be no more targets set centrally, or whether there are some targets hidden in the term "minimum standards". Also, if the Department of Health accepts that there are some clinically distorting targets, why has there been no reduction in the top-down targets mentioned in Lord Darzi's report?

I want to discuss GP-led health centres, or polyclinics. Other hon. Members have made the key points. The Select Committee report agrees with the position of the Conservative party, and I am pleased that the Liberal Democrat party now seems to agree with our position too. We were never against GP-led health centres. If they are based on clinical evidence, supported by patients and GPs, and of benefit to patients and the local NHS structures, we would be supportive of them.

However, it is imposition from the centre that we oppose. I was a little uncomfortable with how some campaigns on this issue developed, and I take the point that other hon. Members have made about that. Also, whatever the Minister says, we do not always agree with the British Medical Association. None the less, there was genuine concern expressed by patients, particularly in rural areas, that their GP surgery would not exist for much longer. Clearly, however, that will not be the case.

I suspect that the drive from the centre came from No. 10 Downing street and had much more to do with political outcomes than with health outcomes. I think that there were one or two chief executives of primary care trusts who said publicly—many more did so privately—that they did not want an imposed GP-led health centre and they thought that they could use those resources far more effectively by building services through existing GP practices.

I agree with the hon. Member for Romsey that we need to do more to reduce health inequalities. A major factor behind increasing health inequalities is lack of access to primary care, and we need to increase the accessibility of primary care in areas with socio-economic deprivation, including those with large ethnic minority communities, to enable the people there to access services that they currently find challenging to access.

The sentence in the Select Committee report that says it all is the one that has been mentioned before, but I will repeat it to put it on the record. The report says that there is

"the potential to waste taxpayers' money and be grossly inefficient."

The Department will need to look very carefully at that particular area.

I will not repeat what has been said before about piloting personal health budgets. We agree with piloting personal health budgets. It is essential that there is proper analysis and evaluation of the pilots. The complexities of that process have been set out before and the detail of delivering those personal budgets is very challenging indeed. However, it is certainly worth running these pilots. Again, the House will be aware that the Conservatives have been saying that for some considerable time. We are also pleased that Lord Darzi set out—again, we have been saying it for some time—the fact that we need to provide much greater choice of GP practice for people to register with.

I want to make a few comments on commissioning. The Select Committee report clearly acknowledges the fact that one of the largest barriers to implementing many of the recommendations is the weaknesses that exist in many PCTs. That issue needs to be looked at extremely carefully. It is not just the lack of expertise and experience that matters; a careful look needs to be taken at the qualifications of some of the staff who are dealing with some of these complex commissioning issues. We think that the commissioning process needs to be reformed. As the House will know, we have set out proposals to remove some commissioning, or to put it down closer to the patients and allow GPs to work together in commissioning consortiums.

The Minister may respond to that by saying, "Well, it is already happening through practice-based commissioning," but I am not sure that it is. Certainly, as I travel around, the response from GPs to practice-based commissioning is, to put it politely, extremely patchy. Practice-based commissioning has run into the sand; it does not involve real money or hard budgets. Indeed, the Select Committee report clearly states that

"practice based commissioning had failed to engage doctors".

It went on:

"We are not convinced that the Next Stage Review will succeed in reinvigorating the scheme."

I think that there is real reluctance to engage with practice-based commissioning. Having said that, where I agree with the Government response to the Select Committee report is that we must build incentives into the system to encourage quality and to deliver better patient outcomes.

I want to mention public health very quickly. Clearly, the Conservative party has detailed proposals on how to change public health, including ring-fencing budgets and so on. One of the strange things that happened while Lord Darzi was undertaking his "once in a lifetime" review was that in January 2008 the Prime Minister came out with a speech in which he talked about "whole population screening", without having talked or referred to the National Screening Committee or, as far as I could see, to many other people.

Of course, the Government have now resiled from that position and said, quite rightly, that they will have screening for diabetes, heart disease, stroke and kidney disease only for everyone between 40 and 74. It would be helpful if the Minister, if he has time, said how those health checks are going. I believe that they started earlier this month. It would also be useful if he said what the proposals are to roll that scheme out, and when information will be available to assess how effective the scheme is and how many people are using the facilities available to them through the scheme.

There are also big challenges in this area. I know that the take-up is slow in commissioning these screening services and that PCTs are finding that challenging. Most of those services are being delivered through existing GP practices. However, I feel that there is significant scope to use other providers; pharmacies are just one example. Pharmacists are extremely nervous

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because they feel that they are not being used and that their skills set is not being maximised for the benefit of patients.

Promoting and encouraging innovation, which are at the heart of the NHS, are fundamental if we are to see an improvement in patient care. The NSR recognises that, but again, the response is rather bureaucratic: the establishment of the Health Innovation Council, giving strategic health authorities legal duties to promote innovation and regional funds to deliver prizes for innovation. Prizes are not needed to create innovation; instead, we need to set clinicians free. That might need to be incentivised.

What has happened to the Health Innovation Council? What has it achieved? What are the costs associated with establishing the organisation? I understand that the Wellcome Trust was supposed to make a significant contribution. Has that happened? If so, how is that money being used? Will the Minister also talk about the regional prizes being presented? What is the relationship between prizes and innovation?

We must set clinicians free to innovate, rather than insist on innovation being imposed from the top. We are determined to have a more patient-centred NHS, driven by outcomes, not central process targets, because this is the best way to achieve innovation, cost-effectiveness, accountability and, most importantly, high standards of patient care.

4.1 pm

The Minister of State, Department of Health (Mr. Ben Bradshaw): I am extremely grateful to the hon. Members on the Liaison Committee for giving the Chamber the opportunity to debate the NHS next stage review and, more generally, health policy. This debate has given all hon. Members time to breathe—often we have to rush through our points. I also apologise, on behalf—I guess—of business managers, for the unfortunate clash with the swine flu debate on the Floor of the House. It is just one of those unfortunate coincidences, I am afraid, and I do not think that anything could have been done to help.

Before I address hon. Members' specific concerns, it is worth putting on the record—as I always try to do—the fantastic work done by NHS staff throughout the country in delivering a better than ever quality of health service, benefiting all our constituents. I am confident that they will continue to deliver an improving service in the years to come. In 1997, when this Government came to power, the NHS was in crisis; it was chronically underfunded, woefully understaffed and failing to provide a decent service to patients. In many cases, the quality of service was unacceptable.

The immediate answer had to be sustained and substantial investment, combined with a strong direction from the centre—emergency treatment to bring the patient back to life. There are now thousands more—and properly paid—doctors and nurses; hundreds of new or refurbished hospitals and GP practices; and, from a patient's perspective, a radically improved NHS in every way. Waiting times are down from 18 months to an average of just eight weeks. Cancer treatment is better, faster and more effective, with survival rates rising every year. I accept that, as the hon. Member for Boston and Skegness (Mark Simmonds) mentioned, we remain, in some cases, behind the EU average, but some of the data often referred to have a time lag of one, two or even three years. I am confident that we are catching up rapidly and even, in some cases, overtaking others.

When a patient starts to recover—as the NHS has—their treatment is changed. They are not kept in intensive care. What was right for the NHS in the 1990s is not necessarily the most appropriate treatment today. That is why we published "High Quality Care for All", through the next stage review, under my noble Friend Lord Darzi. I would like to express my gratitude to hon. Members, especially the hon. Members for Boston and Skegness and for Romsey (Sandra Gidley), for their kind, personal words about my noble Friend. He has been an excellent addition to the Government. In my view, he is the most successful GOAT—Government of all the talents—and long may he stay in his role. He is a very good example of how we can improve the performance of government—not just the health service—by bringing in people with that level of expertise. He did a fantastic job of setting out a vision that should deliver high-quality care for everyone in everything that the health service does—an NHS that now provides greater choice and easier access for patients; is more innovative and responsive; is helping people to stay healthy; empowers front-line staff, and works in partnership with patients.

The hon. Member for Boston and Skegness asked how many nurses—I think—were consulted during the consultation. I cannot give him an exact figure on nurses, but I can tell him that, at the SHA level, 2,000 clinicians were involved, and many more were involved locally. Sixteen thousand people in total took part in deliberative events. It was the single biggest consultation that has ever taken place in the NHS. The resulting vision is founded on unprecedented engagement with staff, patients and communities.

What do I mean by high quality? Quality means protecting patient safety by eradicating things such as health care associated infections and avoidable accidents. It is about the effectiveness of care: from the clinical procedures that patients receive to their quality of life after treatment. It is about the patient's entire experience of the NHS and about ensuring that they are treated with compassion, dignity and respect, in a clean, safe and well-managed environment.

During the debate, there was much discussion about quality, how we measure it and whether it is necessarily cheaper. The hon. Member for Wyre Forest (Dr. Taylor) asked how we will ensure that quality is achieved in the health service. We have a number of ways of doing that, and I shall deal with one of the most important now. He referred to our response to the two reports on the Mid Staffordshire hospital inquiry. The inquiry benefited from much greater patient and public involvement in decision making and much more accountable and open NHS boards. The inquiry supported the excellent work of the independent regulatory system, which was established under this Government, and led previously by the Healthcare Commission, and now by the Care Quality Commission.

The regulatory system helps to ensure that people make complaints. If the hon. Gentleman wants to pass on the terrible individual cases that he cited during the debate, I shall be very happy to look into them. I try to encourage anyone who writes to me, and encourage other hon. Members to do the same. It is desperately

important that people complain, through the official complaints process, not only because, otherwise, no one will know about it, but because hospitals are now measured on the number of complaints that they receive, on how well they deal with them, on how well they learn the lessons, on the number of complaints passed on to the independent regulator and on the number upheld.

A very strong and robust complaints system is now in place; and it is really important that people use it. We need to change the culture in which the patient feels that they are a passive recipient of health care and that the doctor, manager or bureaucrat knows best. Everyone in this country needs to get into a mindset where they behave more like a consumer—after all, they are paying for the service, and they need to demand their rights to ensure that the care that they are getting is good. If it is not up to scratch, they should make a heck of a noise.

Another recommendation in the NSR was for a new quality board, which met for the first time at the end of March. It brings together all those with an interest in improving quality across the NHS and will align and agree the NHS's quality goals, while respecting the independent status of participating organisations. However, we will never attain the high levels of quality that the public demand without strong leadership, which was a point also raised in the Health Select Committee's report. The National Leadership Council, under the chairmanship of the chief executive of the NHS, David Nicholson, was launched in April and will champion the transformation of leadership across the NHS. It will not only deal with senior management, but develop leaders at all levels of the system—from chief executives to porters. It is about developing and supporting leadership potential wherever it exists.

GP-led health centres were mentioned not only in the Select Committee's report, but by all hon. Members here today. I hope that we all agree that people want better access to their GP and health care that is more personalised and convenient. According to our annual surveys, the single biggest cause of dissatisfaction among the public is their inability to see a GP at a time and place convenient to them. That was the basis of the programme that we announced. We are investing an additional £250 million every year specifically to improve access to primary care. Every PCT should develop a new GP-led health centre, open from 8am until 8pm, seven days a week, 365 days a year, offering both booked appointments and a walk-in service for any member of the public, who could remain registered with their own GP, but still use this new service.

We will also address the point about under-doctored areas by establishing 112 new GP practices in those areas. Such practices will provide greater access to a wider range of services and offer more choices for patients as to where and when they can see a GP or other health care professional. Moreover, they will help to address inequalities in health care in those areas.

The Select Committee took us to task for our insistence that everyone in England, wherever they live, should have access to one of the new seven-days-a-week, 12-hours-a-day health centres. It argued, and a number of other hon. Members have argued again today, that we should have left it up to PCTs to decide whether or not to have one. The problem that I have with that is that some PCTs are not universally good at standing up to pressure. I am talking here about the pressure that can be exerted by local GPs, who can be an effective and powerful lobby group. As hon. Members have reminded us, there was a massive and—as some hon. Members have belatedly acknowledged—highly misleading campaign against the new centres. I suspect that if we had left the decision up to the PCTs, they would have buckled under the pressure, and said, "This is too much grief." That would have meant that people in their area would not have been able to enjoy the new service that was available in neighbouring areas.

I am sorry, but I do not believe that there is anywhere in England where people would not appreciate the ability to visit a GP in the evenings, at the weekends or to drop in on spec. I invite the Health Committee to visit some GP-led health centres that are already open and see how incredibly popular they are. In fact, I detect a rewriting of history going on. I remember seeing a Conservative website that encouraged people to support the BMA campaign and sign the petition. The Liberal Democrats were equally critical of the programme of new health centres. However, once the BMA stopped its campaign, so did the Opposition. I have opened a number of centres and I have not been subjected to angry demonstrations, either by local GPs or by local Conservative and Liberal Democrat politicians. On the contrary, I have had local politicians of all political parties coming along to celebrate them and how popular they are.

Sandra Gidley: I admire the Minister's robust defence, but could he explain how, in a county as large as Hampshire where it can take three hours to travel from one end to the other, sticking one centre in the middle helps the vast majority of the population? It does not. One of the side effects—I do not know whether the two are related—is that the local walk-in centres have now reduced their hours, which is reducing availability. If access is so important, will the Government consider the reduced hours of walk-in centres?

Mr. Bradshaw: The hon. Lady seems to be suggesting that we should force PCTs to open even more GP-led health centres in areas as big as Hampshire. A number of PCTs have, off their own bat, introduced more than one centre. However, we felt that it was reasonable for the public, in whichever PCT area they live, to have at least one such centre. On the one hand we are criticised for doing that, yet on the other, we seem to be criticised for leaving it up to Hampshire PCT to decide where it should go. It may not have been our choice to place it in Basingstoke. Oxfordshire decided to put its centre in Banbury. I had a robust conversation with Oxfordshire PCT in which I said, "Wouldn't Oxford be better because you have people who commute to Oxford, and a big student population?" We know that access to primary care by students can sometimes be very difficult—incidentally, the centres are incredibly popular with students for that very reason. Therefore, I do not accept the argument.

The parallel development over the last year has been a massive expansion in extended opening hours for GPs. I am not sure how many surgeries in Hampshire are offering such a service, but it is probably around the 80 per cent. mark. Again, that is a result of the Government deliberately ensuring that surgeries open either in the evenings or at the weekends. If any of the hon. Lady's

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constituents find it inconvenient to go to Basingstoke, they should be enjoying the benefits of extended hours in GP surgeries.

Mr. Barron: I was interested to hear what my hon. Friend the Minister said about MPs turning up to the opening of new centres. Presumably they are there to be photographed. Perhaps they could get on a website that has as high a profile as the campaign did. I agree with what my hon. Friend said about local health communities and local GPs lobbying PCTs, but does he not think that if we had had some good criteria as to why the centres had to be put in areas, such as disease burdens or lack of access, it would have helped? I take what he said about doing other things as well. Rotherham has a new centre and a new GP practice, which is very good. However, if the Government and the professional representative bodies had agreed on a good set of criteria, it would have been a lot easier to put the centres where they should have been, as opposed just to saying, "You shall have one."

Mr. Bradshaw: To a certain extent, I agree with my right hon. Friend. He is right to highlight the fact that many parts of the country, because they have been either spearhead or under-doctored areas, have received not just a new GP-led health centre, but one, two, three or even four new GP surgeries. The criteria for that have been based on the level of deprivation, disease and the ratio of GPs per head of population. The criteria and the driver for the new GP-led health centres was a real feeling on the part of the Government and the public—it was borne out not just by the annual GP surveys but by MORI and the deliberative events that we did in the context of the next stage review that having tackled waiting times and some of those really big quality and capacity challenges that the NHS used to face in the past what the public most wanted was the ability to see a GP at a time that was more convenient to them.

We had a twin-track approach. Part of that was getting as many GPs as possible to open in the evenings and at weekends, which we have done through the extended hours programme. We had a bit of an argy-bargy with the BMA over that, but in the end it agreed to sign up. I think there is only one PCT in the whole country—it may be in Worcestershire, but do not quote me because I may be wrong—that is not up to 50 per cent. of GP surgeries offering extended hours. The average now is 75 per cent. For those people who live in an area in which they do not have 100 per cent. of GPs offering evening and weekend openings but who want to stay with their own GP, why should they not have the ability to visit a GP in the evenings and at weekends as well? Similarly, a lot of people who commute face difficulties. Hon. Members will be aware from their postbags that a lot of people say, "Why can I not register with a GP where I work rather than where I live?" Of course there is a problem with that because of practice boundaries and the cost of double registration and so on. The new GP-led health centres will provide a useful service for those people who may commute to the nearest local town, be it Banbury, Oxford or wherever, and will be able to visit a GP-led health centre there as well as one at home if that is more convenient.

Jim Dowd: There is a good story to be told about GP-led health centres. I have seen, as I am sure other hon. Members have, that where they have been established, the increase in availability of other GPs has acted almost as a competitive spur. Part of the problem is that the evaluation of the five original centres in London has not even been designed yet. The Government are being a bit tardy. They should insist on an early evaluation, which will then go out to convince all those with reservations that the centres will be an adjunct and an improvement and not a deterioration in services. Will my hon. Friend say why the Government insist on the presence of a private sector bidder because it is causing considerable disquiet?

Mr. Bradshaw: The simple answer to that is we are not. All we insist on is an open and fair procurement process. I invite my hon. Friend, or the Select Committee as a whole, to do a follow-up report. One of the BMA scares was that the centres were the start of the privatisation of the health service, the end of primary care and family doctors. In fact, only a small minority of the contracts are going to the private or independent sector. The vast majority are going to local GPs, local GP consortiums and local GP co-operatives, and those decisions are quite rightly being made by the PCTs on the ground.

Let me deal with my hon. Friend's other point. There has been a bit of confusion between the new GP-led health centres in every PCT—one in each—and the extra investment going into the more deprived areas to increase the overall capacity in primary care, which has been universally welcomed. There has been particular confusion in London, and outside London, because of this word "polyclinic". The BMA campaign deliberately tried to conflate the polyclinic model with GP-led health centres. Many people call them Darzi centres. I am sure that my noble friend will leave a significant legacy, but if he does not, there will still be Darzi centres up and down the country.

London is different because it already had a programme to develop a series of polyclinics that was agreed by the London health economy. Those polyclinics are much bigger than the GP-led health centres in other parts of the country and bring in far more GPs and other services. Perhaps my hon. Friend the Member for Lewisham, West (Jim Dowd) is referring to such a polyclinic, rather than to the national programme under which there will be a new GP-led health centre in every PCT area. Confusion over the terminology has sown confusion about the programme up and down the country. People say that they do not want a huge polyclinic, but they are fine about it when they see the kind of little GP-led health centre that they are used to.

Mark Simmonds: I cannot let the Minister rewrite history. The Government backed away from the word polyclinic because of the noise that was created. They changed the terminology to GP-led health centres for those outside London. As the Minister will recall, the reason that so few GP surgeries opened in the evenings, early in the mornings and at weekends was that the Government were outmanoeuvred when negotiating the 2004 GP contracts. The enforcement of extended hours merely replaced what had been taken away in 2004.

Mr. Bradshaw: I do not want to engage in argy-bargy over this. He might not do it now, but I invite the hon. Gentleman to change his party's official policy of allowing GPs to decide their own opening hours. That would be a massive step backwards. We have achieved a lot in the last 18 months to improve access to primary care. We do not want to go backwards.

Before I leave the issue of London, if he has studied the GP patient survey, my hon. Friend the Member for Lewisham, West will be aware that Lewisham has one of the highest levels in the country of dissatisfaction over access to primary care services. The average level was 18 per cent., but in Lewisham it was 23 per cent. Nearly a quarter of his constituents are not happy. The survey was carried out before the introduction of the programme of extended hours and GP-led health centres so I hope that the figure will improve next year.

The NSR marks a dramatic development in the relationship between the centre, PCTs and local service providers. It is a move away from the central direction that was needed to successfully tackle historical issues such as waiting lists, to an empowering of local leaders and a devolution of power and decision-making to as close to the patient as possible. The Select Committee report is right to highlight how important effective commissioning is in achieving the goals of the NSR. It is for PCTs to make the decisions that are in the best interests of their patients. However, the system relies on PCTs having the necessary people and skills to use that power effectively. The Select Committee was right to highlight how many PCTs are not as strong as they could be.

The world-class commissioning programme is aimed at raising the standard of commissioning in PCTs across the country. A year in, it has helped PCTs to plot a clear path towards the high standards of commissioning that we all expect. The next two to three years will see better commissioning skills within PCTs and improvements to local health outcomes and to outcomes overall.

The Department is working with strategic health authorities to provide PCTs with a range of world-class commissioning tools, such as improved data, guidance on strategic planning and topic-specific commissioning guidance for areas such as stroke, cancer and primary care. Most PCTs now have a board development programme and each region runs commissioner training programmes. Many PCTs are also working together to improve their analytical and commercial capacity, to better commission services from a single provider or for a particular care pathway.

The hon. Member for Romsey asked how we will evaluate the role of local government. In our surveys of local government and NHS organisations that are involved in the process, 90 per cent. of respondents agreed that world-class commissioning will help them to become better commissioners of services and that it will improve the governance of their systems.

The hon. Member for Boston and Skegness spoke about practice-based commissioning. I accept that that is a vital part of world-class commissioning. As he is aware, in March we published "Clinical commissioning: our vision for practice-based commissioning", which sets out the role of practice-based commissioning in world-class commissioning. That has been well received by the NHS and by independent commentators. The NHS Alliance commented:

"This confirmation and reinforcement should dispel any doubts about whether PBC is here to stay – it is. This must now mark the end of discussions of the role of PBC, and the start of the real action throughout the English NHS."

Nick Goodwin, the senior fellow at the King's Fund, stated:

"The vision outlined by the government…confirms its commitment to PBC"

and

"its strategic importance within the wider commissioning agenda…The guidance helpfully places PBC as a key tool for PCTs to influence and lead strategic service change through commissioning."

Practice-based commissioning is a firm and popular foundation from which to build. A recent independent survey of almost 1,900 practices by MORI showed that 64 per cent. supported PBC, with just 16 per cent. opposing it. It showed that clinicians are becoming more involved in commissioning, with 61 per cent. of GP practices commissioning a service through PBC as of February this year, compared to 56 per cent. in the previous quarter.

The PBC development framework and a national PBC improvement team are in place to help PCTs develop practice-based commissioning. We will be holding them to account through the world-class commissioning assurance process, which will ensure that PCTs provide practices with the support and resources they need.

Hon. Members have raised the cost of the NSR, as did the Select Committee report. In our view, the NHS cannot afford not to take the recommendations forward. The national and local visions that were developed as part of the NSR process focused the NHS on prevention, constantly improving quality and innovation. That will enable the NHS to better deliver value for taxpayers' money. I am sure we all agree that that is necessary to meet the challenges facing the health service and the economy.

Implementing the 10 regional visions of "High Quality Care for All" is now the core business of the NHS. The NHS budget for England will increase to over £100 billion by the end of the year. All the NSR proposals will be funded from within that budget. Prioritising the most effective treatments, reducing errors and waste, and keeping people healthy and independent for as long as possible all contribute to quality care, and to a more efficient and productive health service. High quality and value for money are not competing alternatives; they are often one and the same thing. That is increasingly important in an economic downturn.

There has been discussion about whether high quality always means saving money. I agree with the point the Select Committee Chairman made when he quoted Alan Maynard. He said that high quality is not always cheaper than poor quality. As the hon. Member for Wyre Forest said, although quality sometimes costs more, there are big overall savings to be made through better quality.

Savings can be made if the right treatment is given in the right setting first time round, if the length of stay is reduced by the right support being provided and if the rates of prescribing generic drugs are increased. Care can be organised to ensure it is of a high quality. Simple things can be done such as having protected meal times and freeing up staff time through the productive ward

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programme. Those are just a few examples of how high-quality productivity, good outcomes and less wastage of resources go together.

The hon. Member for Wyre Forest is right that prioritisation will be critical. We do not just have priorities at local level. Although there are now fewer of them, we still have national targets for waiting times. We also have the annual operating framework, which states what we believe are the top priorities that should guide the service.

Hon. Members mentioned the patient reported outcome measures. That scheme is currently limited to four elective procedures: hip and knee replacements, and groin hernia and varicose vein surgery. There are no commitments to extend the scheme but the Department is actively exploring the potential for PROMs in other areas such as long-term conditions. Any decision to extend the scheme will be evidence-based.

The cost of implementing PROMs is expected to represent less than 0.5 per cent. of the total spend on the four elective procedures that they cover. The national scheme started in April 2009. Indications are that implementation is going well, and the scheme should be fully embedded by April next year. It will be subject to ongoing review. Incidentally, I forgot to say that GP-led health centres will also be evaluated; a number of hon. Members asked about that. The PROMs scheme will also be evaluated to test and demonstrate its value for money.

Implementation is already under way. All but a handful of providers began collecting PROMs data on schedule in April. The data can be incorporated into quality improvements, such as the commissioning for quality and innovation incentive scheme, in the same way as other quality data.

My right hon. Friend the Chairman of the Select Committee highlighted the importance of leadership in the NHS. We believe that leadership is central to fulfilling the vision of the NSR. I accept that past initiatives to improve the quality of leadership in the NHS have not always succeeded. They have often failed because they have focused on too small a group of people over too short a period. However, I believe that we are better placed than before to drive the leadership agenda forward. We have a clear 10-year plan based on the regional clinical visions and a new emphasis on quality that makes it much more attractive for clinicians to become involved in leadership.

The NSR will ensure that clinicians are fully prepared to take on senior leadership roles within the NHS. It will embed leadership in undergraduate and postgraduate degrees and development programmes at different stages of clinicians' careers. The NSR is designed to support local health organisations in identifying, developing and recruiting the best leadership talent across their regions. The national leadership council, to which I have referred, will intervene only where it can add value. Its role is to ensure that the system supports high-quality leadership and to challenge it where it does not.

As I said, the NSR supports local health organisations in identifying, developing and recruiting the best leadership talent across their regions. At its core, the guidance is about creating a deep and diverse talent pool from which we will draw our next generation of NHS leaders. All responsibility is devolved to the NHS locally, and managers will face much greater local scrutiny.

I was glad to hear someone—it was either the hon. Member for Wyre Forest or my right hon. Friend the Chair of the Select Committee—speak up in defence of managers. We need good managers in the NHS, and they often get a lot of stick. Although the vast majority of managers meet high professional standards, I am afraid that a minority sometimes suffer lapses in performance or conduct that threaten to undermine the confidence of their staff, their organisations and patients. An advisory group chaired by Ian Dalton, chief executive of the NHS north-east strategic health authority, will consider how senior NHS managers can demonstrate publicly that they have reached and are maintaining high professional standards, in order to ensure and enhance confidence in the profession.

The clinical excellence awards scheme is currently under review. We will examine how leadership skills can best be reflected in the criteria for awarding CEAs. The national management training schemes recruit and develop talented individuals who have the potential to become directors or chief executives within the NHS. The scheme has already produced some of our most outstanding leaders—the current NHS chief executive, David Nicholson, is an alumnus—and the scheme came fifth in *The Times* top 100 graduate employers in 2008 as voted by graduates, up from sixth in 2007. I would not be surprised, given the current economic climate, if it continued to rise up the league table. It is a very reputable and high-quality scheme.

The hon. Member for Boston and Skegness asked about innovation. He is absolutely right: creating an environment in which innovation can flourish is vital to improving quality. We announced the creation of five new academic health science centres in March. Last month, the Government launched a range of measures to drive innovation and ensure that innovative ideas and practices are disseminated across the service. They include a new £220 million innovation fund to support faster innovation and the universal spread of best practice; a new legal duty for SHAs to promote innovation, which will be important in driving innovation through the system; and a series of challenge prizes to reward those who have excelled in creating and diffusing innovative ideas and encourage others to do likewise.

I saw the challenge prizes rubbished in the press when they were announced, but the idea is an exciting and interesting one. We are not giving people lots of money for doing things that they should be doing anyway; we are encouraging innovation and imagination at the local level, so that ideas can come up from the bottom, as the hon. Member for Boston and Skegness himself highlighted.

We are also introducing a new IT system, NHS Evidence, to improve access to information and support for better clinical and commissioning decisions. Medical Education England provides independent, expert advice on training and education for doctors, dentists, health care scientists and pharmacists. MEE is supported by professionals and has developed as a result of extensive consultation with stakeholders. We are developing similar bodies for the other professions that will be in place by September 2009.

I am incredibly grateful not only for the Select Committee report but for the contributions and comments made

today. This has been a constructive discussion. I expect that we will continue to have a robust debate about GP-led health centres for a while, at least until they are up and running everywhere in the country, and then I hope that people will make a different judgment on them. I invite the Health Committee to revisit the issue when it feels that it has something interesting to say.

The quality of today's debate reinforces how important the future of the NHS is to us all. I have been heartened by the strong support for how the NSR was conducted and the vision that it sets out. This debate and the Health Committee report will help us considerably in getting the implementation right. That is the most important thing about all reviews and reports: not that we publish them, but that we get the implementation right and see it through.

There will, of course, be challenges ahead, but I am confident that because the review has generated a deep feeling of local ownership and genuine enthusiasm, we will deliver its vision for the NHS. By placing power in the hands of local PCTs and patients, we will make high-quality care for all more than the title of a report. It will be exactly what we will achieve.

4.36 pm

Mr. Barron: I will not keep hon. Members for too long; I would just like to respond to one or two things that my hon. Friend the Minister and the Opposition spokesman said. First, though, I must comment on the remarks made by the hon. Member for Wyre Forest (Dr. Taylor)—not just on the letters that he read out, but on his experienced view of how important interpersonal skills are in health care. He has brought his wisdom to the Select Committee. I am pleased that my hon. Friend has decided to take away those letters and look at how the patients were treated. Quality is not just about clinical outcomes, although we all want the best clinical outcomes; quality goes a lot more widely, and the hon. Gentleman gave us all a lesson on exactly how things should be for the patient. I am grateful to him for what he said.

The hon. Member for Romsey (Sandra Gidley) and my hon. Friend the Member for Lewisham, West (Jim Dowd) commented on primary care centres, or polyclinics. I must say to the hon. Member for Boston and Skegness (Mark Simmonds) that it is a bit of a stretch to say that the Select Committee agrees with Conservative policy on polyclinics. I am tempted to ask my hon. Friend the Member for Lewisham, West whether he agreed with the Conservative press release last year on polyclinics in London in which the word was spelled "polly".

Mr. Bradshaw: It might be of assistance to my right hon. Friend to remind him that the shadow Health Secretary said in June 2008:

> "Patients and family doctors are right to be worried about losing a valued local service. It's time Labour faced up to their concerns and called a halt to their unpopular polyclinics scheme."

When asked in April 2008 whether he would scrap our extended GP opening hours target, he said, "Yes, we would." The Leader of the Opposition also said in April last year, on the GP-led health centre scheme,

> "Now they are trying to abolish the family doctor service."

If there has been any rewriting of history, as the hon. Member for Boston and Skegness accuses me of doing, it has been on the other side.

Mr. Barron: As the non-party political Chairman of the Health Committee—inasmuch as I can be—I will not be drawn into that debate. I just thought that I ought to mention it.

Jim Dowd: Before my right hon. Friend gets too far away from the spelling of polyclinic, I am sure that he will recall that, when we were looking for a definition of polyclinic during our inquiry, someone offered the idea that it is where one goes when one is as sick as a parrot.

Mr. Barron: Yes, and we have some twitchers on the Committee, in the form of the hon. Member for Wyre Forest and myself.

Overall, I would not say that we go along with the Opposition, but we want more primary care. Yes, it does disturb the balance, and, yes, it might disturb capitation fees, but my argument and the Committee's argument is that, if it based on the need of the local population, it is time that things moved on. We cannot have things set in aspic. The way that GP practices are formed has not changed a lot since 1948. New ones come along now and again, but someone usually takes over a business that someone else has been running, so there is a need for more. Although last year was a bit disruptive given what was said on either side of the debate, I am pleased that we will get people more access to primary care, which can be no bad thing.

I completely agree with the hon. Member for Boston and Skegness about quality in standards and outcomes. I hesitate to agree that we should get rid of all centrally set, top-down targets, because smoking cessation targets, for example, will prove very beneficial in years to come to the health care of the nation. That issue cost my PCT a star a few years ago, which it was upset about, but if we look at the incidence of smoking and the incidence of ill health from smoking in my constituency and the borough that I represent a third of, it is right and proper to keep some of those targets in place. It would be too easy to get away from those targets, which are rightly challenging.

Mark Simmonds: Let me clarify this point. I agree with the right hon. Gentleman, and we have clearly said that we will retain targets in the public health sphere, such as the smoking example that he has given, for the very reason that he is explaining.

Mr. Barron: Another example to consider is the 18-week wait. We talk about choice in the NHS, but, five years ago, in one or two hospitals in my part of South Yorkshire, if someone had wanted orthopaedic surgery, some consultants, but not all, would have said that there was a two-year wait for a new knee, or that "You could have it next week if you want to go to a hospital in Sheffield, and I'll do it for you." Getting rid of that kind of choice has been a good thing. Such targets have been designed to do things that may not be obvious, and they have worked. The 18-week target may not have worked very well for some consultants' bank accounts, but it has worked very well for my constituents. People have been able to get things done far more quickly and cheaply—other than the general tax that they pay—as a

[Mr. Barron]

result of those targets being set and the local health service being asked to look at them.

I agree entirely with the hon. Member for Boston and Skegness that innovation must remain at the heart of the health service, as that is how we have improved it. We all accept that it could be better still, but it has improved in the past six years because people have been allowed to innovate. There are many places of excellence in areas such as spinal injury, because there has been innovation by individuals in those areas. Those places are not always where we would want them to be geographically, but they have come about because the health service has allowed individual practitioners to work to improve the service and to specialise in those areas.

We must be the envy of large parts of the world, even developed economies—so we need innovation. The one hesitation I have in agreeing with the hon. Gentleman is to say that that approach applies across the piece, including with information technology, and we might have a debate on that at another time. Health professionals and others would be helped in improving health care in the 21st century by having good, competent systems in which people have confidence.

I want to pick up on three issues that my hon. Friend the Minister discussed. He talked about the new quality board not being top-down and about the national leadership council. I hope that he and other Ministers will make sure that those measures are working, so that we get the right leadership in the right place and the right managers with the right experience. I do not blame managers who find it difficult to do a job if it is something that they have never trained for and that has been put on them from above, or wherever. The essence of this is to make sure that they have the support to do the job and that they are not simply dismissed on the ground with, "We don't think you're up to it, so we're going to bring someone else in." There are issues about developing the whole work force, and management is clearly a major part of that.

My hon. Friend talked about effective commissioning. World-class commissioning came in just a few years ago, after the weakness of commissioning in our system was recognised, and I wish him well with that. He talked about bringing something forward next April on what we are learning about the four areas in which PROMs are being measured. I would be very happy if he shared that information with the Committee—if we are still around next April, which I suspect we will be—as soon as he gets it. I think that it will be crucial to bringing the NSR into being and really bringing quality into the workplace as far as patients are concerned.

In conclusion, I am very pleased with the intent of the report, and I add my name to those who have complimented Lord Darzi on his work. Like the Minister, I hope that we will all see major aspects of the review being put into action.

Question put and agreed to.

4.45 pm

Sitting adjourned.

Westminster Hall

Tuesday 19 May 2009

[MR. BILL OLNER *in the Chair*]

Fire Safety (Schools)

Motion made, and Question proposed, That the sitting be now adjourned.—*(Barbara Keeley.)*

9.30 am

Mr. Ian McCartney (Makerfield) (Lab): I hope that this will be a sober debate—in the best possible sense of the word. I am pleased this morning, because at 6 am I received a telephone call and heard a baby crying at the other end; my 10th grandchild had just been born—a lovely little girl. She weighs 6 lb 8 oz and is a Glaswegian, by the way. She came early, so I cannot tell hon. Members her name yet, but obviously it will not be Ian.

In the mid-1980s, I was a member of the then Greater Manchester fire and civil defence authority. As a consequence of my experiences working with courageous and dedicated firefighters, I made the rather rash promise, when I left the authority, that within two years of becoming a Member of Parliament, I would organise a campaign to get dangerous foam furniture banned outright, and last year we celebrated the ban's 20th anniversary. The link between the ban and the introduction of smoke alarms nationwide has saved an estimated 14,000 lives and 100,000 injuries. Changes in the law on fire prevention work extremely well.

Over the past 20 years, the United Kingdom—whatever party has been in power—has been at the forefront in fighting the dangers of fire and introducing measures of prevention to minimise the risk of death and injury from fires. In my view, sprinkler systems in schools are an essential part of that armoury of fire prevention, but despite the efforts of the firefighting community, the insurance industry, teaching unions and the Government's declared public policy of supporting sprinkler systems in schools, of the 30,000 schools in the UK, only just over 200 have sprinkler systems.

Every week in the UK, 30 schools are damaged or destroyed by arson attacks, and the number of major school fires has risen by 55 per cent., according to the National Union of Teachers. Costs relating to these fires have risen by more than 170 per cent. over the past 10 years, and teaching unions say that the cost of school fires is now equivalent to building 45 new primary schools or employing extra 3,750 teachers. Fifty people are injured in school fires every year. Thankfully, no one has been killed, but, given the number of fires, the number of children and other people involved, and the nature of the fires—an increasing number are started during school hours—it is only a matter of time before a tragedy strikes.

School fires account for nearly 5 per cent. of all non-dwelling fires every year. In the United States, which has more than 150,000 schools, fire costs are about half those in the United Kingdom. Why? According to the Zurich Municipal insurance company, the answer is quite simple: most American schools have sprinkler systems fitted. Greater Manchester fire and rescue service published a report on arson in schools. It was the work of Terri Byrne, who is the crime and disorder development officer. The research is frightening. Sixty-one per cent. of all UK school fires are deliberate, whereas only 45 per cent.—I say "only"—of other building fires are deliberate. That means that schools are more vulnerable than other buildings.

Bob Spink (Castle Point) (Ind): There is a large number of non-accidental fires in schools, in particular, for reasons that we all understand. I congratulate the right hon. Gentleman on securing this debate on a narrow, but important subject. One very helpful initiative was taken by the superb Essex fire service, which puts wayward kids through very intensive and demanding firefighting and fire prevention courses. The courses take a number of kids, and at the end of them the kids pass out. I have been there and presented the prizes to them. It puts these rather wayward kids back on the right road. Would he recommend that other fire services look at that and expand that excellent scheme?

Mr. McCartney: The hon. Gentleman is right; indeed, Greater Manchester is a pioneering fire authority working with his authority. Most authorities in Britain have developed such models. Across the country, firefighters are giving their time, free of charge, on evenings and weekends, to establish relationships in the community—with community groups and organisations and children at risk, either from fire or of being involved in setting fires.

Increasingly, fires are being set during school hours, with 25 per cent. actually starting in classrooms. Four out of 10 school fires are started deliberately in normal school hours. In Greater Manchester, six out of 10 school fires are started deliberately. In my own borough of Wigan we have more school fire incidents than any other part of the county and almost double the number in many other boroughs. Overwhelmingly, these fires are being ignited by naked flames such as matches and lighters. The average cost of a small school fire in Greater Manchester is about £50,000. In 2005—the last year for which I can get figures—school fires in Greater Manchester cost about £5 million a year.

Quite frankly, our schools are under attack. It is no wonder that the Association of Teachers and Lecturers has been campaigning for the installation of sprinklers to be a legal requirement in all new build schools and college refurbishments. The NUT has also been campaigning for the installation of sprinklers and believes that the total cost of school fires is being seriously underestimated. It believes that the true cost is more than £100 million a year. The British Automatic Fire Sprinkler Association, working with British fire services, says—this is astonishing—that a school has a one in eight chance of a fire, and every week, somewhere in the UK, a school is totally lost to fire.

John Penrose (Weston-super-Mare) (Con): The right hon. Gentleman is making a very powerful case on this very important issue. I congratulate him on his new grandfatherly status—I am sure that everyone is delighted for him. He is rightly focusing on the risk to life and limb and the cost of such incidents. However, does he agree that a wider problem is the huge disruption to the education of pupils in the schools themselves? Even if those pupils are nowhere near the building when the fire

[John Penrose]

is lit, the consequences can last for weeks and months, if they are disrupted or their work damaged in any way. There are wider ramifications. I am sure that the right hon. Gentleman will come on to them in due course.

Mr. McCartney: I have been practising as a grandfather for a number of years—this is my 10th grandchild. I had a misspent youth.

I hope to address the hon. Gentleman's point in my next comments. Much work has been done by the Local Government Association on the impact—not only the economic but the social costs—on communities, pupils and staff when a fire devastates a school.

Mr. Michael Clapham (Barnsley, West and Penistone) (Lab): I congratulate my right hon. Friend on two things: securing this debate and his 10th grandchild. The social cost, to which he referred, tends to spread into the community. Does he agree that, because schools are now used much more by communities, a fire can leave them bewildered and vulnerable? Much more can be done to support communities, and not just the schools.

Mr. McCartney: My hon. Friend is right. The impact does not last only a few days, weeks or months. Sometimes, schools are closed for a year and a half or more, and I hope to give evidence that some teachers' health is so badly affected that they end up retiring early or cannot return to the school where they worked.

The LGA and its partners produced a very well-researched document, entitled "The Impact of School Fires", which looked at the economic and social impacts on schools and local communities. It makes it clear that

"the costs of a sprinkler system can be recovered within five years through reduced insurance premiums, which would be reduced by installing sprinklers by around 65 per cent".

The LGA puts the economic case quite succinctly, but the social case is more devastating:

"The review found that fires have a large direct and indirect cost"

to the community. It goes on to say that

"proportionately, the highest cost of school fires occurs in the South East/London Region (representing 37 per cent of the cost of all school fires)",

but

"metropolitan areas experience higher frequencies of school fires and",

therefore, the greatest total cost and risk. The report says:

"One in eight schools suffers a serious arson attack and 75 per cent of school fires are the result of a malicious fire",

and goes on to say that

"damage can affect exam results, mean temporary accommodation is needed and result in disruption as a result of rebuilding and insurance cannot replace lost school work and lost school days."

It states that

"it is estimated that the education of 90,000 children is disrupted by school fires each year...17 per cent of schools who had experienced a fire said that it had led to a drop in staff morale, six per cent to a drop in morale amongst pupils and seven per cent said that their fire had led to negative publicity about their school."

That is a devastating blow to pupil and staff morale. It also says that

"the increase in the number of extended schools (and the requirement for all schools to offer extended services by 2010) means that, increasingly, entire communities can be affected by a school fire."

A fire undermines the capacity of community groups to continue to operate. The evidence is all in place.

Craig McCartney—no relation to me—is a teacher at Copleston high school in Suffolk. Believe it or not, pupils set fire to that school. The damage cost more than £1 million. Inevitably the delay between the fire and the rebuilding work meant that there was no staffroom or other facilities for 18 months, thereby causing major stress to both pupils and staff. Teaching unions and the fire service have literally hundreds of examples of personal hardship caused by school fires.

After a fire in Clifton primary school in Greater Manchester, the pupils had to use a church hall, but they could not be educated on Mondays because the hall was already booked. The rebuilding work was done around the children in some of the classes, and it took a year before all the work was complete. Loss adjusters ground down the head teacher and governors over some of the costs. The children's education was severely disrupted and the impact immense: SATs results fell from 80 per cent. to around only 53 per cent. I am pleased to say that they are well over 80 per cent. again. For the affected children, the damage cannot be undone. Such was the effect of stress on the head teacher in trying to keep his school and community going, he had to retire at the age of 52 and never go back to the school again.

Before my right hon. Friend was even a Minister, let alone a Minister in this Department, he had a long record of campaigning on fire safety issues. He was a very active member of the all-party group that I helped to establish some 20 years ago. I know that in this debate I have a Minister who not only understands the issues—both intellectually and organisationally—but is a friend at court in terms of what we need to do. The debate is not about chivvying along this Minister; it is about finding a way for him to put into practice what he believes is the current policy, which is that local authorities are required to install sprinklers in new schools.

Mr. David Drew (Stroud) (Lab/Co-op): Will my right hon. Friend consider an example in Gloucestershire, in which a new school, Rednock, is being built under PFI arrangements? It is not open yet. At a late stage in the planning, Gloucestershire county council decided to make a budget cut and took the sprinkler system out of the plans. That cannot be acceptable. I raised the matter with the council and asked it not to do it, but it wilfully carried on. That is not acceptable, is it?

Mr. McCartney: It is absolutely scandalous. There is no financial, safety or community rationale for doing what Gloucester did. My hon. Friend may want to go back to the council because, at the weekend, the Fire Service College, which has been in Gloucester for 30 years, was burned down. If it had installed a sprinkler system, it would have been okay.

My right hon. Friend the Minister made a very important statement on 9 November 2007 in which he said:

"There is now a presumption that new schools, built under the Building Schools for the Future (BSF) programme, will include

sprinklers in the vast majority of cases. BSF is the largest school building programme in 50 years and will involve every primary and secondary school in the country being refurbished or rebuilt."

The policy, therefore, is absolutely clear, so what we need to discuss is how to implement it on a wide scale.

Fire safety manager, Officer Mark O'Meara, carried out a survey of local authorities in Greater Manchester, and the results make sobering reading. Three boroughs have no policy of fitting sprinklers in BSF or other new schools. Six boroughs have a policy to fit sprinklers, but not all of them use the Government's national toolkit, so they cannot guarantee the outcome. My borough of Wigan, which I will come back to in a moment, is to fit an aqua mist system. One borough indicates that the toolkit does not show a risk index requiring sprinklers, which is strange when the Minister has made it absolutely clear that it does. All 10 boroughs have no policy to fit sprinklers in refurbished schools. Instead, they go for other cost-effective provisions such as CCTV, which means that someone can stand and watch their school burning down. That does not seem sensible when the Government have given authorities millions of pounds to refurbish and rebuild schools.

All 10 boroughs in Greater Manchester—Salford, Manchester, Bolton, Trafford, Stockport, Tameside, Bury, Wigan, Oldham and Rochdale—participated in the survey about sprinklers. Manchester said that its primary schools had sprinklers but not its BSF schools. Bolton and Trafford said that they had no policy, although I understand that today they are telling the press that they do. Salford has a policy to look at the toolkits, but it is not clear whether the policy should be applied to primary or secondary schools or both. Stockport will use a toolkit for BSF schools—secondary schools—but not in any non-BSF schools, so some schools will get sprinklers and some will not. Tameside said yes, there will be sprinklers in all circumstances. Bury expects sprinklers to be installed in all BSF schools, but not in refurbished schools.

In my authority, aqua mist sprinklers will be installed in all new schools. As I understand it, the Department is not happy about aqua mist programmes because the system has not been tested for widespread use in schools. Therefore, such installation does not make sense. In my constituency, a new multi-million pound school is to be fitted with this second-class arrangement, and it is not acceptable. These systems should not be put in schools until they have been nationally tested and are seen to be effective in areas as large as a school and its associated structures.

Oldham said that sprinklers are to be fitted in all new schools, and in Rochdale, they will be fitted in BSF and all other new schools.

My right hon. Friend can see that, despite what the Government are saying, even in an area that is well respected for its educational attainment across the board, irrespective of which party is in control, and which has 10 boroughs that have all got a reasonably good—or indeed excellent—reputation in school attainment, there is still a wide diversity in what they will install in refurbished and new build schools. The building programme is massive, and I know that my right hon. Friend will tell us about it. I will not steal his thunder and give out all the figures; suffice to say it is a multi-billion pound programme. Within such a context, the cost of installing sprinklers is miniscule. It is not even 1 per cent. of the programme.

If we are not careful, we will have a situation in which 1,500 schools a year will be subject to a fire, and some of them will be completely destroyed. In just five years' time, when the programme is in full swing, my right hon. Friend will be rebuilding new schools that have been burned down before the cycle has been completed. The NUT reckons that over the next decade, it will cost £1 billion from the new BSF programme to replace and rebuild schools that have burned down. Some of those schools will be new ones. In fact, they will practically all be new schools or refurbished schools. It is not common sense to spend £1 billion to go back and rebuild schools that have just been built.

A school in my constituency was burned down 20 years ago and has been rebuilt without a sprinkler system. As part of the new phase of BSF, it will be rebuilt again, but it will not have a sprinkler system. It has had other fires since the one that totally burned it down. I ask my right hon. Friend to meet the Local Government Association, education authorities and the rest of industry to consider this issue as a matter of urgency.

British insurance industry evidence is unchallengeable. All the myths about water damage and vandalism arising from the installation of sprinklers—I heard one recently in my borough—have been totally debunked by the figures. Sprinklers detect, extinguish and control fires, raise effective alarms and save schools 24 hours a day, 365 days a year. There is absolutely no reason why the current carnage should be allowed to continue.

I offer my right hon. Friend the experience of this House in 1988 and 1992. I wish to pay credit to the hon. Member for North-East Bedfordshire (Alistair Burt), formerly the Member for Bury, North, and the former Conservative Member for York, Conal Gregory. We were called the three amigos. We campaigned for the banning of dangerous foam furniture and linked it to the introduction of new building regulations to force the building industry to ensure the introduction of smoke alarms in all new build and refurbished properties.

The decision in 1988 to ban dangerous foam furniture and to amend the building regulations resulted in millions of houses in England and Wales being totally protected. I gave the dramatic figures of lives saved and injuries prevented. From that experience, we know that simply asking people to do the right thing does not work. In the BSF programme, local authorities are not only being asked to do the right thing; the Minister has virtually given an instruction. However, it is not happening. We have already built hundreds of millions of pounds'-worth of new schools in the programme, and perhaps only one or two have been fitted with a sprinkler system.

I urge my right hon. Friend to find a way to regulate so that no local authority is able to sign a contract unless it precisely and clearly includes an instruction that sprinkler systems be fitted in all refurbished and new build schools, including primary schools and colleges. Such a measure would not only save our investment for the future; it would save injuries and, although this has not yet happened, it could, I hope, save lives if there was an arson attack in school hours. People go to school expecting to come home again.

I hope that I have made a clear, precise and effective case and I thank hon. Members on all sides of the

[Mr. McCartney]

House who have come to participate and see whether we can get a policy whereby schools will from now on be built with sprinkler systems.

9.52 am

Mr. Michael Clapham (Barnsley, West and Penistone) (Lab): I congratulate my right hon. Friend the Member for Makerfield (Mr. McCartney) on obtaining this debate. I am glad to see the Minister in his place. He was a member of the all-party fire safety group and a promoter of sprinkler systems, and he knows that sprinklers are an important aspect of the package that is needed to give protection to schools and other buildings.

There has been a marked improvement in fire safety in recent years, which is basically due to the great measures and proactive work of the fire and rescue service. This is an opportunity to tell the fire and rescue services that we are pleased with, and thank them for, their work in protecting schools and communities more generally.

It is interesting to put fires in schools in the context of the general cost of fires to society. The latest statistics from the World Fire Statistics Centre for 2008 show that the cost of fires in the UK is £7.03 billion a year, which is almost 1 per cent. of gross domestic product. Clearly, the costs are great, and some 28 per cent. of them are incurred because of domestic fires—there were 55,000 domestic fires in 2007-08. The statistics indicate that there were 1,300 fires in schools. I looked on the internet last night, but the costs are not entirely up to date. My right hon. Friend has referred to the figure of £1 billion, which is enormous, but the figure that I found is subject to a lag.

Mr. McCartney: The NUT reckons that the cost will be £1 billion over the next decade.

Mr. Clapham: I am grateful for that correction.

The net suggested that between 2000 and 2004, the cost of fires was £58 million per year on average. Again, that is an enormous cost compared with the programme that the Government are pushing through in building new schools. In my constituency, we are building a raft of primary schools and new learning centres at secondary level. We built our first school after the Labour Government came to power in 1997—it was built at Mapplewell in that first year. As the school building progressed, someone phoned me to ask whether I realised that the new school, which was the first to be built in Barnsley for 25 years, was being built without any plan for a sprinkler system. I telephoned the chief executive and reached an understanding that we would press for sprinklers. As a result of his pressing, sprinkler systems were fitted to the school.

As my right hon. Friend has said, when a school burns down, there is a much wider effect than disruption to the school, although that is in itself substantial, because it means, for example, that some children have to travel many miles to another school to continue their studies. Because schools are used by the community much more than previously, fires in schools cause bewilderment and vulnerability in the community, which can undermine determination. It is therefore important to ensure that we use every means to protect schools and that we ensure that any fires in schools do not spread.

Of course, as the Minister is aware, one way of doing that is by using sprinklers in vulnerable points in schools. However, we cannot use sprinklers alone—they must be part of a package that includes fire doors, warning systems and so on. Within that combination, sprinkler systems can save schools, because they can prevent fire from spreading. Ensuring that fires cannot spread quickly is the main point of sprinkler systems.

I was pleased when the Minister announced—in March 2007, I think—that he expected all new schools to be fitted with sprinkler systems. As my right hon. Friend the Member for Makerfield has said, there is now a necessity to firm that up and for some reinforcement, which the Minister could obtain by meeting, and getting an understanding from, the LGA. That understanding could then be fed down the line to local authorities, so that we can get the support that is required to ensure that all new schools have sprinklers. However, we would then have to deal with older and refurbished schools.

Mr. Drew: My hon. Friend will have heard my earlier intervention. Surely local authorities' role must be preventive. As important as the exhortation from the Government is, local government has an obligation to ensure that it is putting sprinkler systems in. Rather than passing the buck and saying, "It is up to central Government to legislate or regulate," it is surely up to local government to take responsibility.

Mr. Clapham: I accept my hon. Friend's point but, as he knows, local government will often try to reduce the cost of a building, even to the point of making it less safe. That is why the Minister needs to consider how he might firm up and reinforce the point to ensure that local authorities follow that duty, as instructed by his Department.

Since 1997, the proactive work of the fire and rescue services has driven down the likelihood of fires. That work involves reaching out through technology, education, information and publicity. The need for sprinklers is an issue on the technology level, but it is important that education and information are also passed down to communities, so that they are aware and can help to build and reinforce the underpinning for schemes, such as those referred to by several hon. Members, where young people are brought in to work with the fire service. There is a similar scheme in Penistone involving young people aged about 15. They see how the fire service works in training and applies its measures when it goes out to a fire.

My right hon. Friend the Member for Makerfield has referred to smoke alarms. A surprising announcement was made not too long ago that 80 per cent. of domestic dwellings are now fitted with smoke alarms, which shows how much the fire and rescue services' proactive work has done to protect our communities. We need a similarly robust approach to ensure that resilience is built into schools. Sprinklers build in that resilience. If there is a fire, it is quickly brought under control and the school is easily put back into service. Without that resilience, the break in the children's education programme and the social consequences for the community can be devastating. Sprinklers are a must. I urge the Minister

to add to the great work that he has done to ensure that local authorities have a duty to equip new schools with sprinklers and that, where possible, schools being refurbished are also fitted with sprinklers.

10.2 am

Rosie Cooper (West Lancashire) (Lab): I thank my right hon. Friend the Member for Makerfield (Mr. McCartney) for securing this debate on the vital issue of fire safety in our schools. During the past four years, I have supported and worked with the National Fire Sprinkler Network's campaign to make the installation of fire sprinklers standard in newly built schools. I was alerted to the problem by Bernadette Hartley, who has, sadly, died. She was a great and passionate advocate for sprinkler systems in schools. She worked tirelessly on the project with many fire chiefs throughout the country, and particularly with Peter Holland of the Lancashire fire service. In recent years, their hard work, persistence and commitment to fire safety have delivered progress, and I congratulate them and the Government on that.

Working with Bernadette was quite exciting at times. At one point, we met the TV presenter Nick Ross, who wanted to put an MP from each party—one Liberal, one Labour and one Tory—into a trial fire building by agreement, leave us in there and then rescue us, so that we would realise the impact on the lives of people who could end up in a fire with no prospect of rescue. It never happened, but it often makes me think what will happen to people if we do not do all that we can, not only in terms of buildings—the cost is huge—but in terms of the social and human impact that a fire has.

It has been a long-fought campaign for better safety on school premises, and there is clearly some way to go yet. I welcome wholeheartedly the move by the Department for Children, Schools and Families to encourage the installation of sprinkler systems in newly built schools. Including that in Department guidance will significantly reduce the costs and disruption caused by fires in schools. In our discussions with the National Fire Sprinkler Network, manufacturers and fire departments, it has been made clear that the more the guidance is adhered to and the more sprinkler systems are put in schools, public buildings, shops and areas where the public are at risk, the more innovation there will be and the more the costs will drop. It is important that we get on with it. Safety in our schools is paramount, and the sprinklers add an extra level of security.

Schools play an increasingly important role as community hubs. They are no longer open from 8.30 am to 3.30 pm; there are breakfast clubs and after-school activities. They offer a place where the local community can come together. In some places, the local school might be the only decently functioning community facility. We must protect those resources as best we can, as well as the health and safety of the people who use them.

Lancashire county council, as the local education authority, includes sprinkler systems in all new schools built under the Building Schools for the Future programme. As my right hon. Friend the Member for Makerfield has said, some 2,000 schools are damaged by fire each year. The BSF programme will invest £25 billion in renewing schools. We should not do anything that might put that investment at risk. We should protect it, and sprinkler systems are a logical next step, especially as we are investing such huge sums.

Installing sprinkler systems makes a great deal of financial sense. The cost of a sprinkler system is 1 to 2 per cent. of the total project cost for a new build. If incorporated at the design stage, it can become cost-neutral, so why not just do it? There are additional benefits. For example, Zurich will reduce a school's insurance premium by 65 per cent. and the excess, which is often about £100,000, to nil. That is an immediate benefit of putting sprinkler systems in schools. It is even more sensible to do so at the design stage.

I want to place on record my support for the work of the National Fire Sprinkler Network and everybody associated with the health and safety of all the people involved in protecting those who use public buildings. I hope that the Department for Children, Schools and Families, being committed to the installation of fire sprinklers in schools, will push on as hard and as quickly as possible.

10.8 am

Annette Brooke (Mid-Dorset and North Poole) (LD): I, too, congratulate the right hon. Member for Makerfield (Mr. McCartney) on the birth of his 10th grandchild, which is possibly the most important event for him today. I also congratulate him on securing this important debate and on his achievements in improving fire safety over the years, which have affected so many people.

As we are discussing schools specifically, it is useful to reflect on the scale of the problem. In a recent parliamentary question, my hon. Friend the Member for Yeovil (Mr. Laws) established that more than 4,000 fires were attended by local fire and rescue services between 2004 and 2007. The House of Commons Library briefing contains some incredible statistics. For example, 90,000 children are affected by arson each year; an average of 20 schools are damaged or destroyed by arson each week; 12 is the average age of fire vandals; only 400 of 32,000 schools in the UK are fitted with sprinklers; the cost of arson to schools was £70 million in 2008 alone. As the right hon. Member for Makerfield has pointed out, the opportunity costs are considerable in terms of how many brand-new schools, extra teachers and so on we could benefit from, if we were to reduce the number of fires.

Every year, about 2,700 school fires are started deliberately. Sadly, schools are prime targets for arson attacks because the perpetrators are often past or present pupils.

Bob Spink: The hon. Lady is making a lot of sense. Does she believe that better and well-targeted education for youngsters would help to protect not just schools, which have a major arson problem, but heathland? The hon. Lady and the Minister know all about that subject.

Annette Brooke: The hon. Gentleman has correctly surmised that I will mention heathland. He may have seen in the local papers for my constituency that there have been some major heath fires over the past couple of weeks. It would be surprising if I did not mention that.

Levels of fire protection and detection have traditionally been very low in schools. As hon. Members have said, the financial cost is not the only problem brought by a school fire. The Arson Prevention Bureau estimates

[Annette Brooke]

that almost a third of school fires occur during the day, putting the safety of pupils and staff at risk. Furthermore, fires disrupt the learning of more than 90,000 pupils a year through damage to classrooms and school property. That can include coursework, school work and teaching notes and aids. The disruption caused by damage can range from one classroom being out of action for a few weeks to a whole school being taught in temporary accommodation for several years.

This debate could not have come at a more pertinent time for me. Tomorrow, I will attend the opening of the new buildings at Lytchett Minster upper school, an excellent comprehensive in my constituency that was devastated by an arson attack in 2000. Tomorrow it will formally open its new maths, science and humanities centre after nine years and £12.5 million of rebuilding work.

I cannot describe the disruption and stress that has been caused. I well recall attending a local carnival on the Saturday afternoon when news of the fire came. Immediately, devastation was caused for local people, the head teacher, staff and pupils. Because of the scale of the fire, about 35 portakabins were required. The country had to be scoured just to get the school up and running again. Over the eight to nine years of the rebuild, a generation of schoolchildren has gone through the system receiving maths and science education in portable classrooms. The portakabins were 400 m from the rest of the school buildings, resulting in less time being spent in lessons and problems during inclement weather.

The new build cost an incredible amount. The owners of the land on which the portakabins were housed had to be paid. The insurance money granted in 2000 was nowhere near the amount needed. A rebuild after a major fire is not planned, so it is more difficult. There were enormous delays, some of which were inexcusable. For example, an infamous tree in a place vital to the rebuild was judged to be of such great value that it could not be taken down. Ironically, the fire hazards over the eight years were incredible. Science lessons were being held in portakabins that were accessed by a narrow path.

It is generally accepted that standards will suffer when children are taught in temporary accommodation. It becomes much more difficult to engage children in education. Many items of coursework were destroyed in the fire. Such things are not quantifiable. I would like to emphasise that Lytchett Minster upper school maintained its incredibly high standards. Prior to the opening tomorrow, I would like to place on the record my congratulations to the head teacher, staff, pupils and local community. As other hon. Members have said, the impact is greater when schools have opened themselves up to the community.

When we consider safety in schools, we must look at three aspects. Many preventive measures can be taken. The design of schools, in particular of corridors and ways of escape, is incredibly important, as has been said. Smoke alarms have also been mentioned. Other basic things can be done, such as banning matches and lighters in schools. Waste should be kept in a sensible storage place. Fires, however small, should always be reported to the fire brigade. As has been said, all fire starters should be referred to fire service aversion schemes. I will come back to that in a moment. We must ensure that school perimeters and buildings are well maintained and secure. We must be aware that the broken window syndrome attracts vandalism, as the Library briefing paper states.

Education on this issue is important. The average age of school arsonists is 12 and such crimes are usually opportunistic. Dorset fire and safety runs an effective arson prevention unit, which aims to educate schoolchildren about the devastating consequences of arson. Fire and rescue services must not be forced to cut their budgets for important preventive measures. In Dorset, roadshows and the time that fire services spend in schools are under threat. As the hon. Member for Castle Point (Bob Spink) reminded me, education about fire and heathland is also vital in constituencies such as mine, which have so much heathland.

There is a wonderful safety centre in Dorset called Streetwise, which has been running for more than 10 years. About 115,000 people have visited the centre since its opening. Children act out all sorts of scenarios, identify dangers such as fire risks, and say what should be done. As a charity, it is reliant on the generosity and time of local partnerships and businesses. It is essential that funding for such vital services is not cut during the economic downturn. Dorset fire and rescue service has had to cut its contribution to that important facility. Dorset also has a Firesetters programme, which seeks to educate young people who are referred to it by concerned parents and youth offending teams. It aims to teach a greater awareness of the consequences of fire. Intervention and education are important and we cannot afford for there to be cuts.

Beyond intervention and education, we should think about the design of schools and the inclusion of sprinkler systems. I agree that we must fight fire on all fronts. Sprinklers are a vital ingredient in that. I was pleased in 2007 when the Department for Education and Skills published guidance saying that all new-build schools should have sprinkler systems fitted as standard unless it could be demonstrated that a school was low risk enough and that the system would not be good enough value for money. In principle, I agree that the decision-making process should be local, but I am concerned to hear that the cost is judged to be prohibitive in many schools. Many schools affected by the funding problems of the Building Schools for the Future programme might decide to cut this expense.

The Minister will be aware that there have been some overspends on Building Schools for the Future in Dorset, which have made the cost rocket up. To one set of people in Dorset, that is the Government's fault—this appears on much election literature at the moment—but to another set of people, it is because contracts are not being managed well enough at a local level. It is probably fairly clear which camp I am in, but the point is that if there is poor contract management at local authority level, costs escalate and there has to be scrimping and saving. That point is important.

The Minister has said that fire safety must be central to the design of new school buildings. He has also said:

> "I expect new schools to be built to include sprinkler systems as a safeguard against school fires. The installation of sprinklers can extinguish fires quickly and reduce damage to buildings."

Dorset fire and rescue service has compared the cost of providing carpets throughout a school with that of installing sprinklers; we might ask which is more important in this day and age.

I have some questions for the Minister. What does the guidance that all new schools should have sprinklers mean in practice? Dorset county council has said that it will fit sprinklers in certain new schools, but opposition councillors have not managed to get any clear answers about that. I believe that the council has ruled out fitting sprinklers to existing buildings. Is that what the Minister wants? What about part-rebuilds? Sprinklers have not been installed in the new-build part of Lytchett Minster upper school, although it cost a lot of money. It is difficult to know how many new schools are being fitted with sprinklers, and I appreciate that there will be a time lag, as the statement was only made in 2007, but does the Minister feel that any progress is being made? I am against having a centralised system, but I am worried that we do not have a grip on this issue across all local authorities—I imagine that some will be much better than others right across the board.

Cost should not be a prohibitive factor in the decision-making process regarding fire safety, but this all comes down to cost-benefit analysis. Everyone who has spoken today has mentioned costs, including monetary, social and educational costs. It is obvious that there will be huge benefits to installing sprinklers in schools, including monetary benefits. The Zurich briefing points out that reductions in insurance costs mean that there is a relatively short payback period for the cost of installing sprinklers. Can the Government look at payback periods and cost-benefit analyses, obviously without favouring any particular insurance company, in the widest possible sense? This has been an important debate, and I look forward to hearing the Minister's answers.

10.23 am

Mr. Nick Gibb (Bognor Regis and Littlehampton) (Con): I congratulate the right hon. Member for Makerfield (Mr. McCartney), whom we have just learned was one of the "Three Amigos", on securing both the debate and a new granddaughter, Ian.

The Department for Communities and Local Government estimates the average cost of fires in schools at £58 million a year, whereas the Arson Prevention Bureau puts the UK total higher still at about £100 million a year. If one multiplies that figure by 10, one gets the National Union of Teachers' figure of £1 billion, which the right hon. Gentleman quoted for the decade. It is fortunate that there have not been any fatalities from school fires in the past 10 years, but there have been 290 injuries, and, as he said, it is only a matter of time before tragedy strikes.

Schools that suffer serious fire damage face other problems. Pupils and staff may need to move to neighbouring schools, and teaching may have to be in temporary accommodation for long periods. When I was a fourth-year pupil at Roundhay secondary school in Leeds, a neighbouring school had to be closed to repair concrete cancer in the ceiling, and we had to share our school with that school's pupils, each having a morning or afternoon shift. Although I had my afternoons free as a child, that sharing arrangement was very disruptive to all involved.

On top of the practical difficulties, schools' educational resources can suffer drastically when a school burns down, as data on pupil performance, teaching materials and lesson plans may be lost. Senior staff at St. Felix school in Newmarket told *The Times Educational Supplement* that they felt like newly qualified teachers again, when their school burned down, having lost all the material that they had accumulated over a lifetime in the teaching profession.

The DCLG has provided figures showing that there are consistently more than 1,000 fires a year in schools in England. The TeacherNet website says that, each year, more than 1,300 UK schools suffer fires that are serious and dangerous enough to warrant calling out the local fire brigade. The figures are made all the more alarming by the fact that a high proportion of those fires—often the majority—were started deliberately. In 2006, 589 out of 1,075 recorded fires—55 per cent.—were started on purpose. In the DCSF press notice that accompanied new safety guidance in 2007, the Minister said that

"60 per cent. of fires are started deliberately."

A second disquieting statistic about school fires is the average age of the arsonists. In March 2009, *The Times Educational Supplement* pointed out that the average age of "fire vandals", as it correctly called them, is just 12. That echoes the view of fire brigades up and down the country that run arson prevention programmes, such as those that the hon. Member for Castle Point (Bob Spink) mentioned. In April this year, *The Birmingham Post* carried an article on the fire prevention work of the west midlands arson task force, whose work, focusing on 10 and 11-year-olds, had brought about a sharp dip in the number of school fires in that area. In May, the *Hull Daily Mail* reported that Humberside fire and rescue service had targeted its Fire Friends programme at children aged between five and 11. I was interested in the Nick Ross idea, which the hon. Member for West Lancashire (Rosie Cooper) mentioned, of putting three MPs—one from each party—into a controlled fire. That sounds like an interesting experiment, but I am not sure how advisable it would be in today's climate.

There is no doubt that schools can take sensible measures to protect themselves against the threat of arson. They can co-operate with fire programmes, such as those that I have mentioned, and invest in good security, such as perimeter fencing. They can also make special arrangements for the school holidays, when few staff will normally be at the school site. However, all those precautions address the symptoms rather than the causes of the problem. Given that many fires are caused by schoolchildren, this issue is, to some extent at least, about behaviour. The children who start fires are likely to be those who struggle at school, particularly with basic skills. They are likely to be disruptive in lessons and to cause other problems around the school. *The Times Educational Supplement* has pointed out that arsonists will invariably have a "history of troublemaking", and that

"nine times out of 10 they will be known to the police or other related agencies."

Deliberate school fires do not arise out of the blue. They are not random or isolated occurrences, but one more troubling consequence of the breakdown in behaviour that is all too common in too many of our schools today, even at primary school level. We have argued on

[Mr. Nick Gibb]

many occasions that teachers do not have the powers that they need to keep order in schools and to underline their authority. They are hampered in setting detentions, in searching pupils and in permanently excluding persistently disruptive students. Often, they do not have the autonomy that they need to create the type of whole-school ethos that can shape the behaviour of pupils for the good by setting and enforcing high standards and expectations. We know that standards of pupil behaviour are an absolute priority for the public, but, as the evidence for arson in schools shows, the Government are still struggling with this issue. We recognise, however, that not all fires are started deliberately, and that this problem can only be reduced, rather than solved, by concentrating on behaviour. There are other issues to consider, such as building regulations and, in particular, sprinklers, as the right hon. Gentleman has said.

The DCSF responded to a series of parliamentary questions by explaining that it does not hold data on the number of existing schools that are fitted with sprinkler systems, and that it will be able to provide data only on fittings in newly constructed schools from the current financial year onwards. It seems likely, however, that the vast majority of existing schools do not have sprinkler systems, as our own anecdotal experience tells us. Zurich Municipal puts the proportion at just 1 per cent. of schools.

The Government sought to change the situation in 2007, and I congratulate the Minister on implementing new building bulletin 100, which was designed to deal with fire safety in schools. That document summed up the fire safety precautions that schools were required to take, and it included guidance on many issues, such as evacuation and alarm systems. The document's key recommendation concerned sprinklers. It introduced a new expectation that all newly built schools should include sprinklers, unless they were classified as particularly low risk. When winding up the debate, it would be helpful if the Minister were to define "low risk".

A written answer from the Minister's colleague, the Under-Secretary of State for Children, Schools and Families, the hon. Member for Portsmouth, North (Sarah McCarthy-Fry), stated:

> "It is our presumption that all new schools will have fire sprinklers installed but we do not intend to require this." *[Official Report*, 14 October 2008; Vol. 480, c. 1144W.]

The Minister himself said in a parliamentary answer that

> "it is our expectation that all new and some refurbished schools designed after the introduction of our new policy in February 2007 will have fire sprinklers installed, although this is not a compulsory measure. There may be cases where local authorities or other promoters of schools consider that sprinklers are not needed. If so, they will need to be able to demonstrate that such schools are very low risk and that sprinklers would not represent good value for money." *[Official Report*, 31 March 2008; Vol. 474, c. 780W.]

When the new guidance was introduced, the Minister said:

> "I expect new schools to be built to include sprinkler systems as a safeguard against school fires. The installation of sprinklers can extinguish fires quickly and reduce damage to buildings."

Clearly, sprinklers are important and are cheaper to install as part of a new build school than as an addition to an existing building—particularly because large water storage tanks need to be constructed as sprinklers are not just connected to the water mains.

When sprinklers are built into a newly constructed school, they typically cost between £250,000 and £300,000, which the contractor, Willmott Dixon, has said can

> "cause problems in meeting client's budgets".

Sprinklers are not a statutory requirement, so funding is not always available. Yet, the Government have set a strong expectation that almost all new schools will be fitted with sprinklers, and the risk assessment tools that the DCSF provides reflect that assumption. Very few schools that take the test will be classified as low risk and therefore, after the application of the risk assessment tools, contractors often face the problem of having to incorporate a sprinkler system.

In addition, the school or local authority face the problem of finding additional funding to install a sprinkler system. The time taken for those deliberations can be costly. According to the engineering firm Buro Happold the

> "application of the tools can result in a design impasse",

which in turn

> "results in increased project costs and delays while the need for sprinklers is debated".

Will the Minister confirm whether, in practice, it is all but compulsory to have sprinklers in new build schools and whether that cost is incorporated into the Building Schools for the Future and primary capital programme budgets?

As the hon. Member for West Lancashire has mentioned, it is important to note that insurance premiums are significantly lower for schools that have sprinklers. Zurich Municipal, for example, has suggested that sprinkler systems in schools reduce insurance premiums by around 75 per cent. According to the House of Commons Library, that could result in a payback period of between 13 and 21 years for a typical secondary school. Considering that a school is supposed to last more than 21 years under BSF, that seems like a good economy.

This has been an important debate about safety in schools. We all share the concerns expressed by the right hon. Member for Makerfield—this is certainly not a party political issue. We have been fortunate that no recent fatalities have resulted from fires in schools. However, 290 casualties during the past 10 years is clearly 290 too many. I look forward to the Minister's response.

10.34 am

The Minister for Schools and Learners (Jim Knight): Many of us come into politics hoping to impact on people's lives in a positive way. I pay tribute to my right hon. Friend the Member for Makerfield (Mr. McCartney) for his achievements in the field of fire safety. His hard work and commitment in relation to the legislation surrounding dangerous inflammable foam furniture and the installation of smoke detectors in homes have helped to save many lives. His achievements in public life are many, but I am sure that he is particularly proud of those.

I join others in congratulating my right hon. Friend on becoming a grandfather for an unbelievable 10th time. It is worthy of great congratulations for someone who is clearly so youthful in demeanour to become a grandfather

on the 10th occasion. I also congratulate him on his speech. I could easily have delivered such a speech myself in this Chamber in the last Parliament—but it would perhaps have been without the same passion and professionalism that he obviously applies. I congratulate him on securing what I and others consider a hugely important debate on a significant issue. The nature of the debate has shown this Parliament at its best—as being well-informed and passionate, and caring about something that really makes a difference to people. That is worthy of note, given the current climate in relation to the nature of this Parliament.

We heard not only my right hon. Friend's passionate and strong argument, but the arguments of my hon. Friend the Member for Barnsley, West and Penistone (Mr. Clapham), who I enjoyed serving with as an officer of the all-party group on fire safety and rescue. He raises these and other health and safety issues, such as asbestos in schools, with me regularly. He pursues those matters with great passion. My hon. Friend the Member for West Lancashire (Rosie Cooper) has to some extent taken over the baton that I had to abandon when I took up ministerial office: advocating in the House on behalf of the National Fire Sprinkler Network. I join her in paying tribute to Bernadette Hartley, who was instrumental in getting me interested in what some describe as the slightly weird and arcane subject of fire safety and sprinklers. When she died recently, it was a great loss.

We also heard from the hon. Member for Mid-Dorset and North Poole (Annette Brooke), who talked about Lytchett Minster upper school in her constituency. I have visited that school in a ministerial capacity to see what could be done to unlock the unacceptable time delay in rebuilding the school, following the devastating fire there. I am happy to hear that it is opening tomorrow and hope that the encouragement I was able to instigate through the Department was in some small way a contributory factor to getting on with things. From my visit, I well recall the huge impact that the fire had on the people in that school community—the teachers and pupils. I particularly remember what could almost be described as the shanty town of mobile classrooms that were reached by going down a long muddy path on the far side of the lawn. I look forward to visiting the school again in due course to see the impact of the new investment that has taken place there. I will try to address the hon. Lady's questions later.

With his characteristic style, the hon. Member for Bognor Regis and Littlehampton (Mr. Gibb) contributed in a well informed way. I was interested to hear about the disruption to his education during what we describe in modern parlance as year 10—the fourth form, as it probably was then. Just imagine how much better he would be—even better than he is now—if he had not had that disruption to his education.

My right hon. Friend the Member for Makerfield will know that—I have hinted at this—I am passionate about the subject. I have advanced it through my patronage of the National Fire Sprinkler Network, as treasurer of the all-party group on fire safety and rescue, as a director of the Fire Protection Association and as chair of the Fire Safety Council. I first got involved with the issue because I was persuaded that, certainly at that time, no one in this country had died in a fire in a building that had a properly maintained sprinkler system, and that fire deaths occur disproportionately among people who suffer disadvantage.

Beyond all the technicalities of passive and active measures, tanking systems and water pressure, this issue is about social justice. This is not just about people's safety; the matter is vital to our schools. Contributions from all hon. Members, including those who have intervened—the hon. Members for Castle Point (Bob Spink) and for Weston-super-Mare (John Penrose)—have demonstrated the effect of the issue on the education of children and their work. As the hon. Member for Mid-Dorset and North Poole said, there is also an effect on teachers' work and careers. That was behind my motivation when I was appointed Schools Minister to do something about the situation.

The initial advice that I received was that the installation of sprinklers would add 10 per cent. to the build cost. Through dialogue and bringing in experts from outside, we managed to achieve a happy consensus that the figure could be as low as 2 per cent. or less, so there was the ability to move forward; hence the announcements that we made in 2007 around a presumption.

There has been some discussion about the statistics, with which I do not disagree. It is worth pointing out—I am pleased to report this—that in the past three or four years there has been some reduction in the number of arson cases and fires overall in schools, and, consequently, in the costs. In 2003, there were just over 1,300 fires, in 2004 there were just under 1,300 fires, and in 2005 there were just under 1,200 fires. The percentage of arson cases went down by 60, 56 and 45 per cent. respectively. In 2006, by far the largest number of fires fell into the £1 to £500 cost band—I assume that that is the property cost—but six fires resulted in more than £1 million of damage. It is clear that we must not ignore the issue, and that I and other Members of this House must continue to focus on it.

As right hon. and hon. Members have said, fires in schools inflict considerable damage both in the risk that they pose to staff and pupils and in terms of cost. In March 2007, as I said, my Department introduced a new policy on fire sprinklers in schools. We announced our expectation that almost all new schools and some refurbished schools should have sprinklers fitted. My right hon. Friend the Member for Makerfield was right to say that that is not a compulsory measure. The decision to install sprinklers is one for local authorities, but with the presumption that I have articulated and which is articulated in guidance.

In terms of how the decision making works, I would like to read out part of a letter that I sent to my hon. Friend the Member for Stroud (Mr. Drew), who slipped me a note saying that unfortunately he had to get away to attend a meeting with another Minister about an important matter in his constituency. In that letter, I stated:

> "The current version of the risk analysis tool is more heavily weighted than the original version and the vast majority of schools will now be assessed as 'average' or 'high' risk using it."

That refers to the new tool that we introduced in 2007 to assist local authorities in measuring their requirement for sprinklers. The letter goes on:

> "In the earlier version of the risk analysis tool, we asked for sprinklers in 'average' risk schools to be considered using the Cost Benefit Analysis Tool which accompanies the Risk Analysis Tool…whereas in the latest version of the tool we now recommend that 'average' risk schools are fitted with sprinklers notwithstanding the results of any cost benefit analysis.

[Jim Knight]

> The difference between the earlier and the current version of the DCSF risk analysis tool is largely due to the increased weight given to the loss of community facilities"

to which many hon. Members referred—

> "and pupil's coursework which it was felt could not be adequately reflected in cost terms."

Those are important areas of progress. I went on to state:

> "The DCSF position is now that sprinklers should always be installed in all new schools except the very few schools if any that are assessed to be of 'low' risk and for which there is also no whole-life cost benefit."

The hon. Member for Bognor Regis and Littlehampton asked how we define low risk. It is a simple question with a complicated answer. I would have to refer him to building bulletin 100, which he referred to and which I am sure he has assiduously read. On page 25, there is a formula for measuring risk assessment. Risk is the summation of hazards or scenarios multiplied by the frequency and the consequence of those scenarios. There is further explanation in appendix H, but it is all quite complicated. In essence, if there is a history of arson or fire in a building, that obviously raises the risk. I am confident that, if the tools are used, they will indicate that fire sprinklers should be installed in the vast majority of cases.

Bob Spink: The Minister is making a characteristically thoughtful response to this debate, for which I thank him. Does the cost-benefit tool that he just described include any savings on insurance over the years if sprinklers were fitted, and has he had any input from the Association of British Insurers on what the cost saving might be?

Jim Knight: As we put the tool together, we had contact with the ABI but principally with Zurich, which has been frequently mentioned in this debate. I understand that it is a dominant insurer in the schools insurance market—there are few, if any, other insurers in this market, which is why it is a useful source of information and advice. I do not disagree with the statistics that others have used about the kind of savings that could be made. They certainly have been included in the cost-benefit tool that is used by local authorities.

Alongside requiring the use of the tool, we have significantly tightened up requirements for the installation of sprinklers in new academies and in all new projects built under the new contractors' framework. Sprinklers will be installed unless the local authority specifically requests that they are not. Local authorities can also use funding outside the Building Schools for the Future envelope to install fire sprinklers and other fire safety measures.

In private finance initiative projects, lower insurance premiums mean that sprinklers pay for themselves in 10 to 12 years. Most PFI providers automatically install sprinklers to get reduced insurance premiums—they are more concerned about whole-life cost—thereby providing good value whatever the risk.

We have also published on TeacherNet design guidance for the primary capital programme which sets out our expectation that primary facilities should provide a safe and healthy environment. It recommends the use of our fire safety and sprinkler guidance.

We have made good progress, but it is fair to say that because of the lead-in times around designing and building schools, and with the new guidance only being introduced in 2007, it is difficult for us yet to be able to judge what the impact has been. The early indications are that whereas previously less than 10 per cent. of new schools had sprinklers installed, as many as 75 per cent. may now have them. I would like to see the figure higher still, but it is clear that some progress is being made.

Further to the suggestion of my right hon. Friend the Member for Makerfield, I am happy to meet the Local Government Association, Partnerships for Schools and, given its understanding of the market, Zurich. I make a commitment to the House that I will do that in order to refresh my understanding of how thorough implementation of the guidance is across local authorities, and whether there is more that we can do.

Mr. McCartney: I thank my right hon. Friend for that suggestion of a way forward. If he has a chance, could he respond to the allegation that I made in my speech that aquamist systems have not been properly evaluated and are not yet available for putting into schools instead of sprinkler systems? Could he give some indication about that?

Jim Knight: I share my right hon. Friend's frustration that we have not yet had that evaluation from the Building Research Establishment. As I understand it, such systems are used in maritime environments. The relevant authorities for the maritime environment have a good understanding of those systems, which, for those who have not familiarised themselves with the technicalities, emit a fine water mist, as the name suggests, rather than a water spray from a sprinkler head. As long as there is not a large fire draft, that water mist is attracted to the fire and dampens it down.

I understand that Wigan is attracted to the water mist system because there is a problem in terms of being able to provide the pressure needed to run a sprinkler system and because of the associated cost of a tanking system to make the sprinkler system work. I would be cautious about a water mist system, because we do not yet have the analysis from the BRE as to its effectiveness in a school environment. I hope that that analysis can be hurried along.

It is important to say that there are exceptions in respect of the use of sprinkler systems. Ultimately, it is for the local authority to decide whether it installs them, based on its presumption and on building regulations set by the Department for Communities and Local Government. We expect schools to install fire sprinklers—I remain a strong advocate of their use—but there will be exceptions when installing them is judged to be unnecessary and not cost-effective. For example, academies or other schools—I know of one academy in particular—with large, complex atrium spaces can be difficult to protect with fire sprinklers and so might require a different fire engineering solution, which would include a more in-depth risk analysis than the standard risk and cost-benefit analysis tools would produce, providing, ultimately, a solution better tailored to that particular building and balancing more passive and other active measures of fire safety.

In schools deemed to be very low risk, or in minor new build or refurbishment projects, it would not be cost-effective to install sprinklers. For instance, in projects

in the late stages of design when the new policy was announced or already under construction it is difficult to have ceilings and walls redesigned to incorporate fire sprinklers. It is important that authorities have clear policy positions in favour of installing sprinklers right from the outset, so that architects and construction companies and those involved in the design understand from the start that sprinklers need to be installed. I am pleased to see that a considerable number of the authorities that we have surveyed so far, which are included in a list that I have been given, are now saying in principle that they would always want sprinklers to be installed in schools.

We must be clear that fire sprinklers are not installed in schools solely for the purpose of saving lives, but are also for saving property. A school building designed in accordance with the building regulations that prioritise life safety will be safe whether or not it includes fire sprinklers. We have heard all the arguments about why we should install them for other reasons. Having completed the test set out in building bulletin 100, my right hon. Friend's neighbouring local authority in Manchester decided that fire sprinklers would not be the best method of fire protection in its schools.

Local fire and rescue services are actively monitoring which new and refurbished schools are fitted with sprinkler systems. Officials in my Department are in contact with them and with Zurich, which also monitors sprinkler systems and follows up cases where sprinklers are not installed to find out the reason for such a decision and to apply pressure, where necessary. I will have that meeting—I will invite my right hon. Friend to it as well—and we can explore what more we need to do.

So, in conclusion, the decision about exactly which fire safety measures are employed to protect local school buildings is for the local authority to make, based on what would most effectively protect those buildings and what represents the greatest value for money. Every child has the right to learn in safe, secure surroundings. Every local authority must ensure that school buildings—and the work, property and individuals within them—are as safe as they can possibly be.

10.53 am

Sitting suspended.

Equitable Life Report (Government Response)

Mr. Bill Olner (in the Chair): I see that there is a lot of interest in this debate. I have taken advice as I am an interested party, but as there are no amendments to select and so on, I am happy to chair the debate and will restrain myself from participating.

11 am

David Davis (Haltemprice and Howden) (Con): On the way over here, someone asked me whether my ministerial pension has an Equitable Life component. I do not believe that it has, but in case it does, I make a precautionary declaration now.

As well the specific issue facing us, broader and more fundamental issues are at stake. The parliamentary ombudsman concluded that there had been maladministration and injustice, yet the Government are fiercely resisting paying compensation. There is an absolutely unbreakable moral and logical chain from maladministration through consequent injustice to required compensation. That is the fundamental core of this debate.

Equitable Life is the oldest surviving mutual life assurance company in the world, and, as a mutual, its profit-sharing policyholders share in any profits or losses incurred in running the society's business. That has some logical outcomes. The Government Actuary recommended Equitable Life for public servants, which gives it a particular interest, but below the surface the organisation made no provision for guarantees against low interest rates on policies issued before 1988, and it therefore declared bonuses out of all proportion to its profits and assets.

In 1994, Equitable Life introduced differential terminal bonus policies involving the payment of different bonuses, depending on whether policyholders exercised their right to an annuity at a fixed rate. In July 2000, the House of Lords ruled that that was unlawful. There were a number of dramatic consequences, and on 8 December 2000, the society stopped writing new business with immediate effect. Since then, it has undergone a difficult period and has implemented cuts in the value of its with-profits policies and the income derived from its with-profits annuities.

More than 1 million people lost money when Equitable Life collapsed, which means that we all have hundreds or thousands of constituents who are affected. Many hon. Members will want to intervene, and I will give way to any who wish to do so.

Mr. Lindsay Hoyle (Chorley) (Lab): I thank the right hon. Gentleman for securing this debate and allowing us to contribute to it. He is right that the issue is a moral one. Policyholders are suffering from a seeping wound, and we have put a sticking plaster on it, but we have not treated the suffering below. Does he agree that there is now an obligation to move quickly to end the suffering for the rest of the policyholders?

David Davis: The hon. Gentleman is entirely right, and the thrust of my speech will be aimed at the Government's absolute responsibility, which they have

[David Davis]

tried to avoid for reasons that I will outline. He is absolutely right about the moral and logical aspect. The responsibility is absolute.

Andrew Selous (South-West Bedfordshire) (Con): I welcome this debate. Does my right hon. Friend agree that the issue touches not only on policyholders' disgust at how they have been treated, but on saving for the country as a whole? If people lose faith in saving for the future, that will have dire consequences not only for public finances, but for millions of our citizens.

David Davis: My hon. Friend is entirely right. The regulatory system's role is particularly important, and I will return to that. The Government must recognise that one purpose of the regulatory system is to encourage saving by providing a degree of guarantee that malpractice—not maladministration—or serious misjudgment should not happen. That is fundamental to the million or so policyholders, and to the future of savings.

Nick Herbert (Arundel and South Downs) (Con): Will my right hon. Friend give way?

David Davis: I will take one more intervention, and then make a little progress and take some more later.

Nick Herbert: I believe that this is the first time that I have intervened on my right hon. Friend. *[Interruption.]* It may not be the last. Does he agree that the ombudsman's position is at stake? What is the point of having an independent ombudsman if the Government can so easily ignore and sweep aside her reports? Is not the ombudsman's role to protect people, such as my constituent, Mr. Peter Ricket, whose two Equitable Life pensions lost more than half and two thirds of their value, and who at the age of 78 he still has to work?

David Davis: That may be the first time that my hon. Friend has intervened on me, but it is not the first time that he has interrupted me. He makes a good point, and crystallises the impact of the losses on people who are not well off and who have no other course to take. What strikes me about all pension failures is that people at that stage of their life have no other options available.

Gregory Barker (Bexhill and Battle) (Con): Will my right hon. Friend give way?

David Davis: I want to make some progress, but I will then give way to my hon. Friend. I will try to give way to all hon. Members, but I can see what is happening.

There have been a number of reports on Equitable Life, including Penrose in 2004. In 2008, the ombudsman's comprehensive report into the regulatory failures behind its collapse was entitled, "Equitable Life: a decade of regulatory failure". The title tells the story. The ombudsman reached 10 determinations of maladministration—one against the then Department of Trade and Industry, four against the Government Actuary's Department, and five against the Financial Services Authority, with each representing a failure

"that fell far short of the acceptable standards of good administration",

most notably in the way in which public bodies scrutinised the records returned by Equitable Life. She found five determinations of injustice, which is the key to the problem. There was a sequence of maladministration, injustice and the need for compensation, which my hon. Friends and the hon. Gentleman have raised.

The ombudsman made two simple recommendations. One was cheap for the Government—an apology. The other was a compensation scheme, which was implicitly expensive—between £3 billion and £5 billion. Given the length of time that the problem had dragged on, she proposed a time frame of two and a half years for that to be completed. The report was welcomed by everyone involved in the fiasco, including the groups representing those who had lost money, MPs on both sides, many of whom are in this Chamber, who campaigned on behalf of constituents, and Equitable Life's board. The only people who remained silent were the Government.

Time is a crucial factor in the problem. Being a pension scheme, many of the potential losers are elderly and need justice sooner rather than later. More than 30,000 Equitable Life policyholders have died during the decade since it collapsed, and it is estimated that 15 more die every day. Regardless of that, the Government took six months to respond to the ombudsman's report and recommendations, during which time more than 2,500 policyholders died. Astonishingly and despite the ombudsman's comprehensive work over four years, which was described over 3,000 pages, the Government rejected vast swathes of the report and, even after six months, produced a flimsy, 48-page response. An apology was offered for the maladministration that the Government had to admit, but no more.

Gregory Barker: I congratulate my right hon. Friend on securing the debate. He will know from our earlier conversation that I had a public meeting on this issue in Bexhill very recently. The point that he is making about the time that it is taking to come to a determination and pay the compensation is the key point that makes people most angry. There is bafflement at what is happening, after all these years. It is so clear, as my right hon. Friend has spelled out, that the Government are not getting on with it and paying the money to those people, who clearly deserve compensation and are extremely vulnerable.

David Davis: My hon. Friend is exactly right and has perfectly illustrated my point.

The Government made three objections to the ombudsman's report. They said first—there is an element of sense in this—that the responsibility to minimise risks and prevent problems from occurring in a particular financial institution lies first and foremost with the management of that institution. However, that misses the point that my hon. Friend the Member for South-West Bedfordshire (Andrew Selous) made about the key aspect of regulation in guaranteeing that certain things do not happen in these institutions. As a result of what they said, the Government refused to accept that it would be appropriate to establish a compensation scheme in the way the ombudsman recommended. They did, however, believe that some Government action was justified and agreed to make some ex gratia payments. That means that the Government are willing to pay some money to those worst affected, but not to accept the responsibility for the failure.

John Barrett (Edinburgh, West) (LD): Does the right hon. Gentleman understand the anger of many of my constituents who have lost so much with Equitable Life about the fact that the Government have gone the extra mile for those who have lost money in the Icelandic banks or the nationalised banks, but they have not given the same treatment to those who have lost often greater amounts through Equitable Life?

David Davis: The hon. Gentleman pre-empts a point to which I shall return, but he is absolutely right. It defies logic and any sense of equal treatment that there are massive payments to certain groups—payments that are currently embarrassing—but no proper payment to an area where we have a clear moral responsibility.

Despite the ombudsman's recommendation to keep things quick and simple, the Government have proposed a scheme requiring the level of each person's loss that could be attributed to the regulatory failure that they accepted to be established. That is not impossible, but it will be an incredibly slow task; the scheme guarantees that the process will be slow. The Government tasked Sir John Chadwick to establish, first, the extent of relative losses suffered by Equitable Life policyholders; secondly, what proportion of those losses can be attributed to the maladministration; and thirdly, which classes of policyholder have suffered the greatest impact—they have all suffered some impact, but for some it has been very clear. Fourthly, he was asked to consider what factors arising from that work the Government might wish to take into account—not just accept—when reaching a final view on whether disproportionate impact has been suffered. The Government will consider Sir John's advice on the relevant factors before setting out the criteria for the payment scheme, so even when we get to the end of Sir John Chadwick's activity, we will not yet be at the end of the road.

Sandra Gidley (Romsey) (LD): The right hon. Gentleman is being very generous about giving way. Does he share the concern of many of my constituents that there will in effect be means-testing? There will be those who have taken a loss, but who may be deemed to have been able to afford to do so. Why should they be penalised more than someone who has taken a lesser loss, but is in a much worse financial situation? There is a lack of clarity about whether people will be compensated on an equitable level.

David Davis: The hon. Lady is right. When I first saw that proposal, my response was that it was just an attempt to reduce the cost of the scheme and not pay any respect either to any sense of justice or equity or to speed. I can understand the concern to which she refers. One point that the ombudsman makes in her comments is that the disgust, almost, that is felt by the policyholders is of itself an extra pain being caused by this failure, so I absolutely agree with what the hon. Lady has said.

Sir John Chadwick was not given a time scale. The Government's only comment was that it might take significantly longer than the two and a half years laid down by the ombudsman. The universal outrage about that was predictable and right.

The Economic Secretary to the Treasury (Ian Pearson): I would like the right hon. Gentleman to reference where that was said, because it is not my understanding of the Government's position. We have made it clear all along that we want to proceed as swiftly as possible. We want to see John Chadwick's report as swiftly as possible. We want to do work as a Government in parallel to that. I simply do not recognise where the right hon. Gentleman got that quotation, so I would be very interested if he could make it stand up.

David Davis: I was referring to the comments of the Chief Secretary to the Treasury. I cannot remember the exact time when it was said, but if this Minister is saying that it is no longer true, we have achieved something in this debate today. If he is saying that it will be less than two and a half years, we will take that and I will happily retract the comment absolutely on the basis that we get that promise today. That might be a success that we can measure off the back of today's debate.

Daniel Kawczynski (Shrewsbury and Atcham) (Con): I think that my right hon. Friend has managed to secure, through his debate, a significant change in policy from the Minister, because I distinctly recall listening to the Chief Secretary in a debate in January of this year in which she refused, first, to consider interim payments and, secondly, to give a guarantee that the payments would be made within the next two years.

David Davis: The Select Committee on Public Administration, whose eminent Chairman, the hon. Member for Cannock Chase (Dr. Wright), is with us today, described the Government's stance as "morally unacceptable" in its report "Justice denied? The Government's response to the Ombudsman's report on Equitable Life". It said that the excuses that the Government had come up with were introduced "late in the day" in a way that it found

"shabby, constitutionally dubious and procedurally improper."

It says that the proposed ex gratia payment scheme looks "slow and onerous" and represents a

"basic failure on the part of the Government to understand the problem which its scheme is supposed to address."

Furthermore, it considers the disproportionate impact test as an "unnecessary complication".

On 5 May 2009, the ombudsman took the almost unprecedented step that has brought us here today—people have called it the nuclear option. She published a special report entitled "Injustice unremedied: the Government's response on Equitable Life", in which she condemned the Government's response absolutely. She noted that she was "deeply disappointed" with the Government's rejection of many of her findings and said that she was

"entirely unpersuaded by the basis for those rejections".

In particular, she noted that the response

"was based on an extremely limited and unevidenced view",

that it

"failed to address the whole basis on which I had found maladministration to have occurred"

and that it

"contained commentary...which appeared to limit and/or re-interpret the findings I had made"

not something that the Government should be allowed to do.

Mrs. Jacqui Lait (Beckenham) (Con): I add my congratulations to my right hon. Friend on obtaining this very important debate. The whole issue of implementing

[Mrs. Jacqui Lait]

regulations is the crux of how a modern society develops. If the bad faith shown by the Government in relation to implementing the ombudsman's report is not dealt with, we will find the whole of UK administration shaking on its foundations because we do not have a robust regulatory structure.

David Davis: I agree. In some respects, it indicates a lack of faith by the Government in their own regulatory structure. That is one of the worst outcomes in the long term. It relates to the point made by my hon. Friend the Member for South-West Bedfordshire about saving and making provision for oneself. We are now in a position in which making provision for one's own future is almost financially irrational for certain categories of people. The issue that we are discussing today reinforces that problem.

The ombudsman raised three major concerns about the Government's proposals. First, she said that by making ex gratia payments rather than paying compensation, they had

"broken the link between injustice resulting from maladministration and the provision of any remedy."

Secondly, she raised the lack of clarity and a timetable in relation to Sir John Chadwick's work. Thirdly, she referred to the misleading and disproportionate use of the Penrose report in the Government's conclusions.

The lack of any urgency on the part of the Government to bring this saga to a conclusion was highlighted last weekend in *The Mail on Sunday*. It pointed out that, far from acting with all due expediency in his considerations in this matter, Sir John Chadwick has had just one single hour-long meeting with the Equitable Life board members and has spent two weeks recently in the Caribbean in his role as president of the Cayman Islands court of appeal. He has also—*[Interruption.]* Let me say to hon. Members that I do not intend this as a criticism of Sir John Chadwick; I just think that it indicates the effect of the lack of urgency put on him by the Government.

Steve Webb (Northavon) (LD): I congratulate the right hon. Gentleman on a very powerful contribution. In terms of speeding things up, we will obviously have a new House of Commons within a year, and I imagine that all those considering whether to elect us will want to know where we stand, and rightly so. Can he assure us that he has received a cast-iron guarantee from the shadow Chancellor of the Exchequer, the hon. Member for Tatton (Mr. Osborne), that in the event of a Conservative Government, the ombudsman's recommendations will be honoured in full and unequivocally?

David Davis: I have not asked for that cast-iron guarantee, but I hope that my hon. Friend the Member for Fareham (Mr. Hoban) will give us the Conservative line on the issue when he speaks later in the debate. I have to say, however, that I want that cast-iron guarantee every bit as much as the hon. Gentleman.

The Equitable Members Action Group has launched a claim for judicial review, following the Treasury's depressingly predictable failure to take action on the ombudsman's call for a scheme to assess all claims within two years, and we may, of course, arrive at that review in the sort of time scale that the hon. Gentleman has mentioned.

The Equitable board has also condemned the Government. The chairman, Vanni Treves, described the Government's response as "scandalous", adding—this is the point made by the hon. Member for Romsey (Sandra Gidley)—

"why haven't our policyholders been treated as well as Northern Rock and RBS depositors have...At any other time this would have been regarded as an absolute scandal"

Charles Thomson, the chief executive, went further. In a recent interview, he said:

"Disappointing is the easy word. Appalling is closer to the reality...I can't think why it"—

the Government response—

"has been so stubborn and pig-headed. You just throw your hands up in horror...If you have got an ombudsman, are you prepared to let government ride roughshod?"

The Government are attempting to undermine the parliamentary ombudsman. It is shabby and inappropriate.

Policyholders have described the response as "a complete joke".

Andrew Selous: Will my right hon. Friend give way?

David Davis: If my hon. Friend will forgive me, I will not. I am trying to give way to as many people as possible, but once each. I am keeping a tally.

Paul Braithwaite of EMAG said:

"The proposed hardship scheme is totally inadequate, will take years to implement and looks like leaving 90 per cent. of victims out in the cold...Our members are truly outraged that this Government's shabby response is continuing to treat us with contempt...We are bewildered at the hypocrisy of its latest £1.6 billion bailout"

for the Dunfermline building society—

"while we have been left to twist in the wind."

There are several precedents where the Government made payments to savers in such collapses. Since the ombudsman's report in July 2008, the Government have acted to protect money held in Icesave and the Dunfermline building society, as well as introducing various bank bailouts. However, they still refuse to ensure that justice is done for the policyholders of Equitable Life. Why?

The Government stand alone in their position on this issue. Given the evidence, their stance is unjustifiable, and it is unsupported by anyone who has considered the issue to any great extent. It is clear that their action is driven by a concern to avoid spending money—the expectation is that the costs will be between £3 billion and £5 billion. It is understandable that the Government want to balance the extent to which the taxpayer and various agencies pick up the risk, but their action leads us back to where I started. There is an unbreakable chain between a finding of maladministration, a finding of injustice arising from that and the need for a compensation scheme that will, in practical terms, deliver justice for those people, 15 of whom are dying every day. Those people will suffer not only financial but emotional distress because their situation has not been properly recognised, which is why I introduced this debate.

Several hon. Members *rose*—

Mr. Bill Olner (in the Chair): Order. A considerable number of Members want to participate in the debate. I will try to call as many as I can, but Members will obviously need to keep their comments fairly brief because the winding-up speeches will start at 12 o'clock.

11.23 am

Daniel Kawczynski (Shrewsbury and Atcham) (Con): I congratulate my right hon. Friend the Member for Haltemprice and Howden (David Davis) on securing this timely debate.

In December, on the Floor of the House, I asked the Prime Minister whether the Government would make a statement before the recess in response to the parliamentary ombudsman's report, and he assured me that that would happen. Of course, it did not and, as my right hon. Friend said, we had to wait until the early part of this year before the Chief Secretary finally gave her derisory, short response to this mess. That brief example of the Prime Minister promising me a statement, but that promise not being fulfilled, just shows that the Government's policy on this issue has been drawn up on the back of a fag packet. I am disappointed by the lack of seriousness with which they are treating the emotion and anger that my right hon. Friend so aptly described.

Quite extraordinarily, the parliamentary ombudsman, Ann Abraham, has issued a report under section 10(3) of the Parliamentary Commissioner Act 1967, and that has happened on only four occasions previously. That shows how angry she is that her report has been so flagrantly dismissed and that the issue has not been taken care of.

Stephen Hammond (Wimbledon) (Con): My hon. Friend raises an important point. A number of constituents have corresponded with me about the failure of Equitable Life and about their troubles. However, other constituents have also corresponded with me about the Government's failure to observe the recommendations that the ombudsman set out in the nuclear option. It is not only the poor policyholders affected by the Government's decisions who are scandalised, but other people, who have nothing to do with Equitable Life.

Daniel Kawczynski: Absolutely. All parliamentarians have a responsibility to protect the parliamentary ombudsman. She plays a very important role, and if we do not do everything possible to ensure that the Executive fulfil their obligation to listen to her, we are not doing our duty as Members of Parliament.

Andrew Selous: Does my hon. Friend agree that the Government's treatment of the ombudsman is in fact a form of contempt of Parliament because the ombudsman is an Officer of this House?

Daniel Kawczynski: I totally concur. Although I am, of course, interested in my Shrewsbury Equitable Life policyholders, the treatment of the parliamentary ombudsman is precisely the reason why I set up the all-party group on justice for Equitable Life policy holders. I wanted not just to help policyholders, but to ensure that our parliamentary ombudsman's findings are listened to and that her position is respected.

As of yesterday, more than 100 Members of Parliament had joined the group. If the Minister looks at the list of their names, he will be startled to see the number of Labour MPs who have joined. His Government have a relatively small majority, which has decreased recently, so he should bear in mind the extent of anger among his colleagues and how determined they are to see justice.

I pay tribute to EMAG and Mr. Paul Braithwaite, whom I have asked to be the group's secretariat—they do an excellent job. The hon. Member for Norwich, North (Dr. Gibson), who is a Labour MP, is my co-chairman, and the hon. Member for Richmond Park (Susan Kramer), who is a Liberal Democrat, is the group's secretary. Would any Members who have not joined our group please see me afterwards? This issue is very important, and I have come here today to publicise the all-party group, because we must increase its membership.

Anne Milton (Guildford) (Con): I congratulate my hon. Friend on establishing the all-party group. He will agree that many of my constituents can never be compensated for the anger and suffering that they have experienced. No compensation scheme ever fully gives people redress for the years of anger and sorrow that they have experienced as they have agonised over what happened to them. The all-party group is an important part of bringing those people and Members of Parliament together.

Daniel Kawczynski: I totally agree. The all-party group intends to use its position in the House of Commons to invite people to come to speak before us. We had a meeting yesterday with the communications director and other senior officials from Equitable Life. We will also be asking to see Sir John Chadwick and the Minister.

Mr. Hoyle: When the hon. Gentleman set up the all-party group, I was more than happy to say, "Yes, of course I want to be a member." However—this has been said already, but it is worth repeating—the longer the compensation process takes, the fewer people will get the money that they deserve. Is it not time we used that old British fair play and put right the wrong?

Daniel Kawczynski: I agree: I was telling my constituents that British people are known around the world for having a sense of fair play. That is our branding, so to speak, in the international community. It is the lack of fair play that so irks many of us, and that is why we want justice.

Lastly, my right hon. Friend the Member for Haltemprice and Howden made a very important point about Sir John Chadwick. He is an eminent High Court judge but he has numerous other tasks. I have repeatedly asked the Government what resources they will give him to enable him to sift through the millions of documents that he will have to go through if a start is to be made on making payments. What resources is the Minister making available to Sir John Chadwick, and why has he engaged someone with so many other commitments when time is so pressing and every day 15 of the citizens concerned are dying? That is a scandal. We need far more attention and focus to be given to the issue. It must be resolved much more speedily.

Mr. David Burrowes (Enfield, Southgate) (Con): This country may be known for fair play, but are not the Government increasingly known for rejecting ombudsman's

[Mr. David Burrowes]

recommendations? They have form on that. The court said there should be cogent reasons, but those have not been presented. All that we have is the back of a fag packet, without even an assessment of the impact of the hardship test.

Daniel Kawczynski: I totally agree with my hon. Friend. Time is pressing, and I want to end with a direct appeal to the Minister. This is not a party political issue. The Minister has seen how his hon. Friends feel. I will give him a list of Members of Parliament who have joined the all-party group. Many of them are Labour Members. I urge the Minister to do all he can to speed things up.

Ian Pearson: I agree with the hon. Gentleman that the issue is not party political. I strongly suspect that if the Conservative party were in the Government's shoes they would take action similar to what the Government are doing. However, I particularly want to respond to the hon. Gentleman's comments about Sir John Chadwick's many other commitments. I have talked to Sir John; we talked about his availability before we made the appointment, and he is conducting his work as speedily as possible. I do not think that the hon. Gentleman should believe everything that he reads in the *Daily Mail*.

It is true that Sir John visits Grand Cayman for three short sessions of the Court of Appeal each year, and is required to be in Dubai for two single weeks in the year, but those are the limits of his commitments, and none of the other appointments occupies a substantial part of his time. I am confident that Sir John is on the case and is doing his work, and I hope to give an update on that.

Daniel Kawczynski: I thank the Minister. We shall call Sir John Chadwick to the group and ask him his views directly. Of course it is important for the group to establish whether he has the resources and time to enable him to carry out the work as speedily as possible. I do not doubt the Minister, but we want to ask him the question ourselves.

Mr. Gordon Prentice (Pendle) (Lab): I am wrestling with the Chadwick point. Sir John must interpret the disproportionate impact test, but we do not know which policyholders are wealthy and which are poor. Sir John Chadwick has access to the records of Equitable Life but not to those of Her Majesty's Revenue and Customs. That is a real conundrum: how to come forward with a disproportionate impact test that is equitable and just.

Daniel Kawczynski: I totally agree with the hon. Gentleman. I suggest that if he has an interest in the issue—and he is clearly very knowledgeable about some of the issues—he should actively participate in the group, and come along to the meeting to which we invite Sir John. I shall check that he signs up to the group before too long.

11.34 am

Rosie Cooper (West Lancashire) (Lab): I declare a personal pecuniary interest as an Equitable Life policyholder; but it is not in that regard that I speak today, but to give the views of some of my West Lancashire constituents. I congratulate the right hon. Member for Haltemprice and Howden (David Davis) on securing the debate, in which thousands of individuals will take a keen interest.

As an Equitable Life policyholder I realise the problems that its failure has caused many families, when, after a lifetime's work, their plans for the future have been destroyed, because the money that they were depending on is not there or has been much reduced. It is not my intention in the short time available to repeat comments that hon. Members have already made, but I have received significant correspondence from many people in my constituency who have been directly affected and who have expressed their views in no uncertain terms. One gentleman wrote:

"When I invested money in Equitable Life (over many years) I like other people had been led to believe that we were dealing with a high quality provider of great integrity."

Another constituent told me:

"I remember very well when I made my investment that I was confident that it would be safe; with the belief that I was investing into a blue chip Mutual Society. I thought I had done my homework in selecting Equitable Life...I now feel very deceived and let down. This was a cruel deception."

Lastly an elderly female constituent remarked:

"I'm within a few days of my 80th birthday and am feeling very vulnerable on account of the worry and concern this whole affair is giving me."

There is no shying away from how hurt and raw those individuals feel. They desperately want action and resolution in this sorry state of affairs.

Over many years the Equitable Life story has descended into tragedy for many; but just as I understand my constituents' fears and their serious financial problems, by the same token I understand that the Government do not have a straightforward job. However, the Government must seek to reach a fair solution that will compensate people for the failure of regulation. I am pleased that they are committed to taking such action to help those who were hardest hit financially by the failure of Equitable Life, but many believe that they must do more. They must meet their commitment to Equitable Life's policyholders.

It is important to acknowledge that the Government have accepted that maladministration took place, in line with the parliamentary ombudsman's report. The request for an independent review, to ensure that the process for compensating policyholders will be sufficiently robust and accurate, is welcome. There are difficulties, as we have heard, and the last thing that we need is further complication. I want to impress on the Minister the real emotions of my constituents and many others whom we have heard about today, and what they live through each day as they wait for the outcome. I therefore implore him to ensure that the Chadwick review will be implemented as soon as possible.

Mr. Bill Olner (in the Chair): Two hon. Members want to speak, and I hope that they will both have an opportunity to do that. The winding-up speeches will start at 12 o'clock.

11.38 am

Steve Webb (Northavon) (LD): I congratulate the right hon. Member for Haltemprice and Howden (David Davis) on bringing the subject before the House again. This is the latest in a series of debates that are always

well attended. I secured one in January, and my hon. Friend the Member for East Dunbartonshire (Jo Swinson) secured one last year. The strong turnout and the large number of hon. Members of all parties who want to participate show the strength of cross-party feeling on the issue. We all say that the Government's response has been inadequate so far. The Equitable Members Action Group, to which I also pay tribute, takes that view.

I simply want to focus on what the ombudsman has had to say about the process. When, in March, the Select Committee produced its report, "Justice denied? The Government's response to the Ombudsman's report on Equitable Life", she submitted a written memorandum that bears highlighting. As the hon. Member for South-West Bedfordshire (Andrew Selous) has said, she is an Officer of the House and must be tactful, but some of her language is astonishingly blunt. It is not necessary to look very hard to see how angry she is at the way in which her hard work has been treated.

In all the detail, it is easy to lose sight of the simple fact that the ombudsman called for the Government to establish and fund an independent compensation scheme. Clearly, that is nothing like what we have. The ombudsman said:

"It is disappointing that the Government has decided not to accept all my findings and has rejected my central recommendation".

She went on to use the phrase "once again". As we have heard, the Government have form. She continued:

"Once again, the Government has thought fit to reject findings by the Ombudsman after a lengthy, detailed, complex and rigorous investigation."

She noted that the Government acted

"as judge on its own behalf".

What is the point of paying the ombudsman to spend years producing the most rigorous piece of work only to have it almost casually dismissed? I accept that it took six months to casually dismiss it, but that is what happened.

Ian Pearson *indicated dissent.*

Steve Webb: The Minister shakes his head, so I shall tell hon. Members why the ombudsman feels that her report has been casually dismissed. She has stated:

"First, the Government's response provides insufficient support for the rejection of those findings."

She has stated that the response includes only a

"brief statement setting out the Government's view of the regulatory regime".

That shows the casualness of the Government's response: it is a detailed, thorough report that took years, and all we get from the Government is a brief statement. The ombudsman has stated that

"The standard applied in my report was grounded in a detailed analysis",

but that the Government's response seemed to be based on an "assertion". That is the contrast—thorough, detailed, rigorous analysis was countered by assertion.

The ombudsman has stated:

"Secondly, the Government's response also fails to address the basis on which I came to several of my findings when rejecting those findings."

In other words, the Government did not consider the reason for the ombudsman's findings and deal with them. The Government did not deal with what led her to make those conclusions; they simply rejected them. They did not deal with the ombudsman's reasons for reaching those conclusions.

The ombudsman has stated:

"Thirdly, the Government's response begs the question as to what the purpose of regulation was supposed to be."

The Government's position, to paraphrase, seems to be that it would not have made a blind bit of difference if we had the best regulators in the world. The ombudsman has stated:

"If it were truly the case that the relevant regulators, acting without maladministration and operating the regulator system as Parliament intended it should be operated, could have made no difference ... that would be astonishing."

What is the point of having regulators? Whether or not they do their job, it makes no difference. It seems to be the Government's position that the conduct of the regulators would have made no difference, which is absurd.

Finally, the ombudsman has highlighted her concerns about what she calls, "The Government's alternative approach". She has expressed five concerns. The first is about the lack of a detailed timetable. I hope that the Minister will be precise. His intervention was interesting, but I hope that he will be clear about what Sir John Chadwick said about when the first of the money will be paid. That is the bottom line.

The ombudsman's second concern was that Sir John is only an adviser, and that if the Government can ignore her, they can now ignore Sir John. What do we have in the way of cast iron assurances? Her third concern is that she had set out her conclusions but that Sir John has been asked to respond to the Government's reading of them. Surely, he should be asked to respond to what the ombudsman said, not the Government's reinterpretation of it.

Annette Brooke (Mid-Dorset and North Poole) (LD): Does my hon. Friend agree that the Government's criteria for the review seem to be to pay as little money as possible? Equitable Life policyholders believe that the Government are seeking the cheapest possible option. It bears little relation to justice.

Steve Webb: My hon. Friend puts her finger exactly on the point. It should be about justice rather than cost, but that does not seem to be the case.

Mr. Alan Reid (Argyll and Bute) (LD): I welcome this debate. Does my hon. Friend share my concern that the process may involve policyholders in engaging legal representation? The ombudsman's service is free, and the policyholders have won their case with her. The Government have now imposed another process, which may require further hearings and possibly a confrontational process. We do not yet know, but it may involve costly legal representation.

Steve Webb: My hon. Friend is right that that should not fall on the policyholders. Many have already forked out as members of EMAG towards its legal action. We have an ombudsman in order to make such things unnecessary.

The ombudsman's fourth concern about the Government's approach was the lack of definition in their response and its "disproportionate impact". The

[Steve Webb]

hon. Member for Pendle (Mr. Prentice) made a good point when he said that without knowing the full circumstances of every household, one cannot know what is disproportionate, and who has been badly hit or not. That information is not available to Sir John Chadwick.

Mr. Prentice: On that very point, when I pressed the ombudsman at a meeting of the Public Administration Committee, she told me that it was the first time that a remedy would be means-tested. The disproportionate impact test is means-testing, which has never happened before.

Steve Webb: The hon. Gentleman is right, and the precedent is exceptionally worrying. Indeed, we need to ensure that it does not come about.

The final concern expressed by the ombudsman is that although Sir John has been asked to attribute a proportion of losses to the maladministration of the regulators, the losses are a complete thing—they cannot be subdivided in order to say how much of them were the company's fault. She found maladministration by the regulators, and that cannot be subdivided. Her proposed remedy relates to the losses in full; they should not be carved up.

The ombudsman has summarised the matter by saying that the Government

"addressed findings that I did not make; sought to reinterpret and/or limit the basis on which I made certain findings; and provided a partial or incomplete response to other findings."

It is pretty damning stuff.

I shall conclude with the words of the ombudsman—this is what is most alarming for policyholders, as my hon. Friend the Member for Mid-Dorset and North Poole has said. The ombudsman has said:

"It is clear to me that the nature of the Government's response to my report means that the injustice I have found resulted from maladministration will not in every case be remedied—nor in any case will it be remedied fully."

That is key. The ombudsman's role is to seek remedy for an injustice caused by maladministration, which will not happen unless the Government think again.

11.46 am

Mr. Graham Stuart (Beverley and Holderness) (Con): I, too, congratulate my right hon. Friend the Member for Haltemprice and Howden (David Davis) on securing today's debate. Like me, he knows that people throughout East Yorkshire have lost money with Equitable Life; and those who have not lost are offended by the way in which the Government have responded to a clear case of injustice.

As other hon. Members have said, if the ombudsman's findings on one occasion were not sufficient, she has stated again, in an unprecedented way, that it is about justice—it is about remedy; it is about doing the right thing. The Minister has the unenviable task of bullishly trying to suggest that the Government are doing the right thing, when Members on all sides of the House can see clearly that they have not. The ombudsman has repeatedly made that finding. As others have said, what is the point of having an ombudsman if the over-powerful Executive—particularly at the fag end of their time—can simply dismiss it and wave it away? Electors up and down the country, whether or not they have lost money, will judge the moral character of the Government on matters such as this.

Anne Milton: My hon. Friend may recall that, when intervening on my right hon. Friend the Member for Haltemprice and Howden (David Davis), the Minister used the words "as swiftly as possible". Does he join me in looking forward to hearing the Minister explain exactly what that means?

Mr. Stuart: My hon. Friend brings me to a key point. In general, we are talking a relatively elderly group. As my right hon. Friend the Member for Haltemprice and Howden said at the start, people from that group are dying daily. Surely, that should affect the Government's judgment.

The ombudsman gave the Government a window for not taking on the full cost of compensation. She said that the Government could not be expected to do so, and that it was legitimate to consider what the public purse could afford. What the ombudsman expected—what we all expected—was that the Government would grasp that opportunity, a dirty solution, and pick a sum. That sum would doubtless have enraged many and seemed inadequate, but the Government should have ensured that it was distributed—and distributed quickly—in order to bring justice, regardless of whether it was full justice. People would doubtless go to their graves muttering that it was not enough, but they would have had some sort of justice and closure.

I say to the Minister that the Government should give people closure. They have spent a decade fighting the Government and not getting an end. Even if they do not find it adequate, the Government should give them an end. They should give them certainty and some payment.

Andrew Selous: Does my hon. Friend agree that we should ask the Minister why the Government fund the ombudsman service from public funds, given that they see no value in the ombudsman's findings?

Mr. Stuart: My hon. Friend makes an excellent point. The Government's approach undermines the attitude of my constituents to the various institutions that they believe were set up to defend them. When those institutions that move to defend them can be utterly dismissed, it makes them doubt the political process even more than perhaps they do already—particularly given recent news.

Many of my constituents have seen their retirement plans left in tatters. They were upset by the Chief Secretary's response to the ombudsman's report, because it lacked transparency and openness. Policyholders are now as much in the dark about the Government's intentions as they were before. I want to focus on some of the unanswered questions, and I hope that the Minister will respond to them. Given that the Government have rejected the ombudsman's call for a Government-funded compensation scheme, will he give us a better idea of exactly who will receive the money?

As others have mentioned, the Government said that the money will go to those disproportionately affected by the collapse of Equitable Life, but none of us knows

exactly what that means. *[Interruption.]* The Minister shrugs, but will he spell it out for us today? Will it include those who have lost the most money, or will it be done proportionately? Will, as has been suggested, there be some form of means-testing? My constituents, quite a few of whom are old, frail and highly vulnerable, did all the right things, in the confidence—they believed—that the Government were standing behind the company with which they were investing. Are they to spend their time—often at a great age—filling out complicated Government forms, and going through the humiliation of accounting for every penny and income source, simply to access justice and compensation for the money that they had saved for their retirement, but which is now lost? Will he confirm that, as has been suggested, what moneys are eventually distributed will be mean-tested?

What is the time scale? Members have made this point again and again. The Chief Secretary indicated that it could be the full two and a half years, but when the Minister intervened on my right hon. Friend the Member for Haltemprice and Howden, he suggested that it might be less than that. I hope that he will ensure that we have a very clear idea by the end of this debate, because so many constituents from across the land are waiting for some idea of when this will all come to an end.

Last year, I received a letter from my constituent, Mr. Lee, who lives in Skirlaugh. His wife's annuity lost about a third of its value. He wrote:

"How can the electorate not be cynical about a Government who continues to use such shameless delaying tactics when dealing with the Equitable Life scandal"?

He spoke for many of my—and others', I am sure—constituents. It is hard for members of the governing party—I know so many of them—not to feel sympathy for people such as Mr. Lee and his judgment on Government behaviour. Those people have been waiting for justice for so long and have suffered more false dawns than they should ever have had to endure. To make them wait another two and a half years, when dozens of them are dying every week, is cynical politics in the extreme.

Some hon. Members have suggested that interim payments should be made to those worst affected. What discussions has the Minister had with Sir John Chadwick about ensuring that that happens? All kinds of people are affected: from people with quite a lot of means to those with none. I was struck by a letter that I received from one lady—another constituent—who wrote:

"My husband died last year and was bitter that we had been ill-advised to 'put all our eggs in one basket' and then the 'basket' was dropped... My husband and others have died already but there are many of us (probably in your constituency of Beverley and Holderness) who have been let down"

and are waiting for justice. I hope that the words of such people will have some effect on the Minister today.

I was struck by another letter:

"My wife wishing for some financial independence in old age paid money from her wages, working as a home help, into a With Profits Fund managed by Equitable Life Assurance Company. Her annuity has lost about a third of its value."

These are the people whom we are talking about, and we hope that the Minister will respond positively on their behalf.

11.54 am

Dr. Vincent Cable (Twickenham) (LD): I congratulate the right hon. Member for Haltemprice and Howden (David Davis) on introducing this debate. He is one of several—probably many—Members who have introduced such a debate. If it is not too immodest, I would like to point out that I did so in my time—nine years ago—and the fact that we are still debating the matter, often in much the same terms, speaks volumes about how it has been dealt with. I also congratulate EMAG, whose doggedness and passion has kept this matter on the agenda. It could easily have gone away, but it has not.

It is worth placing this debate in the wider context of the dreadful mess in this House at the moment. We are in the middle of a constitutional crisis, but this debate touches on another constitutional crisis of a somewhat different kind. It centres on the respect for the office of the ombudsman and, therefore, for Parliament and parliamentary institutions. Many people outside might not be enormously concerned about what their MPs say here, but they are concerned that, when they are subject to maladministration by a Government, regulator or bureaucracy, there is somebody to whom they can turn and trust. That mechanism, and the recognition that injustices must be compensated, are at stake.

My hon. Friend the Member for Northavon (Steve Webb) quoted the key passage in the ombudsman's last report, but I shall quote it again, because it is the kernel of the whole debate. She wrote:

"Whatever the outcome of the work that Sir John Chadwick will undertake, it is clear that the injustice I have found to have resulted from maladministration will not be remedied."

We are addressing a big constitutional issue. It is also political, but not party political, and the hon. Member for Shrewsbury and Atcham (Daniel Kawczynski) and other colleagues are to be congratulated on trying to work in a cross-party way with those in other parties. Ultimately, that is the only way to resolve this matter. It should not be a party political issue, and many people are genuinely trying to build a consensus.

The Government are their own worst enemies in that respect. Let us consider the history of this issue. The Prime Minister built his reputation as a champion of investors. I think that his first major speech in Parliament, when he was a Treasury spokesman, was on Barlow Clowes. He doggedly defended the rights of wronged shareholders. Ever since, he has argued that the difference between Barlow Clowes and Equitable Life investors is that the former had on their side an ombudsman's report and that once we had such a report for Equitable Life, the latter could also be compensated. We have had the report, but the consequences have not followed as promised. The logic of that process has not been followed through.

There is another irony that would be hilarious if it was not so serious. In their comments on the ombudsman's last report, the Government could have said, "Well, we have had maladministration. It occurred under the Conservatives, and it has occurred under us, so we are all to blame." However, they have insisted, in their last response, that all the maladministration occurred under this Government and that that which occurred under the previous Conservative Government was not maladministration at all. They said that to minimise their liabilities. However, when historians reflect, they will find a funny irony in a Government desperately

[Dr. Vincent Cable]

trying to exempt the previous Government from blame, which is what they appear to have done in their final response.

In pursuit of this cross-party approach, I tabled an early-day motion a few weeks ago that has attracted widespread support. My hon. Friend the Member for Northavon asked what would happen if there was a change of Government, and I say this partly in response to that. My motion has received encouraging support from both sides, including from some very senior people—

Mr. Oliver Letwin (West Dorset) (Con) *rose—*

Dr. Cable: I take it that the right hon. Gentleman is also a signatory of my motion. The language on compensation might not be as strong as EMAG would wish, but it certainly moves us forward. The motion reads:

"That this House believes the Government should accept the recommendations of the Ombudsman on compensating policyholders who have suffered loss".

There is no reference to means-testing or other delays, but it is an improvement.

Mr. Letwin: I certainly am a signatory of the hon. Gentleman's motion. Does he agree that the character of this constitutional issue is particularly acute because the ombudsman admitted that the Government could take account of the public expenditure consequences? The Government have refused to follow the dictates of an ombudsman, even though the latter has gone the last mile and tried to recognise that the Government are the guardians of the public purse.

[JOHN BERCOW *in the Chair*]

Dr. Cable: That is indeed the case. In due course, we will have to look at the exact bill. The face-value number—£4 billion—possibly frightened the Treasury at the outset, but payments would be paid over a long time and only to very restricted groups. The hon. Gentleman is quite right that the ombudsman has acknowledged that there is a public expenditure constraint, and that all of us have to live within that—including Treasury spokesmen. None the less, it is a constitutional, political and moral point, as my hon. Friends have suggested.

My hon. Friend the Member for Edinburgh, West (John Barrett) mentioned the Icelandic banks. The point about those banks is not just that the Government protected all the investors, but that the investors in Icelandic banks were pursuing high yields and risky investments. In the case of Equitable Life, the investors were highly prudent people who wanted safe and reliable investments.

John Barrett: Does my hon. Friend also agree that if the means-tested assessment of compensation entitlement comes through, the most prudent people will suffer a double whammy because those who have made further provisions will be hit hardest and receive the least?

Dr. Cable: Yes, and the language in the Government response is that only those who are dependent on Equitable Life pensions will be compensated. That penalises people who are prudent and who have diversified their investments.

I have two central criticisms and concerns. One relates to the endless foot-dragging, and the other to the compensation mechanism. Let me remind everyone of the foot-dragging and how it happened. It first came to light in a debate in 1999. There was a very long period in which hon. Members of all parties pressed for an inquiry. Lord Penrose himself said that it was "iniquitous and unfair" that no inquiry was established until 2001. Then we had the Penrose report, which took two and half years to compile. In the findings, we had a mixture of policy failure, which is not a compensation injustice issue, and administrative failure. Lord Penrose clearly and explicitly acknowledged that administrative failure had taken place.

I recall going to the ombudsman five years ago with my hon. Friend the Member for North Norfolk (Norman Lamb). Others will have done so at about the same time. The ombudsman's report took an awfully long time, and it eventually appeared in February 2007. It took the Government two years to respond to the ombudsman, thanks to the Maxwellisation delays and endless responses to requests for additional information. Now we have all the additional delay imposed by the compensation process. Therefore, endless foot-dragging has been the defining characteristic of every stage in this process, and it continues to this day. As hon. Members have said, time is of the essence for the pensioners. Some 30,000 have died since the collapse occurred.

As for the compensation mechanism itself, several hon. Members have reminded us about the defects of the existing system. My hon. Friend the Member for Northavon aptly summarised them, and I shall make the key points. First, the ombudsman specifically recommended a tribunal system that was genuinely independent and transparent. Instead, we have had a Treasury-led process conducted by an adviser, who may be an admirable individual but simply does not have the powers to adjudicate in compensation that the ombudsman recommended.

Secondly, the mechanism will relate only to those injustices accepted as such by the Treasury, which effectively has reduced by 90 per cent. the potential claims identified by the ombudsman. Thirdly, we have the means-test concept that has been introduced. The hon. Member for Pendle (Mr. Prentice) helpfully intervened to explain the difficulties that that would present. Fourthly, we have the problem of the apportionment of blame, which still has to occur and goes contrary to the ombudsman's advice. We have had the rejection of interim payments, and we now have in place a slow, onerous and costly process that individual pensioners have to pursue. It is a dreadful story, yet, to this day, we have had no satisfactory resolution. I hope that the Minister will make some progress in this thoroughly reprehensible tale.

12.4 pm

Mr. Mark Hoban (Fareham) (Con): I congratulate my right hon. Friend the Member for Haltemprice and Howden (David Davis) on securing this debate and setting out very clearly the failings of the Government's response to the ombudsman's report. As hon. Members have said throughout the debate, the ombudsman is an Officer of this House, and she is entitled to our respect. Her report and the work that she does are very important because they give justice to our constituents. The theme

of the Public Administration Committee's first and second reports on the ombudsman's report—"Justice Delayed" and "Justice Denied"—typifies the experience that many hon. Members have had when they have spoken to their constituents about the Government's response. There has been foot-dragging to get to this point in the first place, then, in the Government's refutation of the ombudsman's findings, there has been an attempt to deny justice to many people.

My hon. Friend the Member for Shrewsbury and Atcham (Daniel Kawczynski), acting as recruiting sergeant for his all-party group, made a powerful plea for his constituents, as did other hon. Members on all sides of the House. Two themes emerge from the debate to which the Minister must respond. The first relates to the inadequacy of the Government's response to the ombudsman's report. That comes across very clearly in the Select Committee's report. In the supplementary memorandum to that report, the ombudsman gives examples of where she believes the Government have sought to reinterpret her findings, and where they have not given sufficient explanation of their response to those findings. The Treasury have sought to rebut such examples. The rebuttal of her findings is an important issue. An earlier legal case established that the Government were not bound to accept her report but had to give reasons why they chose to reject it. People want to see some cogent reasons for the rejection of her findings so that they can see whether the Government's approach was well thought through, logical and right or whether it was open to challenge.

As the hon. Member for Twickenham (Dr. Cable) mentioned, when the ombudsman published her report in July, there had been a lengthy period of "Maxwellisation" beforehand. It is clear from reading the ombudsman's report that there had been significant discussion between the Government and the ombudsman about her findings and her approach. It is almost as if the Government are coming back for a second bite of the cherry.

Given the number of findings of maladministration and injustice, which the Government have rejected, people expected that the Government would produce something more substantial than their command paper in January. When the Minister was quizzed on this matter by the Public Administration Committee, he said that he wanted something that was accessible and readable. The Committee rejected that approach. It wanted to see a much more substantial rebuttal of the ombudsman's findings to demonstrate that the Government had cogent reasons.

The Minister should take the opportunity today to accept that the Government's command paper was inadequate and to say that they will produce a much more substantial paper that sets out the real reasons for rejecting the ombudsman's findings. The Minister would do himself and the House a great service if he made that commitment today. At the moment, the policyholders feel that the Government are searching for some weak arguments to try to deny them justice. It is incumbent on the Minister and the Government to produce a much more substantial response that explains, in a logical and clear way, why the Government sought to reject the ombudsman's findings. That would provide the opportunity for a further debate on the Government findings. Such a debate may even prove that we are wrong and that our cynicism and scepticism about the Government's motives are incorrect.

The second theme that runs through this debate is the process that the Government kicked off with Sir John Chadwick. By that I mean the basis on which payment should be made to policyholders. The process is not straightforward. In paragraph 5.26 of the Government's response, the Government set out four steps that Sir John would have to take. The first, they say, is to assess

"the extent of relative losses suffered by Equitable Life policyholders".

From looking at the PAC report, I know that there is no agreement, not even on what relative loss means and how it is calculated. Without that first step, it is very difficult to see how the second, third and fourth steps can be taken.

One hon. Member suggested that Equitable Life had spent one hour with Sir John Chadwick to explain where the situation was and for Sir John to give his view. When will Sir John and the Government reach conclusions on relative loss and whether and when it will be calculated? Only when we understand the relative loss that people have suffered will we be in a position to take the debate further. We could then move on to the question of what proportion of the losses can be attributed to the maladministration that has been accepted by the Government in the actions of Equitable Life and other parties. However, the ombudsman's report was very clear: it set out the failings of the regulatory system and where injustice flowed from that maladministration. It is therefore hard to understand why the Government believe that there should be a sharing of responsibility between Equitable Life, the regulator and other parties.

The concept of "greatest impact" has had very little explanation by Ministers. Is it about hardship? Does it involve means-testing? Is it a question of which policyholders have lost the most or the least? There is a lack of explanation from the Government. Only when we have such explanation will Sir John be in a position to advise the Government on what factors might be borne in mind to design a payment scheme for the policyholders who have suffered losses.

My overwhelming feeling is that the Government, having delayed, hesitated and prevaricated for years in responding to the problems at Equitable Life, are again seeking to kick it into the long grass. In the same way that it took them months to respond to the ombudsman's second report, they want to delay dealing with the problem for years and to deny policyholders justice for yet longer—for years. That is not fair to the policyholders. Hon. Members talked about the numbers who have died awaiting justice. We know that many policyholders will be suffering losses and living on reduced pensions and annuities, waiting for the day that they can receive justice from the Government. Where is the Government's urgency in responding?

On the Chadwick process, are the Government able to give any undertaking as to the time scale? The Minister said that it was not going to take as long as two and a half years, but when will policyholders begin to receive payments? When will Sir John publish his interim report, and will it include a timeline? Will the Government publish Sir John's interim reports in full and immediately? How many staff has Sir John recruited? I understand that he has sought some legal support

[Mr. Mark Hoban]

from his chambers, but how many staff has he recruited? Does he have the necessary actuarial expertise on his team? How much have the Government allocated to Sir John, not only for his own fees, but for the team he will need if he is going to comprehend these complex issues? Those are important questions, and the answers will demonstrate whether the Government are taking the matter seriously, or whether they are seeking to avoid responsibility.

The Minister said in an intervention that he thought that the Opposition would do the same as the Government. Let me be clear on the difference between us and the them: we have accepted the ombudsman's findings and recognise the claims of maladministration and injustice that she found. We also accept, as she made clear in her initial report and the section 10(3) report, that the relative loss that policyholders have suffered should be reflected. That concept has been agreed on both sides. We also accept, as she said, that the costs to the public purse need to be recognised. I was pleased that the hon. Member for Twickenham accepted that point when it was made by my right hon. Friend the Member for West Dorset (Mr. Letwin).

The ombudsman's recommendations need to be accepted. I welcome the fact that the Government have apologised for regulatory failures, but it is important for us to move forward quickly to provide justice for those policyholders. They cannot wait much longer. My concern is that every sign from the Government tells me that they want to kick the problem into the long grass and avoid dealing with it, meaning that justice will be denied to people who are suffering as a consequence of the regulatory failure of Equitable Life.

12.14 pm

The Economic Secretary to the Treasury (Ian Pearson): I congratulate the right hon. Member for Haltemprice and Howden (David Davis) on securing this debate. As hon. Members have noted, this is the latest of several Westminster Hall debates on Equitable Life. Scrutiny of, and debate on, the Government's position is absolutely right.

Evidently, hon. Members have deep concerns about the Government's decision not to accept the parliamentary ombudsman's recommendation for a compensation scheme, and I shall say more about our reasoning. Those concerns were also articulated in the parliamentary ombudsman's "Injustice Unremedied" report.

Before saying anything else, let me be very clear that it is a matter of regret to the Government that the parliamentary ombudsman felt it necessary to lay her report. The Government have the greatest respect for the office of the ombudsman. Her important role in the maintenance of standards and public service is unquestioned. We departed from her findings in her main report only after very careful consideration, and we did not view her further report lightly. However, the Government must act in a way that we believe to be just, legal and fair, and in a way that balances the legitimate interests of the taxpayer with those of policyholders who have been affected by events at Equitable Life. That is exactly what we have done.

David Davis: This is really a matter of courtesy. The Minister asked me about the quote I gave on the amount of time that it would take—I have only about 1 per cent. of my notes here and everyone involved in the case knows quite how deep the filing cabinets are. The Chief Secretary said that

"our initial assessment of the ombudsman's approach is that it might take significantly longer than that to implement fully"—[*Official Report*, 15 January 2009; Vol. 486, c. 379-380.]

I would be happy to hear the Minister say that the revised assessment will not take so long.

Ian Pearson: I will look at that reference, but the Government's position is that we want to move forward as quickly as possible. The two-and-a-half-year time scale was mentioned by the ombudsman for a compensation scheme. We hope that Sir John Chadwick will be reporting to us and that we can design and implement a scheme as speedily as possible. I give my commitment to hon. Members—the hon. Member for Beverley and Holderness (Mr. Stuart) and others mentioned this—that we will not drag our feet. While I am Economic Secretary, I will manage a process that delivers an outcome, namely an ex gratia payment scheme that provides a remedy for those who have suffered disproportionate impacts. We are all aware of the circumstances.

John Barrett *rose*—

Mrs. Lait *rose*—

Ian Pearson: I will give way once, and then reply to all the points that were made in the debate.

Mrs. Lait: The Minister said that the Government want to respond to the ombudsman's report in a way that is just, legal and fair. Which bits of the ombudsman's report are not just, legal or fair?

Ian Pearson: In our response to the ombudsman's report, we gave detailed reasons. The hon. Member for Fareham (Mr. Hoban) alluded to the Bradley case. The Government have to look at reports from the ombudsman and should depart from an ombudsman's findings only when there are strong and cogent reasons to do so. We believe that there are such reasons for departing from the report, which is why we have done so. We have accepted other of her findings.

It is not quite true, as the hon. Member for Twickenham (Dr. Cable) suggested, that we have exonerated the previous Conservative Government and sought to put all the blame on the current Labour Government. We looked at the findings on their merits—it was not a matter of timing. For instance, we accepted part of finding 4, which relates to the period 1994 to 1996, and maladministration—but not injustice—in relation to finding 2, which relates to the period 1990 to 1993.

I wish to address the concerns about remedy that the ombudsman has recorded and to take the opportunity to update the House on Sir John Chadwick's work. If there is time, I would like to inform hon. Members about the Government's response, which we have issued today, to the Public Administration Committee.

On the ombudsman's report's comments about remedy, let us be clear—this has been recognised in the debate—that one option open to the Government was to reject the

recommendation for compensation on public policy grounds and to have left it at that. Indeed, the ombudsman acknowledged that in her evidence to the Public Administration Committee. However, we did not do so. We did not accept the compensation recommendation, but at the Government's discretion, and in recognition of the impact that may have been suffered by some policyholders, we have announced a scheme that will deliver help to those affected by the events at Equitable Life who need it most.

The right hon. Member for Haltemprice and Howden referred to the link between injustice and compensation. As he knows, the ombudsman, in her report, discussed breaking the link between injustice and remedy, and investigated what options for remedy had been in prospect from the start from the Government's perspective. She was critical of what she saw as selective use of the Penrose report.

It has been suggested that the Government have relied on an absolute bar on payments of compensation for regulatory failure. That is not the case. At the outset of the ombudsman's investigation, we could not and did not close our minds to the possibility that compensation might be appropriate. However, the Government stand by the principle, that we have articulated: it is not generally appropriate for the taxpayer to fund compensation even where there is regulatory failure.

On the report by Lord Penrose, the Government have never denied that Penrose found fault with the regulatory system. Indeed, we referred to that in our response. The general principle, which I make no apology for repeating, is that the responsibility to minimise risks and prevent problems in a particular institution lies first and foremost, as the right hon. Gentleman noted, with the people who own and run that institution.

The nature of the Government scheme has also come under scrutiny. The ombudsman has referred to the clarity of the process and the timing of the work that we asked Sir John Chadwick to undertake. It would be irresponsible of the Government to design a scheme without full knowledge of the facts. It is premature to speculate or draw conclusions about, for example, who will be eligible and for how much. That will be determined during the design process in the light of the advice received from Sir John Chadwick. However, as a Government, we recognise policyholders' legitimate interest in knowing the precise details of the scheme and when payments will be made. I assure them that we are working as quickly as we can to deliver the scheme. We have committed to giving regular updates on progress.

In that spirit, I will update hon. Members about the work of Sir John Chadwick concerning Equitable Life. Sir John has provided the Treasury with an update on his recent progress that I can now share with the House. The task to which he has been appointed requires detailed consideration of complex matters. It has always been recognised that although he will seek to provide his final advice as quickly as he can, his task cannot properly be completed within just a few months. However, I assure hon. Members that we are committed to making speedy progress. Sir John's terms of reference require him to provide interim reports of his work on a continuing basis. I will now set out Sir John's summary of the progress made.

First, Sir John has obtained, read and analysed the extensive material relevant to the ombudsman's findings relating to maladministration resulting in injustice, which the Government accepted in our response to her report. Secondly, he has established an office to manage the work that will be required, appointed the key members of his team and secured accommodation for them. Thirdly, he has met and corresponded with representatives of Equitable Life and obtained documents from that source, including specimen policy documents.

Fourthly, Sir John has responded to an offer of assistance from the parliamentary ombudsman by requesting certain background material to which her report refers. Fifthly, he has replied to correspondence from numerous policyholders and former policyholders. Sixthly, he has interviewed applicants for appointment as actuarial adviser so that his office will have the expert technical support needed. The proposed appointment involves a number of commercial and technical issues that the Treasury is now addressing with its legal advisers. It is hoped that an actuarial adviser can be appointed shortly. Sir John expects to establish a website through which interested parties can keep informed of his work as it progresses and make representations to his office.

Mr. Stuart: Will the Minister tell us how many staff Sir John has appointed and how many days a week he is working on the issue?

Ian Pearson: I do not have those details to hand— *[Interruption.]* What I want to make clear to hon. Members is that my understanding of the situation is that Sir John has the resources that he needs to conduct the work required under the terms of reference to which he is working.

David Davis: I understand the Minister's embarrassment, but the number of staff available, the amount of time that Sir John is working on the issue and the skills available are critical. Will he undertake to let the House know the answer to those questions by the end of the day?

Ian Pearson: I will undertake to find out the detailed information if it is available from officials. I will go further and undertake to contact Sir John to ask him whether he feels that he has the resources that he requires to do the job. It is my understanding that he does.

With the benefit of actuarial assistance, Sir John will be able to refine what issues he believes need to be addressed by his advice. The process is that he will then invite views from interested parties on whether, always having regard to his terms of reference, there are other issues that he needs to address. In light of the responses received, he will set out formally in a further interim report the questions that he will examine in carrying out his task, and will invite representations on those formal questions.

Several hon. Members *rose—*

Ian Pearson: I encourage hon. Members to listen to the report that I am giving on Sir John's progress. I think that they might find it helpful— *[Interruption.]*

John Bercow (in the Chair): Order. I apologise for interrupting the Minister. I understand that right hon. and hon. Members' feelings are running high on this

[John Bercow]

issue, but I say gently and in all charity to Mr. Selous that we do not conduct debates in this place by chuntering from a sedentary position.

David Davis: Can we chunter standing up?

Ian Pearson: Thank you, Mr. Bercow. I frequently chunter standing up, generally during Finance Bills.

It is certainly expected that in the course of and in parallel with his work, the actuaries assisting Sir John will carry out an extensive analysis of the data obtained from Equitable Life. It is important to do so.

Several hon. Members *rose*

Ian Pearson: In the time remaining, I want to say something about the report by the Select Committee on Public Administration on the Government's response, as the report addresses a number of points made by right hon. and hon. Members. The Select Committee has endorsed the ombudsman's recommendations, but has also recognised that the Government's scheme could deliver help where it is needed most. I welcome that. I will not read out the detail of the Government's response on each conclusion and recommendation, but I intend to make it available on the Treasury website for hon. Members to read in full as soon as the Select Committee has agreed to publish it. However, I will touch on several aspects of the report, as they relate to this debate.

I want to make it clear that the Government utterly reject any assertions of shabbiness or impropriety, in either constitutional or procedural terms, in the manner of our response; the right hon. Member for Haltemprice and Howden referred to such assertions. We are disappointed that the general headlines under which the Select Committee chose to publish its report were couched in those terms. On closer reading of the report, it seems that those words were triggered particularly by the timing of the Government's engagement with the ombudsman on the principle of compensation for regulatory failure.

I have explained that the Government did not enter into the ombudsman's investigation with a closed mind. To have done so would have justified the Committee's criticisms. I add that the Government made representations during the course of the 2007 investigation that included discussion of the liabilities of regulators. Submissions on redress specifically were made when the Government were invited to do so in 2008.

The Committee also accused the Government of acting as judge and jury, another allegation repeated by the right hon. Gentleman. That is simply not borne out by the facts. In responding, the Government studied the ombudsman's report with the greatest of care and sought to ensure that our actions were founded in full appreciation of the circumstances of the case. It is a gross characterisation to say that we did this on the back of a fag packet. Our response to the ombudsman's report was the result of significant deliberation over a period of six months, and it includes a thorough appraisal of the findings in the ombudsman's report.

As we have explained on several occasions, we do not depart lightly from the ombudsman's findings. We have only done so where we believe that there is a cogent justification for doing so. The constitutional balance reached by the legislation permits the ombudsman wide powers of determination as well as the ability to make far-reaching recommendations, but on the other hand, it permits the Government to reject findings in certain circumstances—

John Bercow (in the Chair): Order. I apologise for interrupting the Economic Secretary, but we must move on to the next debate.

Heart of Wales Railway Line

12.30 pm

Mr. Martin Caton (Gower) (Lab): I am delighted to have this opportunity to celebrate the qualities of the Heart of Wales line, which is one of the most beautiful railway lines in the country. There are two views about what should be described as the Heart of Wales line. One view is that it is just the line from Llanelli in south Wales to Craven Arms in Shropshire, England. However, most people who talk of the Heart of Wales line mean the 120 miles of track between Swansea and Shrewsbury. Historically, the line was known as the Central Wales line. A route was then included that goes through Gowerton in my constituency down to Swansea bay at Blackpill in the west of the city. The line was constructed and opened by five railway companies between 1839 and 1868.

It surprised some that this rural branch line survived the Beeching axe. There are two views on why that was. Some say that it was because the line carried extensive freight traffic at the time. It served the steelworks in Bynea and industrial areas in Ammanford in east Carmarthen, and Dinefwr and Pontardulais in Gower. The line provided a link with the docks in Llanelli. The alternative view of the reason for its salvation is that the line ran through six marginal Labour constituencies at the time and that Prime Minister Harold Wilson vetoed any closure proposals. Who knows what the truth is? Perhaps it was a bit of both. Whatever is true, the line was saved.

With your indulgence, Mr. Bercow, I would like to take hon. Members on a whistle-stop journey along the Heart of Wales line before I move on to the recent history and outline my concerns about the current service. The whole length of the line is extremely attractive and some parts are stunning. Starting in Swansea, there is soon a taste of the visual pleasures ahead. We ride alongside the Loughor estuary and look over the Gower peninsular in my constituency—the first designated area of outstanding natural beauty in the country. The first stop is Llanelli, from where the millennium coastal path, the wildfowl and wetlands centre and Pembrey country park can be accessed.

The line carries on through what was industrial south-west Wales, through Bynea, Llangennech, Pontardulais, Pantyffynnon and Ammanford, all of which are strong communities that are rich in history and which are undergoing considerable regeneration. From there, the rural landscape opens up through Llandybie, Ffairfach and Llandeilo, which is an extremely handsome old country town overlooking the Vale of Towy. From here, one can visit Dinefwr park and Newton house, where the work of the landscape artist Capability Brown can be enjoyed.

The line follows the course of the River Towy through Llangadog and Llanwrda to Llandovery, which was described by George Borrow in "Wild Wales" as

"the pleasantest little town in which I have halted".

It is still very pleasant. It is appropriate that Borrow saluted it because it is a good place from which to explore the wild Wales that he celebrated in the 19th century.

The next stage of our journey is my favourite. We go over the Cynghordy viaduct, which spans the River Bran. There are magnificent views to the Cambrian mountains to the north and the Black mountains to the south. We go on past the Sugar Loaf and through the 1,000-yd tunnel that carries its name. We then arrive in Llanwrtyd, which is one of the spa towns that supported the development of the line. It is still famous for the quality of its eating places, one of which receives its supplies of organic food from Shropshire via the Heart of Wales train.

We go on through Llangammarch, Garth and Cilmeri to arrive in Llandrindod, which is a larger, pretty spa town with lovely ornamental parkland. With its many hotels, it has developed as a conference centre, which can at least sometimes be accessed by the Heart of Wales line. One of the most memorable journeys I spent on the line was when I attended a meeting in Llandrindod in the middle of winter. The landscape was carpeted with snow and it was beautiful. It must have been the right sort of snow because we arrived on time.

We travel on through Pen-y-bont, Dolau, Llanbister Road and Llangynllo, climbing all the way to the line's summit, which is nearly 1,000 ft above sea level. We then go across the Knucklas viaduct, with its 13 arches, and arrive at the English border at Knighton. Knighton station is in England, whereas the town is in Wales. We move on to Offa's dyke, the 8th-century earthwork that was built to separate Wales and England and is now a long-distance path. That is yet another wonderful attraction that can be accessed by the Heart of Wales line.

We now pass through a beautiful, lush and green part of Shropshire through Craven Arms, past the Long Mynd hill range to Church Stretton. Another of my favourite memories of the Heart of Wales line goes back nearly 20 years to when my wife and I took our daughter and a friend for a camping weekend. We alighted at Church Stretton and walked to Little Stretton where we set up camp and spent two days exploring that wonderful part of Shropshire. From Church Stretton, the line continues to Shrewsbury, another wonderful old town that is a fabulous place in which to spend time.

This is a special stretch of railway. About 40 years ago, I worked on a farm in Shropshire. I had only an old bike with no gears on which to get around. The Heart of Wales line gave me enormous freedom at that time, as it still does for many people. However, I must report that the line is not delivering anywhere near its potential. The main reasons are that there are not enough trains, capacity is too low and the timings are unsatisfactory. The Monday to Saturday service set out in the franchise agreement is for just four trains each way end to end. There are two trains each Sunday. The service is operated by Arriva Trains Wales.

Lembit Öpik (Montgomeryshire) (LD): I am grateful to the hon. Gentleman for taking us on a journey of outstanding beauty with his words. As he knows, Arriva Trains Wales also operates a service that goes through my constituency to Shrewsbury and Aberystwyth. What is his view of the reliability of the service? I must admit that it has improved now that the trains go through to Birmingham International. Is there any collective action he thinks we can take to ensure that the reliability of the service continues to improve?

Mr. Caton: We must certainly do everything that we can. I usually travel on First Great Western and must admit that some of the journeys I have taken on Arriva

[Mr. Caton]

trains have been better. Much needs to be done to ensure that the service is absolutely reliable. Some of the rolling stock is not up to scratch, which causes problems.

The train times appear to be dictated by the optimal use of the rolling stock, rather than by passenger needs. There are gaps of almost four hours between trains, which are mostly just 72-seat single railcars. The capacity is so low that when a local school recently wanted to send 30 pupils up the line for a study trip, the booking was refused for fear of overcrowding. Some services are little used because of timing. For example, the first northbound train leaves Swansea at 4.36 am and is therefore hardly used for the first half of its journey. The paucity of the service means that even when passengers find that they can get to their destination on time, there is often no suitable train for their return. Sometimes that works the other way around.

The inadequacy of the service results from the inadequacy of the franchise specification. The formula required just a reproduction of the level of service immediately before privatisation. On the Heart of Wales line, the service had just been reduced from five trains to four, so that was put in the franchise.

Mark Williams (Ceredigion) (LD): I congratulate the hon. Gentleman on securing this debate and on promoting his early-day motion on the subject. He gave us a pictorial account of the beauty of this part of Wales. The Aberystwyth to Shrewsbury line is also very beautiful. Does he agree that the Heart of Wales line is particularly important to tourism? Many tourists who arrive in south Wales will attempt to make the journey that he has made on many occasions and will be bewildered at the timetabling and the problems that he has outlined. That is not the way in which Wales should be promoted in the tourism sector.

Mr. Caton: The hon. Gentleman is right. I pay tribute to the Aberystwyth to Shrewsbury line because, as he knows, I used to live in Aberystwyth. I thoroughly enjoyed travelling on that line, unless I was in a great hurry, of course. The potential for green tourism on those lines and on the Cambrian coastal line is tremendous, but that is not being exploited well enough. The most underused line is the Heart of Wales line.

As I was saying, the inadequacy of the franchise specification is at the heart of the problem. The service on the Heart of Wales line had just been reduced from five to four trains, so that is what we had in the franchise. In contrast, that other beautiful Welsh line, the Cambrian Coast railway, which serves similar communities, had eight trains a day before privatisation, so its franchise requires that it still has that number—and good for that railway. The four-train timetable of the Heart of Wales line, with the last train leaving each end at about 6 pm, just cannot meet the needs of that, or, indeed, any other, 120-mile route. To confirm what the hon. Gentleman has just said, the director of the mid-Wales regional tourism partnership recently said:

"The Heart of Wales line offers wonderful opportunities for rail tourism in Central Wales and the Border Counties, but we find it hard to promote because of the poor timetable—a train every 4 hours is just not enough."

We need more services, and all the evidence demonstrates that that will require additional resources from the public purse.

Let me pay tribute to all the communities along the line that support and campaign for it, and who show real ownership of the line. I also pay tribute to the Heart of Wales Forum, an umbrella group of providers and users that has worked assiduously, imaginatively and successfully, despite the major obstacles that I have outlined, to promote use of the railway. Let me also recognise the work of the Heart of Wales Line Travellers Association, which has kindly provided me with much of the information that I have used in the debate. More importantly, it has done invaluable work to map out a way forward and campaign for its delivery.

Mark Williams: I know that the association has raised concerns about freight, which the hon. Gentleman has mentioned. Notwithstanding what he has said about the tourism sector, does he see potential for freight on the line? Many of my constituents in the east of Ceredigion, in Tregaron and Llanddewi Brefi, are subjected to a huge number of Forestry Commission vehicles delivering timber from the Tywi forest. Does he see potential to use the line for freight again, as it has historically been used? That would certainly alleviate many of my constituents' concerns about the problems being experienced on the roads.

Mr. Caton: I agree completely. That would be good for the environment and for supporting the line, and there are particular products—the hon. Gentleman mentions timber—for which that would be totally appropriate. I hope that we can move in that direction.

I draw to the Minister's attention the main objectives of the strategy that the association produced at the end of last year. The first is to secure, as soon as possible, a fifth train in both directions between Shrewsbury and Swansea from Monday to Saturday. The second is to secure additional evening trains, and the third is to have a two-hourly service running on the line seven days a week by the end of 2011. The fourth objective is to improve facilities at stations, partly through the provision of a real-time information system, improved access and interchange, and, at some stops, personal security. The fifth is to improve infrastructure to allow trains to run faster, and the sixth is to improve the quality of rolling stock for comfort, access to on-train facilities, and—I would add—better visibility, so that views can be properly enjoyed. The seventh is to improve integration with other train and bus services, and the eighth is to ensure that resources are provided so that the management, organisation and development of the route is more appropriate and locally focused. I support those ambitious but realistic objectives.

Clearly, the Welsh Assembly Government have a lead role to play in bringing the line to the standard at which it will fulfil its potential for communities, local businesses and the delivery of beneficial green tourism. However, the line also serves part of England, and its enhancement could have enormous benefits for the border area to the east of Offa's dyke. I appeal to my hon. Friend the Minister to look at the problems and at the potential for this wonderful railway line, and to investigate whether the UK Government can work in partnership with the

Welsh Assembly Government to begin delivering the improvements that are so badly needed, which have been clearly identified.

12.44 pm

The Parliamentary Under-Secretary of State for Transport (Paul Clark): I congratulate my hon. Friend the Member for Gower (Mr. Caton) on securing the debate, and I pay tribute to him for his work on promoting the Heart of Wales line and taking forward this campaign. I thank him for running through the journey that one can take on this undoubtedly beautiful railway line. I was listening very carefully to the pronunciation of some of the towns so that I could make sure that I will not completely fail in my delivery and insult our good friends in Wales. Whatever prevented the closure of the line and its stations, Harold Wilson was a fine, upstanding gentleman and, of course, a fine Prime Minister—if he prevented it, we thank him for it and put that on the record.

I am pleased to have this opportunity to highlight the attributes and potential of the line, which is undoubtedly one of Britain's treasures. As my hon. Friend has admirably described, the line winds through the beautiful green, unspoiled landscapes of the 120-mile journey between Swansea and Shrewsbury, and one can stop and see gems such as the interesting towns and villages along the way. The opportunity to stop at wayside halts and stations is a great attraction for tourism, and I have noted the comments of the hon. Member for Ceredigion (Mark Williams) about the power and importance of tourism.

Lembit Öpik: Will the Minister give way?

Paul Clark: Having not said a great deal, I shall certainly give way.

Lembit Öpik: I want to ask a general question before the Minister focuses on tourism. Is it in the Government's strategic plan to consider opening stations to benefit tourist towns such as Carno in my constituency? What is his view about increasing the frequency of services on other lines generally? Is there a strategic objective? We want an hourly service, but what do the Government think about such ideas?

Paul Clark: The hon. Gentleman will be aware that the general thrust of our work on railways is to reduce congestion on our main routes. The investment that there has been in infrastructure, including work on lines and electrification, is indicative of longer-term planning, as are the investment in rolling stock that we have announced through the high-level output specification programme, which has been brought forward as part of the fiscal stimulus, and specific rail infrastructure programmes such as high-speed lines. The focus is on dealing with the phenomenal increase in the patronage of railways, in the past 10 or 11 years, of almost 50 per cent., and on managing demand by making sure, first and foremost, that the capacity is there, and then by looking at new lines.

Let me take some time to discuss the Government's approach to rural lines. We want to get the best value from local and rural railways—that is essential—so we need enterprising thinking about these lines and services. That is why we published the "Community Rail Development Strategy", in 2004, which set out a number of ideas, including ways of reducing costs, increasing revenues and increasing community involvement in those routes. The 2007 White Paper, "Delivering a Sustainable Railway", re-emphasised and confirmed ongoing support for community rail, and stated our continued commitment to the existing network, with no closures of regional or rural routes in England during the current railway planning period, which runs from this month for the next five years. That is the control period that we are discussing.

At the core of our strategy is the bringing together of a partnership between the railway and the wider community to promote and support their lines. I put on the record our recognition of the work undertaken by the Heart of Wales Line partnership and the Heart of Wales Line Forum. They have been involved in a number of initiatives to help drive patronage of the line and have established an interactive website, produced printed publicity materials and promoted rail access to local businesses. I want to put on the record that I know that active travellers' associations can work well in that way. Indeed, groups of station friends operate to make stations attractive, approachable and encouraging. Dolau Station Friends—if I have pronounced it correctly—is renowned for its work and has, in fact, won awards. More community involvement is part and parcel of the strategy to which I referred earlier.

Let me turn to the substance of the matter. On frequency timetables and where we are at, as I am sure that my hon. Friend the Member for Gower is aware, in the 1980s there were some five services a day. At that time, British Rail wanted to reduce costs and so it reduced the frequency to some four services a day, which is the current pattern. Indeed, when the franchise process went forward, the franchise agreement for Arriva Trains Wales was reached exactly on that basis. That agreement was, of course, let by the Strategic Rail Authority.

As my hon. Friend has indicated, responsibility for franchise services on the Heart of Wales line has now been devolved and is entirely a matter for the Welsh Assembly Government. In the discussions that our Department has had with the Deputy First Minister and the Minister for the Economy and Transport in the Welsh Assembly Government, I have been advised that they have included additional Heart of Wales line services in their rail forward programme and that such services have high-ranking potential for early approval, subject to feasibility and business case appraisal. That, of course, is the case across the network for any additional services, whether in Wales or England. I understand that a number of options are under discussion but, as my hon. Friend has rightly recognised, that is a devolved matter for the Assembly.

I have also been advised that the Welsh Assembly Government already fund a second winter Sunday train on the Heart of Wales line. The line has been included in the first two years of the Welsh Assembly Government's concessionary fares rail pilot scheme, which provides free travel to certain cardholders. I recognise the commitment that has clearly been given by the Welsh Assembly Government, and my hon. Friend will recognise the need for a business case to be made for additional services.

[Paul Clark]

I shall turn to the issues surrounding infrastructure. For the infrastructure to allow an increase in the number of trains operating and to ensure that the existing line is robust, we need to ensure that some of the passing loops are operational. Most of the track that we are talking about is single line and therefore passing loops are essential in ensuring that the existing line is robust for existing services and, indeed, considering whether there should be an increase in the number of services on that line.

Currently, the Heart of Wales line has five passing loops, which are fitted with self-acting hydraulic points. Network Rail has informed me that it has had to cannibalise—if I may use that terminology—three operating units in order to keep others in use. However, Network Rail intends to restore—it will do this shortly—the operability of three of the loops, and it has funded a programme to renew the hydraulic switch equipment. I am delighted to report that Network Rail has advised the Department that it has undertaken work on the loop at Llandeilo, which will be reinstated in the next few weeks for operation. Network Rail's commitment to carry out the work to reinstate the passing loops for operational use is welcome and having all five loops ultimately back in use will certainly increase reliability and operational steadfastness. Network Rail's requirement is to be funded to maintain the steady state of the network in terms of capability and capacity, which obviously includes the lines in Wales.

The independent Office of Rail Regulation is aware of the issues associated with the temporary reduction in the number of passing loops on the single track Heart of Wales line. Indeed, the ORR has informed the Department that it had discussions with Network Rail about its recent approach to maintenance on the line and what Network Rail intends to do differently in the future. The ORR is considering Network Rail's approach to the Heart of Wales line in the context of a wider assessment of Network Rail's infrastructure capability programme.

My hon. Friend might be aware that Network Rail is seeking a short-term network change at each of the loops to formalise the current reduced capacity and capability of the infrastructure. Train and freight operators have been notified of that and have the opportunity to appeal to the ORR. I put on the record that both the Department and the Welsh Assembly Government have objected in strong terms to the proposed temporary loss of capacity on the line. I wish to make it clear that we believe there would be difficulties in terms of the vulnerability that would be placed on the existing line if anything were to happen at, for example, one of the other points or if there were a need for a redirection of services because of problems elsewhere in the vicinity. As I have indicated, it would be difficult to provide additional services considering the limited capacity in terms of passing loops. Indeed, I believe that special services are, for example, put on for the Royal Welsh flower show. Again, doing so would be difficult without proper provision.

Let me deal with one or two of the other points raised. I notice that the hon. Member for Montgomeryshire (Lembit Öpik) has had to leave but, on the matter he raised, the Cambrian line service from Aberystwyth to Birmingham New Street has recently been extended to Birmingham International. Improving reliability, dealing with the problems at New Street and the opening up of new journeys through to the airport and conference centres for travellers from mid-Wales has been part and parcel of those developments. Improvements have happened in that way. My response to the hon. Gentleman's intervention reflects my general comments and our overall thrust, which is about improving capacity within existing lines where possible and developing the amount of rolling stock, carriages and units.

On freight, the Welsh Assembly Government have recently published a freight strategy, which includes financial assistance for freight facilities in Wales. Again, that is a devolved matter, but the steps that the Welsh Assembly Government have taken are welcome.

In conclusion, as I said at the beginning, this debate has clearly put on the record the fact that treasure exists in Britain's railway network. That treasure is, of course, of importance for people going about their business, and, indeed, some of the steps being taken by the forum to promote the use of the line for business are part and parcel of recognising that. The line is also important for the vital issue of tourism. We will continue to maintain close relationships with our counterparts in the Welsh Assembly. Indeed, my noble Friend Lord Adonis met the Deputy First Minister just last week to discuss cross-border rail services. We will continue to work together to ensure that the needs of that railway and of constituents in Wales and the borders are met by a reliable service.

Dental Services (Oxfordshire)

1 pm

Dr. Evan Harris (Oxford, West and Abingdon) (LD): It is a pleasure to speak in a debate with you in the Chair, Mr. Bercow. As usual for Westminster Hall debates, I have done my best to inform the Minister of the subject matter that I shall raise. I hope that she has received the information.

I want to draw to the Minister's attention some case studies from my constituency of people who have had difficulty accessing appropriate national health service treatment; that is, treatment that has been recommended following dental diagnosis and which should, as far as I know, be available on the NHS. Not only that, these individuals have felt under pressure to go private, which raises an ethical question about how appropriate it is to restrict access to NHS treatment and then to follow that up with a tempting offer of potentially more successful or significantly more rapid access to private sector treatment.

I recognise that there is NHS and private provision of dentistry and that, sadly, the private provision is more widespread than the NHS provision. I have never understood why one part of the body should have a health service that is more privatised than that for another part of the body. In fact, it is not just teeth; foot care is increasingly privatised, so there is a foot and mouth issue around the increasing privatisation of services, although historically there has been significant private sector involvement in dentistry.

Today is not the day to go into the detail of what I believe even the Government accept has been a failure to provide as much access to NHS dentistry as they would have liked, as citizens and patients deserve, and as successive Prime Ministers have promised. The Government will recognise that they are behind on their targets and that there are still problems.

It is also not the day to go into the detail of the problems of dentistry from the dentists' point of view. They feel that the way in which the dental contract is organised means that they are constrained in what they can offer on the NHS if they are to make a living, run their business effectively and provide the quality of care that they want to provide. Dentists often say that it is because they cannot provide an adequate quality of care on the NHS that they leave the NHS to go private. It is not simply to increase their income but because they feel uncomfortable about the amount of care that they can give. There may be something in that; if so, it is an indictment of the contractual arrangements that the Government have set up if people get the right payment for NHS work but feel that they are not giving appropriate treatment.

I wanted to flag up those matters at the beginning but, as I said, now is not the appropriate time to go into detail about them. I also flag up the fact that there are still enormous inequalities up and down the country in dental health, particularly in respect of fluoridation policy, which is uneven. And, of course, there are other health inequalities.

I have been notified of at least three cases, and I believe that the *Oxford Mail* has more, of people who do not feel that they have been treated appropriately by an NHS dentist who has offered private sector alternatives. I shall give a couple of case examples of which I have given the Minister notice. The names are invented to preserve anonymity; not even the initials match.

Sally Reynolds is a constituent of mine. She had been a patient at her local dental clinic for many years, attending regularly every six months. She became disillusioned with the clinic last year over an episode involving a visit for root canal treatment. During that visit, she was told that the treatment could not be undertaken by the NHS dentist but that another NHS dentist at the same clinic would perform the treatment, but only if Ms Reynolds came as a private patient.

I do not understand that. The extent of the treatment to be given for certain conditions, even painful ones, may differ between the NHS and the private sector, but if a dentist is an NHS dentist, they cannot say that they can exercise their expertise only in the private sector. In primary care medicine, there are clear rules about that. One cannot try to switch one's patients between the private sector and the NHS within a consultation. The clinic did not offer any help or advice as to whether or where the treatment might be available on the NHS. As Ms Reynolds was in considerable pain due to her dental condition, she had no option but to accept the offer to go private at that clinic.

There is a specific issue when people are in pain. A range of desired dental interventions are not covered by the NHS because they are deemed to be low priority and/or cosmetic, but, clearly, tooth pain is always covered by the NHS. If the pain is due to root canal problems, I would have thought that it should be capable of being definitively treated on the NHS, usually on a course of treatment that one should not have to wait too long for, even if the initial treatment is merely to deal with the pain. I would like the Minister to confirm that.

Asking someone who is in pain whether they wish to go private and have the treatment, or not be helped at all, is not acceptable, even if the patient is able to go to an emergency NHS access clinic the next day or the next week to sort out the pain in the first instance. It is not acceptable for the prospect of private treatment to be dangled before patients on the day when they are attending a practice as an NHS patient.

I serve on the British Medical Association medical ethics committee, which has given clear guidance about what consultants in an out-patient clinic, for example, should not say, even if it is true. They may say, "I cannot treat you for this because we are not funded to do so", but they cannot then say at the same session, "But I can see you privately in my rooms next week." They have to refer the patient back to the general practitioner or ask them to speak to someone else. They can answer only if the question is volunteered by the patient. At the very least, the same should apply in dentistry, especially if someone is particularly vulnerable because they are in pain.

To continue the case study, following the root canal operation, Ms Reynolds was left in excruciating pain once the anaesthetic wore off, and painkillers did not work. That prompted her the next morning to call the clinic, which directed her to the NHS helpline. The helpline arranged an emergency appointment and further treatment at an emergency dental service at a different clinic. She had to take two days off work, and visited the original clinic the following week to have the tooth filled.

[Dr. Evan Harris]

Given the circumstances, Ms Reynolds understandably refused to pay the £300 which had been verbally quoted. She did, however, pay what the cost would have been had the treatment been carried out according to the NHS code of practice. The dentist declined her payment.

Ms Reynolds then wrote to the primary care trust to ask why the treatment was not available on the NHS. Apparently it began an investigation and visited the clinic, but could offer no explanation other than that the procedure was difficult, and few NHS dentists undertake molar endodontics. I consider that to be a poor explanation, as there apparently was an NHS dentist at the clinic who could and did undertake the procedure, but only under private terms.

I am engaged in correspondence with the PCT. I am not asking that the Government cut across it—I am capable of having that correspondence—but I would be interested to know whether they recognise this as not simply a local issue in one area. If necessary, I will publicise the case through national consumer programmes to determine whether there is a more common problem.

Clearly, there is a concern that the dentist in question said, "I can't, but my colleague can, under private terms" to build up the clinic's private practice at the expense of NHS patients or to boost its financial income. If root canal work is considered so difficult, why is it considered only a band 2 charge under the NHS dental charges regime? My understanding and, indeed, that of my constituent, is that to be an NHS dentist, one must have competence across a range of treatments.

This year, Ms Reynolds attended the clinic for her next six-monthly appointment and was confronted by the same dentist who undertook her root canal work. The dentist informed her that unless she paid in full for the previous treatment, the clinic would no longer treat her as an NHS patient. She left without receiving treatment, and has told me that she considers such conduct to be equivalent to blackmail.

I question whether such actions are appropriate. Cost recovery procedures may have to be undertaken, but they should not be a matter between an NHS dentist and a patient, or even a private dentist and a patient. The patient should come first. Bills can be chased through other means rather than by refusing treatment. I should like to hear the Minister's view on whether refusing to see someone as an NHS patient because there is a dispute is acceptable. At the very least, in the instance that I am talking about, there was a dispute and a complaint.

Sally Reynolds has since been able to source another NHS dentist, but understands that others may not be so lucky. I share her concern. I wonder whether there is a trend among some dentists to try to deter people from registering as NHS patients so that they can concentrate on private patients, either for their own reasons or because the NHS dental contract does not permit them, in many cases, as I said earlier—and as many dentists and their association claim—to make a living with a high volume of under-remunerated, under-reimbursed dental work.

The second case involves someone who I am calling Anne Cowley, who was refused root canal treatment by an NHS dentist on the alleged grounds that she was a new patient, because she had registered as a new patient. When she enquired how long she would have had to be a patient before she was entitled to treatment, the reason was changed and she was then told that the tooth was too far back in her mouth. She was faced with the prospect of going private for the treatment, which she could not afford. The dentist at the clinic offered to do the treatment himself privately for nearly £500, but this did not solve her problem, because she had registered as an NHS patient to avoid having to go to a private dentist to have her painful condition dealt with.

Anne Cowley has a further complaint, which is that she was treated rudely by the dentist and the practice—I am asking the PCT to investigate this—despite having been in considerable pain due to her condition for three weeks. Apparently, the dentist first said to her when finding out that she was a new patient, "Tell me about your teeth. Please tell me there's nothing wrong with them." That may show that there is a general problem in dentistry, with dentists dreading new NHS patients with major problems, because they lose income owing to the remuneration available from the dental contract. That is what has been said to me, although I do not exclude the possibility of this being a local problem with a particular dentist or practice. The PCT has told me that it is looking at what action can be taken in respect of this case and I will be engaging with it.

I have set out for the Minister two examples—there are others—and mentioned the ethical concerns, aside from rudeness and putting people in a difficult position with respect to money when they are in pain, about NHS dentists seeking to advertise their private practice to a patient in the chair who has come to see them as an NHS patient. Perhaps there is a role for guidance, at the very least, to be given to dentists by the Government through PCTs, which says, "If you're faced with this problem, you cannot have that conversation with the patient in the chair," and, maybe, "You are constrained from recommending your own practice as the provider of that private treatment." There has to be some constraint.

Not having heard both sides, I do not have enough information to condemn the dentists complained about in these cases. It would not be appropriate for me to identify them or the patient, even if the patient were willing, without having heard their side. There is due process to go through in respect of complaints through the PCT. But my receiving three such complaints in the short space of a few weeks suggests that there is an underlying problem here, and I would be extremely surprised if it were confined to my constituency or to Oxfordshire. I should be grateful if the Minister responded to these cases in respect of the information that we have, which I accept is only from one side, and for any general points that she can make about both the ethical position and the position relating to the contract. I look forward to her response.

1.14 pm

The Parliamentary Under-Secretary of State for Health (Ann Keen): It is a pleasure to serve under your chairmanship today, Mr. Bercow. I congratulate the hon. Member for Oxford, West and Abingdon (Dr. Harris) on securing this debate on a matter that I know is of great concern to him and his constituents. I am sure that this debate will cover the concerns of other Members of

Parliament, and I appreciate his comments. I also want to take this opportunity to pay tribute to all NHS staff in Oxfordshire for their hard work and for the dedication that they show in providing high-quality health care for local patients every day.

There has been good progress in improving access to routine NHS dental care, with NHS dentists delivering more courses of treatment in England in 2008-09—an increase of more than 400,000—compared with the same period last year. Of course, we want to go further to ensure that every person who wants access to an NHS dentist can have it. We have invested a record £2 billion in dentistry and the 10 strategic health authorities in England, with the 152 primary care trusts, have set themselves the aim of delivering access for all who seek it by March 2011.

The hon. Gentleman has raised the matter of dental access in Oxfordshire.

Dr. Harris: Before the Minister moves on to the general picture, I accept the figure that she has given, which indicates that the number of treatments has increased, but the British Dental Association tells me that the latest statistics from the NHS information centre on people's access to the NHS, rather than to procedures, shows that 27 million patients—nearly 53 per cent. of the population in England—were seen by an NHS dentist in the 24 months ending 31 September 2008, which is a decrease of 1.1 million patients compared with the period ending 31 March 2006, when the new contract was introduced. So it seems that, procedures aside, individuals are finding it ever more difficult to get NHS treatment, and the number of patients—the proportion—getting access to NHS treatment has fallen over the past two years since the new contract was introduced.

Ann Keen: I understand that the figures are given retrospectively and that they have improved in the past year. I am happy to write to the hon. Gentleman about the figures.

In Oxfordshire, there are areas where people are unable to see an NHS dentist as quickly as they would like. The hon. Gentleman may be aware that in the Oxfordshire primary care trust area the latest figures show fewer patients were seen in the past two years than the national average—46 per cent. against 53 per cent. I have been advised by Oxfordshire PCT that that reflects recent retirements and a reduction by some practices of delivery of NHS dentistry in the transition to the new contract, which was in place in 2006. But the PCT has not been idle. It agreed a dental commissioning strategy in July 2008, which will support improvements in access to NHS dentistry in Oxfordshire and lead to improved oral health for the local population. That is backed by increased funding. The PCT has received a 13 per cent. increase in its dental allocation, which is an additional £2.6 million.

The hon. Gentleman has raised the matter of access to root canal treatment. I am concerned to hear that some of his constituents may have been misled about the availability of root canal treatment on the NHS. It is important that individual patients receive all the treatments that they need and that NHS dentistry can meet all clinical needs. Patients should be able to trust their dentist to provide a comprehensive, high-quality service that reflects their needs and preferences. That is reflected in the principles and values set out in the NHS constitution, which was launched in January this year.

NHS dentists have both a contractual and an ethical obligation to deliver all treatment that is clinically required, including root canal treatment. Indeed, they are paid to deliver such care. Although the vast majority of dentists provide excellent care for their patients, it is unacceptable for patients to be told that root canal treatment is not available on the NHS. Where that happens, it is important that the PCT takes decisive action.

This morning, in view of this debate, I discussed one of the cases that the hon. Gentleman has mentioned with the PCT. The PCT informed me that the case was raised last week; that a remedial notice was sent yesterday to the practice, which was given 28 days to provide reassurance that it will not happen again; and that if the concerns continue, the PCT can terminate the contract. It has said that it will keep me informed. I feel confident that the hon. Gentleman will be interested in any communication that I receive, which I am happy to share with him. As he has said, it is difficult to comment on individual examples, but Oxfordshire PCT assures me that it has investigated the complaints and taken action.

Pain is pain, wherever it happens in the body. Acute pain requiring root canal work is extremely distressing, and the ethics of how the patient is treated will always be of great concern to us all. Health professionals must, wherever they serve, behave as ethically as possible. I am disturbed to hear what the hon. Gentleman has said. If those concerns continue, the PCT will take action.

Sometimes, a dentist is unable to provide a treatment because of its complexity. In such circumstances, they should refer the patient to a suitable NHS service that can provide the treatment. Those services are available, and many clinicians are renowned for root canal work. The PCT has worked with local dentists to improve guidelines and advice when patients need to be referred for more specialist NHS dental care.

In the past year, the PCT has successfully improved access to NHS dental services in Oxfordshire by supporting practices to expand their surgery capacity, bringing in new dentists, making capital grants to support expansion and extending contracts. New providers have been established in Banbury, Wallingford and Oxford in the past 18 months, and 8,000 more people have been seen in the past year. The PCT is also targeting children in areas of deprivation with high levels of dental decay by providing topical fluoride varnishes in Sure Start centres. The hon. Gentleman referred to the inequalities in health and dental care, and it is important that the mum has good antenatal care, because teeth are formed before we are born. Fluoride is the most effective and cost-effective remedy for tooth decay, and Sure Start centres, not only in Oxford, but around the country, are starting to address the serious inequalities in health. Those projects will expand next year.

That is just the beginning. Proposals for 2009-10 include an additional £4 million to continue improving access to dentistry until 55 per cent. of the population are covered. That funding will increase by another £2 million the following year, as services become fully established, with the aim of reaching 64 per cent. of the population. New services opening this year include the Leys health centre in Oxford, which is due to open

[Ann Keen]

in July 2009, and will provide access for an additional 7,000 patients. That is an increase in provision for a population in an area of high deprivation, where people are currently high users of emergency dental services. There will also be new services in Bridge street, Banbury, which is another area with high oral health needs, and in Witney and Wantage.

It is expected that those measures will enable a further 20,000 patients to be seen by an NHS dentist in Oxfordshire during 2009 and 2010. It is, of course, important that patients know where the new services are, and the PCT's dental helpline helps 40 to 50 Oxfordshire residents every week to find dentists who accept new NHS patients. The PCT is working with patient groups on ways to raise public awareness of that useful source of advice about local dental services.

Oxfordshire PCT is being helped in its work to implement its dental strategy through the expanded national dental access programme that the Government have set up. The programme is being led by Dr. Mike Warburton, an experienced clinician and manager, and supports the NHS in rapidly expanding dental services where needed. The programme will work closely with Professor Jimmy Steele's independent review of NHS dentistry. That will also help us to understand how we can ensure that NHS dentists deliver consistently high-quality care while providing the right level of preventive work, as well as considering how we can further reduce inequalities in oral health.

The core of our dentistry reforms—the NHS holds the dental budget locally and commissions dentists directly to deliver NHS care—is here to stay. There is no shortage of dentists wanting to deliver such care. In Oxfordshire PCT, the number of dentists increased from 262 in March 2007 to 289 in March 2008. If an individual chooses to leave, the local PCT can simply commission alternative care from another practice. Our NHS is confident that it can achieve its aim of delivering access to a dentist for all who seek it by March 2011. We strongly welcome the level of commitment to tackle dental access that that time frame demonstrates.

Dr. Harris: I am grateful for the Minister's comments. I have listened carefully, and I look forward to hearing from her and the PCT about the specific problem that I have raised.

The Minister has said that it is never appropriate for a dentist, even if they feel that it is not within their competence to carry out, for example, root canal treatment, to recommend private treatment to an NHS patient, but that such patients should be referred to another NHS dentist who can do the work. Will she confirm that my understanding is correct?

Ann Keen: I have no problem in saying that if an NHS dentist believes that root canal treatment is too complex for them to undertake in their own practice, NHS consultants and clinicians are available to undertake such work. It is important that the hon. Gentleman accepts that, and that patients in his constituency understand that the NHS exists to provide that.

Dr. Harris: As a few minutes remain, does the Minister agree that it is inappropriate for any dentist, as for doctors in the health service, to discriminate because of their religious views against patients by, for example, refusing to treat a female patient unless they wear a hijab? It was recently reported in the press that that had happened, and it cannot be right for a dentist to set dress codes for patients.

Ann Keen: The hon. Gentleman's style is sometimes to ask unexpected questions, and as I have known him for some years in the House I was expecting the unexpected. I have no wish to comment on that, because I know not the source.

I urge the hon. Gentleman and his fellow MPs to work constructively with Oxfordshire PCT and the South Central SHA to ensure that Oxfordshire residents are provided with the very best NHS services now and in the future. I know from the commitment that I was given this morning that Oxfordshire PCT is committed to improving oral health in its population, and the development of dental services in Oxfordshire is an integral part of the PCT's priorities for local health services. I hope that today's debate has sent out a strong message to dentists to adapt their conversations. The overwhelming majority of dentists in the NHS do amazing and brilliant work, which is difficult, as we all recognise. Not everyone looks forward to visiting the dentist and for dentists to know that before their patients arrive must create even more anxiety for them, but they do an excellent job and I congratulate them all, particularly those in Oxford.

White Disadvantaged Pupils (Birmingham)

1.28 pm

Richard Burden (Birmingham, Northfield) (Lab): When people talk about Birmingham, they often refer to its diversity. Diversity means many things, but I am in no doubt that Birmingham's ethnic, cultural and religious diversity are great strengths in so many ways. If we are to address both the opportunities and challenges that diversity brings, we must understand the diversity of diversity.

The ethnic mix of my part of Birmingham—an outer-city suburb south-west of the city—is not, in comparison with other parts of the west midlands, very multicultural. Yes, there are more people from new communities now than there were 20 years ago, but the make-up of my constituency is still more than 90 per cent. white. The dominance of white communities in Birmingham, Northfield obviously says something about the colour of people's faces in the area, and it may even say something about the likely religious make-up of the area, but it does not say very much about the diversity of the area in terms of class, life chances, income and opportunity.

Nowhere is that more evident than in relation to education. That is why I am grateful for the opportunity to introduce this debate, arising from a report on the underachievement of white disadvantaged pupils in Birmingham. Although the report, branded "Brighter Futures", was commissioned in 2005 by Birmingham city council with funding from the Learning and Skills Council, it was not published until the end of last year. However, its message remains relevant today, in Birmingham and at national level, and particularly in white working-class communities such as the one that I represent, which are often at the edge of our great cities up and down the country.

White pupils are the largest underachieving group in Birmingham and across the UK. That may seem a strange thing to say when, according to the Department for Communities and Local Government report, "Improving Opportunity, Strengthening Society", published in February 2009, 49 per cent. of white British pupils who were not on free school meals achieved at least five A* to C GCSEs in 2007. That was exactly the same as the national average for all pupils, but it was the figure for those who did not receive free school meals. When we look at white British pupils on free school meals, we see that the proportion achieving five A* to C GCSEs falls to just 17 per cent. To put it another way, in 2007, 83 per cent. of white British pupils on free school meals did not achieve five A* to C GCSEs.

That is a horrifying statistic, but it is all too often masked when figures for white British pupils are presented as a whole and therefore averaged out. If we stop talking about proportions and start talking about real numbers, the picture is even more disturbing. Why? Because quite simply there are a lot of white pupils. According to Karamat Iqbal, the author of the report that I am introducing today, in Birmingham 2,496 pupils out of a total of 4,795 who did not achieve five A* to C GCSEs in 2007 were white. The numbers are even worse when English and Maths are included, and they are disproportionately bad among boys.

I say this not to deny that there are huge needs among other ethnic groups or that those groups require effectively targeted action, because they do. I say it simply to show that we must do more to address the huge impact of poverty, disadvantage and inequality within white communities or predominantly white communities. Part of that impact is obviously material. Poor housing, low incomes and family worklessness are bound to affect the practical ability of pupils to take advantage of educational opportunities to build their own futures, but it is about more than that. Disadvantage also undermines the resilience of communities and depresses aspiration in a destructive cycle.

Again, according to the report's author, disadvantaged white pupils are the least likely to enjoy going to school, the least likely to think that it is important to get a college qualification and the least likely to think that it is important to go to university. How important is all that? In my view, it is very important. According to the report of the independent Social Mobility Commission in January 2009,

> "There is good evidence that success in education leads to improved life-chances. Therefore, improving educational outcomes for disadvantaged children has to be central to any policy strategy to increase their upward social mobility."

I know that it is hardly earth-shattering to note the impact of poverty on aspiration, educational achievement and life chances. The point is what we do about it. All too often, the sheer size of white communities and the tendency of institutions to consider proportional disadvantage between ethnic groups can end up averaging out deprivation statistics relating to white ethnicity. As a result, the scale of specific problems of deprivation in those communities is masked.

What needs to be done? The first thing is to acknowledge the work put in day in, day out, by teachers and other staff, by parents and by so many people to address those issues on the ground. Just the other week, I saw what is being done to inspire pupils' passion for engineering and technology at the city learning centre in my constituency. It is based at Frankley high school, but it is a collaborative project involving a number of different schools, with welcome support from the Government. We should also acknowledge, in relation to both Birmingham city council and national Government, that a number of different initiatives have been and are being implemented that offer the prospect of addressing some of the problems of underachievement in deprived white areas more imaginatively than has been the case in the past.

However, more needs to be done to address the issues both nationally and locally. We have to be confident enough to debate this issue openly. A specific recommendation in Karamat Iqbal's report is that the white ethnic category should always be subdivided according to eligibility for free school meals when statistics are compiled to inform education policy. The report makes several other recommendations, and I encourage my hon. Friend the Minister and other colleagues, both in this place and outside, to examine them. It stresses the need for a national strategy backed up by action at local authority level, including in Birmingham, with the involvement of parents and the wider local community and collaboration between schools.

Beyond the recommendations in Karamat Iqbal's report, I emphasise the importance of addressing the realities of deprivation in white working-class communities

[Richard Burden]

when initiatives to tackle worklessness during the current recession are brought in, whether through the mainstream budgets of councils and Government agencies such as primary care trusts, regional development agencies, the Learning and Skills Council and Jobcentre Plus, or through the use of targeted funds such as the working neighbourhoods fund.

It is good that super output areas are increasingly being used instead of local government wards to identify pockets of deprivation, but there is still a problem. In the Birmingham city region area, as much as anywhere, super output areas—those local areas that are used to target deprivation—are all too often grouped together into priority wards when resources are allocated. In Birmingham, where we are talking about wards of between 15,000 and 20,000 people, the averaging effect of that causes massive unfairness to the deprived white communities who live near, but not in, more affluent areas.

Today is an anniversary: it is exactly 17 years since I made my maiden speech as the new MP for Birmingham, Northfield. The focus of that speech was deprivation in Britain's outer cities. Column 185 of *Hansard* for 19 May 1992 records that I said the following:

"Unless and until we tackle the problem of poverty in our outer ring estates, we shall have increasing problems with racism. We must reject any attempt to stir up resentment against people who live in the outer ring or inner ring. We shall not achieve anything until we address the problem of poverty in the outer ring and empower the people who live there to contribute to their own destinies."—[*Official Report*, 19 May 1992; Vol. 208, c. 185.]

Yes, the Labour Government have made many improvements since 1997, but many of the problems that I highlighted in my maiden speech sadly still exist, and the racism that those problems breed is still being peddled by groups such as the British National party, which preys on the real problems that people face at this time of recession and their real fears for themselves and their families. In this week of all weeks, and today of all days, we should remember that it also preys on people's alienation from the political process. The truth is that the simplistic solutions laced with hate that the BNP and their friends peddle are blind alleys that offer nothing to our communities, but it is up to us to show in practice that there is a different way. Doing far more to respond to the reality of underachievement among white pupils in disadvantaged areas must be an essential part of that.

1.40 pm

The Parliamentary Under-Secretary of State for Children, Schools and Families (Sarah McCarthy-Fry): I congratulate my hon. Friend the Member for Birmingham, Northfield (Richard Burden) on securing the debate, and I certainly agree that it is well worth having such a debate. My hon. Friend works hard to ensure that people in his constituency and around Birmingham get the opportunities that they deserve. Indeed, he has been working hard to achieve that ever since he entered the House, as evidenced by his quote from his maiden speech.

Before I move on to the specific issue of white disadvantaged pupils, which my hon. Friend raised, let me cover some more general points. Of course, no barrier should prevent a child from learning—whether that barrier is a disability, a special educational need, how much their parents earn or their occupation. There should be no barriers of gender, class or ethnicity. Black or white, boy or girl, advantaged or disadvantaged, every child should be able to make good progress at school, and that is what personalisation is about. That is an ambition that everyone can share.

We have made significant progress over the past decade. On poverty, about 15 per cent. of children come from homes that are poor enough to be eligible for free school meals. In primary schools, 20,000 more free school meal pupils now achieve level 4 in maths at the end of key stage 2 than was the case 10 years ago. In secondary schools, the chances of an FSM pupil getting a good maths GCSE have increased from 25 per cent. to 35 per cent. over the past four years.

However, there is more to do to tackle the gap between disadvantage and achievement. We know that that gap starts early—even before the age of 22 months—and it is vital that we address it as soon as a child starts their learning experience. By key stage 4, the odds of a non-FSM pupil achieving five good GCSEs are three times greater than for an FSM pupil, so we need to sustain support through primary school and on into secondary school.

I assure my hon. Friend that the Government are taking steps to tackle the problem vigorously. During the early years, we are ensuring that families get the specific support that they need from our 3,000 children's centres. For children at school, we are modernising the curriculum by strengthening our focus on personalised learning, improving parental engagement and encouraging schools to work together to improve standards. Across our wider children's services, we are ensuring that health, mental health and social services are even more accessible and better co-ordinated through strengthened children's trusts.

Let me move on to my hon. Friend's concerns about children in Birmingham from disadvantaged backgrounds. Let me first give some evidence of the progress that has been made in dealing with all children from disadvantaged backgrounds, before coming in a moment to the specific case of white children.

At key stage 2, data for 2008 showed that Birmingham's FSM gap for English had decreased by two percentage points, from 19 to 17 per cent., from 2005, while the gap for maths had reduced by three percentage points, from 18 to 15 per cent., over the same period. At key stage 4, data for Birmingham show that the gap between non-FSM and FSM pupils who get five A* to C GCSEs has narrowed from 25.3 per cent. to 23.5 per cent., although that is still way too large.

My hon. Friend is particularly interested in the case of white children. I note his concern that we risk masking the combination effect of disadvantage and ethnicity at local level by publishing data that show only one or other of those two effects, but not both in combination. He is correct that we do not publish data on the attainment of white children who are eligible for free school meals for every local authority, but that is simply a matter of manageability. Doing that for every underperforming group and every local authority would require us to publish an additional 150,000 items of data each year. However, we can supply such data on request for a given local authority, and I would be happy to give my hon. Friend the data that he requires.

We also publish national attainment data by a combination of characteristics. Specifically, we publish data by gender, ethnicity and FSM—three characteristics in combination —in table A1 of the annual statistical first release.

My hon. Friend referred to a report produced in conjunction with Birmingham city council and published last November, which dealt specifically with the underachievement of white British pupils, and I welcome the contribution that the report makes. I agree that we need to acknowledge the problem of underachievement among white children from disadvantaged backgrounds and to make the issue more visible at national and local level. That is why, from January this year, we are requiring local authorities for the first time to set targets for the progress and attainment of children who are eligible for free school meals, as well as for those from underperforming ethnic groups, so that they get the help that they need.

Where those targets are insufficiently challenging, national strategies advisers have held detailed conversations with local authorities over the past few months, examining the scale of the issue, discussing local strategies to raise attainment for disadvantaged pupils and working with authorities to set more stretching targets for those pupils' progress and attainment.

I agree that a national strategy is needed to narrow the attainment gaps between disadvantaged young people, whatever their ethnic group, and their more advantaged peers. That is why we published "Breaking the link between disadvantage and low attainment—Everyone's Business" this March, as well as the accompanying evidence report, "Deprivation and Education". I commend those reports to my hon. Friend. Together, they spell out the progress that this country has made in reducing attainment gaps over the past decade. More importantly, they signalled our future policy direction.

Among the highlights of the strategy are: an extension of free early learning and child care to around 23,000 of the most disadvantaged two-year-olds a year; tailoring learning experiences in school to children's needs—for example, through the use of one-to-one tuition; a new school report card, which will focus schools on the progress of all pupils and on narrowing the gaps not just in academic attainment, but across all five Every Child Matters outcomes; an expansion of extended services to disadvantaged families; and a full review of the relevant school funding—the £3 billion that we allocate under the direct school grant for disadvantage—to ensure that it is properly targeted to meet the needs of disadvantaged pupils.

I agree that we need a focus on community cohesion, the importance of which is reflected in the new duty on maintained schools, which came into effect in September 2007. That duty recognises, and builds on, the good work that many schools are already doing to promote community cohesion. Since September 2008, Ofsted has inspected schools against that duty. The issue needs to be everybody's business.

I agree that we need to know what works. Sharing examples of best practice pushes forward positive change. Our Extra Mile project, which focuses on engaging children from deprived communities in their education, is based on approaches that we have seen make a real difference for disadvantaged pupils. The project currently runs across 23 schools, but it will be rolled out to another 60 secondary and 40 primary schools later in the year. Case study material will be published at the end of the summer term and made available to all schools and local authorities.

Further examples of good practice in supporting disadvantaged communities are included in the "Breaking the link" document, in the recent Ofsted report "White boys from low-income backgrounds: good practice in schools" and in the National College for School Leadership publication "Successful leadership for promoting the achievement of white working class pupils".

I agree that we need to engage parents and the wider community in the work of schools. Parents are the single most important influence on a child's attainment, and we are taking forward a range of measures to strengthen parents' engagement in their children's learning. Our parental engagement strategy will ensure that parents get more regular information about progress and that their voices are heard; legislate to ensure that there are strong children's trusts in every area, with schools, children's services and the voluntary sector working closely together to improve outcomes for children and young people; intensify the focus on personalised learning and on tracking the progress of every child through one-to-one tuition and catch-up programmes such as Every Child Counts; and legislate to ensure that there is a children's centre in every community, so that all children can get off to a good start in life.

We recognise the significant impact that the community has on a young person's aspirations and attainment. Our Inspiring Communities programme will support people in deprived communities as we look to raise the achievement of young people, broaden their horizons and build self-esteem. The programme is designed to put local people— parents, neighbours, businesses, teachers, voluntary groups and councils—in the driving seat to harness their collective knowledge, energy, resources and enthusiasm. Expert help and funding of up to £450,000 will be made available to up to 15 neighbourhoods over the next two years for the design and delivery of projects and activities. The deadline for applications is 3 June 2009.

My hon. Friend made the point that we need to provide opportunities for disadvantaged white pupils to celebrate their culture and identity. Experience in our Extra Mile project reveals successful strategies for developing an atmosphere in which that can happen. Our Extra Mile schools go out of their way to bring in local heroes, characters and successes as role models, so that people can see that success is possible for people from their walk of life. They teach pupils what they need to know about ways of talking, writing and behaving in the wider world, so that they have the repertoire to succeed in formal and unfamiliar situations. They educate for equality. They define non-negotiable standards of behaviour and a culture of mutual respect, which plays well with local parents, who value the twin traditions of discipline and personal caring. They apply that culture to teachers as well as pupils.

Extra Mile schools provide cultural opportunities beyond the budget of local families, so that pupils get a taste of sports, arts and activities from which they would otherwise be excluded. The schools are socially attuned. New teachers tour the catchment area before they start to teach, take time to talk about local concerns with pupils each day and learn how to meet, greet and converse in ways that are not patronising. They empathise with the local community and local values. In the

[Sarah McCarthy-Fry]

knowledge that poverty can induce feelings of emptiness and hopelessness, the schools work harder than others to provide rewards and incentives to pupils. Their notice boards are invariably plastered with honours, rewards, mentions, certificates and prizes. All those are successful strategies that can be used in any school serving a disadvantaged community, whether it is predominantly white or more ethnically mixed.

In Birmingham, our national challenge programme provides extra support to the schools serving its disadvantaged communities. We have agreed a plan with Birmingham city council to provide it with a significant amount of national challenge funding—£2.8 million—in the academic year 2008-09. That will help 30 Birmingham schools to meet their wide-ranging set of specific school improvement solutions, as defined by their national challenge adviser. Those include one-to-one support for disadvantaged pupils, particularly in schools that serve disadvantaged communities; a focus on the wider Every Child Matters outcomes; and support for the schools' senior and middle leadership teams, which is intended to raise the effectiveness of the school and, crucially, its aspirations for its children.

Richard Burden: On the point about the national challenge, does my hon. Friend agree that it is important that local authorities should modify their departmental funding streams to ensure that different areas of policy merge together in the right way? The point I am getting at is that if a major regeneration scheme is going on where there is a national challenge school it should not be impossible to get the departments that deal with the regeneration to talk effectively with the departments that deal with children and families, and to get them working together to the benefit of the people in the area.

Sarah McCarthy-Fry: I absolutely agree with my hon. Friend. We hope that local authorities would do that anyway, but, as a way for us to help them to push that agenda forward, under the Apprenticeships, Skills, Children and Learning Bill, which is currently going through the other place, schools become for the first time statutory partners on the children's trust board. The board is responsible for putting together the children and young people's plan. The guidance that we shall consult on at the end of the year will be about defining how the relevant organisations—schools, PCTs, Jobcentre Plus, the police and the local authority—work together to deliver exactly the services in question. There will not be one individual department working in isolation, but a community of those partners working for the benefit of children.

Our forthcoming 21st-century schools White Paper will deal with making sure, through our new school report cards, that all schools are measured not just on how well they support the progress of the average child, but on how well they stretch the most gifted and talented, help those who need extra support, and collaborate with other schools in their area to drive up standards. We shall want to include parents' views on the school report card as well, so that we have the important dimension of listening to parents.

I understand my hon. Friend's concerns, many of which are replicated in my constituency. We are doing our utmost to ensure that everyone has the best possible chance of an excellent education. I have spoken about the challenges we face, and how we rise to the challenge. As I have said, breaking the link that my hon. Friend spoke about is everyone's business: it is the business of all head teachers and school teachers, in all areas, and of children's services and all sections of local government, as well as national Government. We shall all have to work together, as I have said, if we are to achieve that ambition.

Question put and agreed to.

1.55 pm

Sitting adjourned.

Westminster Hall

Wednesday 20 May 2009

[FRANK COOK *in the Chair*]

Elderly Patients (Bed Allocation)

Motion made, and Question proposed, That the sitting be now adjourned.—*(Mr. Blizzard.)*

9.30 am

Miss Anne McIntosh (Vale of York) (Con): I am delighted to have secured this debate on the provision of primary care trust beds and the criteria relating to that. I am also delighted to appear under your chairmanship, Mr. Cook; you take a keen interest in these matters, so it is particularly appropriate that you are here today. I also welcome my Front-Bench colleague, my hon. Friend the Member for Eddisbury (Mr. O'Brien), the Minister and other hon. Members.

I have had a number of constituency cases concerning elderly and end-of-life care, but a recent personal interest has cast a different light on the subject. Some 1.3 million people are employed by the NHS, and I recognise the excellent care provided by staff, not just in Vale of York, but across the country. They deserve praise and recognition at every turn. Their level of care, commitment and dedication is outstanding; they are the true angels of the health service. Having said that, however, not all is well. Considerable changes have been brought in since 1997: the number of hospital beds has fallen; the role of community hospitals has been revised; and there is confusion about who is responsible for each bed, for agreeing the criteria for their allocation and for deciding who occupies them and for how long.

I shall explain my reasons for seeking this debate. I was fortunate enough to have a question on the provision of elderly care beds answered by the Minister of State, Department of Health, the hon. Member for Corby (Phil Hope). However, I had great difficulty understanding the purport of the response. It began:

"Primary care trusts work with local authority partners to commission high-quality care services from appropriate providers to meet local patient needs".

However, it did not say who those providers are, so it would be helpful to hear today who is involved at each turn in securing that decision.

I then put it to that Minister that, in my view, PCTs have too much power and responsibility and that many of their members are not clinically qualified and yet are taking key decisions about a patient with a terminal illness, which can cause great distress to them, their family and their loved ones. He replied that the Government have

"an appropriate process for commissioning high-quality services locally. It is the responsibility of primary care trusts to undertake that function and, in the case of the care of elderly people, to do so, through beds in hospitals, beds in residential care and so on, in partnership with their local authorities."—[*Official Report*, 12 May 2009; Vol. 492, c. 675.]

I want to focus on that area.

I shall address not the least of the changes to which I referred earlier. Since 1997-98, there has been a dramatic drop in the number of hospital beds, from 138,000, in 1997-98, to 121,780, in 2007-08. If people are spending less time in hospital after an operation, it can be a good thing, but within those statistics is a sub-figure for geriatric beds, the number of which has fallen from 30,200 to 20,700. That rings alarm bells. I hope that the Minister here today will explain where those beds have gone.

The Government want more people to end their lives in their own homes, and North Yorkshire is no exception. I support that, but many local authorities are reducing the number of places in council-provided care homes, which removes an element of choice, especially for those who cannot remain in their own homes, because, perhaps, they lack support or live in a very rural area where the provision of care is challenging. Over the next five, 10 or 15 years, sufficient care home places will not be available.

The role of community hospital has been revised. I understand that one change came in 2000 and another—possibly—in 2006-08. When I was first elected, it was generally understood that someone who was very seriously ill and likely to deteriorate and enter the end-of-life stage could end their days, over a prolonged period, in a community hospital. That understanding is no longer there. The confusion over the past eight years over the changing role of community hospitals is causing an element of concern and distress. Will the Minister explain how community hospitals fit into that?

On continuing healthcare, it was also my understanding that, once assessed, a patient would remain on that assessment for a prolonged period. That changed in September 2008: following six weeks on continuing health care, that category is now reassessed. Who makes those assessments? I understand that there is an assessor from the PCT and a social worker, but it is not clear who has the final say in each case and who can appeal. I hope to return to that point.

There is a lack of transparency and a clear understanding about the criteria for the allocation by PCTs of beds for the elderly, especially when a patient moves from an acute to a community hospital and when trying to vacate places in the latter over the long term. The way in which the criteria are applied is causing anxiety for patients and distress for families. This month, the Public Accounts Committee, dealing with terminally ill patients, reported:

"People who die in hospital are not always afforded the end of life care they deserve".

It also concluded that patients are not always treated with "dignity" and "respect". Patients sometimes have difficulty eating and drinking, which I found hurtful in my own experience. When a close member of the family makes themselves available to hydrate and feed the patient, that needs to be handled very sensitively. Those with such difficulties need particular care, and surely it is in the interests of the Government, the health service and the wider community that family members be encouraged to assist the patient in eating and drinking—hydrating and taking the right nutrition.

Over the past 10 years, the Government have engaged in various reorganisations of health care, but, somewhere along the line, have lost sight of the plight of elderly

[Miss Anne McIntosh]

patients, in the view of the PAC. Clearly, this problem will not go away, but will increase, given that we are all living longer, owing to improved health care and scientific and medical advances, which obviously we all welcome. However, as part of the Government's approach of meddling, the criteria for caring for the elderly in community hospitals have changed. I am finding it very difficult to get to the bottom of that change, and I would be very grateful if the Minister were to elaborate .

Mr. Stephen O'Brien (Eddisbury) (Con): In addition to wanting to understand the process, both retrospectively and for the future, is the thrust of my hon. Friend's anxiety that, in the absence of knowing who ultimately takes a decision, there is no sense of accountability or, indeed, opportunity to negotiate or review a decision, when it does not appear to have been taken on primarily clinical grounds?

Miss McIntosh: There is a problem with both accountability and transparency. We need to know what the criteria are, who takes the decision and what the appeal mechanism is. A second concern is that decisions should be taken primarily on clinical need. I will elaborate on what I think about continuing health care assessment and why it is flawed. Thirdly, and perhaps most importantly, the system seems to be driven on a cost-efficiency basis. I do not think that we can put a price on health care. Someone who has had a good life and lived to a good age deserves to be given by the health service and the community both dignity and a "good death". I am most grateful to my hon. Friend for allowing me to elaborate on those three points.

Let me expand on the continuing health care assessment, which is the nub of the problem. In my mother's case, 12 boxes had to be filled in. Even to a lay person, it was evident that she ticked a sufficient number of boxes, yet she was deemed to have failed the assessment. That obviously caused distress, but as I am capable of standing up for myself, I was able to argue our corner. However, that is not the case for a constituent of mine—I will not disclose her name, because I do not have permission—about whom I have been corresponding with the Department. The health care assessment form that she had to fill in ran to 23 boxes—23 different criteria that had to be met, many of which were obscure and opaque. It is very difficult for a lay person, particularly someone who is a close relative of the patient, to understand the assessment system. If someone is unable to eat, drink, take their medication and is in danger of falling, I would have thought that their condition was so transparent that they would tick all the boxes for continuing health care assessment. It is bewildering for a patient to have to tick 23 boxes for a primary care trust. Often, the options are not sufficiently well explained to the patient. If the case involves an elderly relative, the family need to understand the system to be able to explain it. If the patient is registered blind, profoundly deaf or is not able to read the form themselves, relatives will not make much progress in explaining to them the purport and the importance of the assessment.

Will the Minister explain who sets the criteria, who owns or has responsibility for the beds, and who, in each case, delivers the health care? Obviously, part of that is evident in the location of the bed—whether it is in an acute hospital, a community hospital or another place. Moreover, will the Minister explain who supervises the delivery of the treatment under the continuing health care assessment and does he think that supervision is adequate? I fear that there is evidence of systemic failure in the way in which the criteria of continuing health care assessment are defined. Where does one find the definition? Having seen two or three assessments from different primary care trusts, I understand that there is some fluidity in interpretation.

Community hospitals provide an excellent service. I am fortunate to have two in my constituency—Lambert hospital in Thirsk and St. Monica's hospital in Easingwold—which provide excellent services close to the homes of local people. Many of the staff live locally and are well integrated in the community. Families, friends and loved ones are easily able to visit the hospitals and the patient can remain close to their own home in fairly familiar surroundings.

My understanding is that there have been significant changes to the role of community hospitals for patients over a six-week period—that arbitrary criterion seems to have been introduced in the past eight or nine years. I want to know why the changes have occurred, highlight the difficulties created by the new criteria and draw attention to the unfortunate results that they are producing locally in the care for the elderly.

It is true that funding for the NHS has risen consistently under both Labour and Conservative Governments since it was founded in 1948. Yet, while the Government have nearly doubled spending over the past few years, the number of beds has reduced overall. In particular, the number of beds available for the elderly has reduced by a larger proportion than any other beds. It looks as though money is being spent on management, bureaucracy, form-filling and pointless and endless reorganisations. We now have strategic health authorities. We had a primary care trust for the whole county—York and North Yorkshire—then four separate PCTs and now we have just one to cover the whole county. I am referring only to the PCTs. If we consider the ambulance service as well, we will see that the number of reorganisations throughout the NHS is bewildering. Surely it is the Government's hope to ease the distress of elderly patients and restore their dignity by drawing attention to such issues.

In the time that I have been preparing for this debate—I am sure that the Minister is aware of this—the Public Accounts Committee has published a report on end-of-life care. Paragraph 2 is striking:

> "People who die in hospital are not always afforded the end of life care they deserve, including effective pain management and being treated with dignity and respect."

The report goes on to say that when

> "someone is approaching the end of life it should not mean we abandon concern for their quality of life".

Paragraph 3 states:

> "Lack of co-ordination between health and social care services mean that peoples' preferences for care are not always communicated effectively."

That confirms the thrust of my earlier remarks. The report continues:

> "People nearing the end of their life should be allocated a single health or social care professional contact to improve the co-ordination of care between services and providers."

I know that it is the intention of the Government and the NHS to have a welcoming nurse for the patient when they are admitted to hospital. In my experience, and in the experiences of my constituents, that is not happening. Often even simple things are not done properly. For example, handovers at the beginning and end of each round are not as full as they should be, particularly when all beds are occupied. When a patient is admitted to hospital and given a terminal diagnosis, the GP should be informed of their condition. When that patient is discharged, a package on the continuing health care assessment is then given to their GP, but for the weeks or months that a patient is in hospital, GPs are kept out of the picture.

It is also wrong that an individual should see seven doctors in as many weeks. Continuity of care should mean, as far as possible, that a patient has a dedicated nurse and doctor—unless the doctor is on holiday or otherwise absent. I take some comfort from the PAC report.

The fourth conclusion states:

"There is a lack of education and training in basic end of life care."

That is staggering. In the body of the report—paragraph 14—the PAC states:

"A survey of doctors and nurses carried out by the National Audit Office found that only 29% of doctors and 18% of nurses had received any pre-registration training in end of life care."

It is perhaps a good moment to pause and say that I am heavily related to the medical profession: my father was a GP; my brother is a practising GP; my uncle was a consultant surgeon; and we had two or three pharmacists in the family as well—I was never going to go into medical practice, because I do not do very well with the sight of blood. I have always understood that a good bedside manner is important for medical practitioners, and I am sure that for previous generations end-of-life care training was a priority, so what has changed? Staggeringly, less than 30 per cent. of doctors and 20 per cent. of nurses receive any pre-registration training, and they are the people to whom families and patients look to guide them through what is the most traumatic stage of life.

The PAC report goes on to state:

"Primary Care Trusts have limited understanding of the local demand for and the cost-effectiveness of their commissioning of end of life care services. Trusts should use the commissioning guidance provided...and benchmarking information provided by the National Audit Office, to assist them in allocating resources more effectively."

I am sure that the Minister will want to consider that in the context of my earlier remarks.

The report continues:

"There is a risk that the additional"

money that the Government have

"committed to improving end of life care will not be used as intended."

How does the Minister expect PCTs to account for how the additional money will be spent and how will information be fed back to the trusts to allow them to benchmark their performance in improving service quality?

The report states:

"There has been limited formal evaluation of the patient benefits associated with approaches intended to improve end of life care such as the Gold Standards Framework. The Department should"—

urgently—

"commission clinical evaluations to determine whether use of such approaches results directly in higher quality care."

Will the Minister take this opportunity to comment on that?

The report also states:

"Some 70% of independent hospices have only one year contracts with the NHS and for 97% the funding they receive does not cover fully the costs of the NHS services they provide."

That we are so dependent on hospices, as voluntary organisations, to provide end-of-life care will set many alarm bells ringing.

The report concludes:

"More people could be supported to die in their homes or in a care home if there was a more responsive system for providing the equipment and support services needed."

On that, I return to the continuing health care assessment. Will the Minister explain how rapidly the equipment can be put in someone's home? How close are we to the provision of 24-hour care in the home and are there big differences between the level of care that can be provided by two adjoining PCTs, for example, between the North Yorkshire and York PCT and the County Durham PCT? The report states:

"The Department should review how requests for equipment and other assistance that support people to remain in their homes are handled, and identify ways of improving the speed and flexibility of the provision of such services."

I welcome this opportunity to set out my concerns. I hope that the Minister realises that my constituent's mother died in January, and that now, in May, she is still chasing the PCT, which does not cover my constituency. That situation has caused enormous human distress. I hope the Minister elaborates, so that I can go back and explain to my constituents how the continuing health care assessment works, who in the PCT is responsible for taking such decisions and what the appeal mechanism is. Will he satisfy me that when the PCT takes such decisions, it does so on the basis of clinical need, and that the matter should not be seen, as it currently is, as a tick-box exercise for those who are approaching their final days?

The most worrying thing that emerges from the debate is the lack of education and training of professionals in basic end-of-life care, and the fact that people who die in hospital are not always afforded the end-of-life care, dignity and respect, effective management, hydration and nutrition that they deserve. If I achieve anything through this debate, I want to see a single professional contact and perhaps a review of the system for the allocation of beds by PCTs. I am most grateful to have had the opportunity to discuss this matter today.

9.55 am

Bob Spink (Castle Point) (Ind): I am grateful to you, Mr. Cook, for allowing me to say a few words, and I congratulate the hon. Member for Vale of York (Miss McIntosh), both on bringing to the House a subject of growing importance, and on dealing with it in a sensitive and thoughtful way.

Care of the elderly is a measure of the civilisation of our society. When people are at the end of their lives, it is a stressful time for them and their families, and they require a lot of dignity and respect. I declare an interest: my son is a consultant neurosurgeon who

[Bob Spink]

treats some of the hon. Lady's constituents at the neurosurgical centre in Hull and he often allocates beds for elderly people.

In January this year, Help the Aged, which is merging with Age Concern to make a single charity that will lobby on behalf of elderly people, and the British Geriatrics Society, produced a report in which they highlighted the fact that almost half the doctors who specialise in health care for the elderly think that the NHS is institutionally ageist. That is a worrying statistic, and I will say more about it.

First, we should put this debate in context. In the past decade, the Government have increased by a phenomenal amount the resources going into health care, on which they are to be warmly congratulated and for which they should be thanked. I am sure that whoever forms the next Government will continue that process but, unfortunately, the outcomes in the health service are not perceived to have increased or improved at the same rate, never more so than in relation to this matter, probably because people are living longer, which is a blessing. The average life span is about 83 years for ladies, and 78 years for men—I am hoping that the next Government will allow sex changes on the NHS because when I am 77, I intend to go for a sex change. More seriously, the demands for care are growing consistently and will continue to do so.

The hon. Lady made the valid point that there are insufficient beds, but the really important point is patient choice. It is not so much a matter of how many beds there are in any one part of the system, but of ensuring that there is the right number of beds in each part of the system, however many that is. There are different ways of caring for people when they are elderly or terminally ill, and it is important to ensure that there are sufficient beds in each part of the system to care for them, and to enable them to have choice between acute hospitals, community hospitals, the hospice service, nursing homes and family care at home. Different people will make different choices as to how they want to spend their last weeks, months and years.

I will focus on hospices, because the number of hospice beds determines how many beds will be needed in the NHS. I am grateful to the Government for the funding of the adult hospice sector—much more so than for the funding of the children's hospice sector, which is a different matter. The Government are funding the sector generously, but we must ensure that hospices remain essentially voluntary organisations funded by charitable donations, as that is their ethos and character, which is a good thing. However, we must also ensure that any care given by hospices that displaces care that would otherwise have to be given by the national health care service, and would thus involve providing beds, is properly funded. The NHS and the Government must continue to work with hospice centres to develop a proper service agreement under which the care provided by hospices is funded by the NHS, so that hospices can continue to provide service and increase service to meet demand. I know that the Minister is sympathetic.

The right hon. Lady—excuse me, the hon. Lady; she should be a right hon. Lady—made some excellent points on nursing homes, but the problem with nursing homes is the formula for deciding how much a family must pay in top-up fees for the bed provided. I am aware of one case involving a lady who had a stroke eight years ago and has not said a word since. She is doubly incontinent and cannot speak, stand, eat or support herself sitting up, yet her family must pay several hundred pounds a month in top-up fees for what is obviously nursing care, which traditionally would have been provided in a long-term hospital bed. Eight years after the stroke, the family is having great difficulty paying the top-up fee. The lady was reassessed recently, but the family must still pay just over £106 a week in top-up fees. That is not good enough.

The Government are short-changing not only families but themselves, as the situation means that people stay in hospitals because they are not happy to move to homes. The Government are missing a trick. If they were a little more generous, and ensured that social services were more generous in assessing the nursing care element, we could get more people into residential homes where they would have society and a better quality of life and would be nearer their families. All in all, that would be a good deal for the individual and for the public purse.

On care at home by the family, there are some wonderful, heroic families who care for loved ones at the end of their life. They can do so only because of the fantastic support that they are given by Macmillan nurses, who take a lot of pressure off the NHS to provide beds in hospitals. We must never lose an opportunity both to congratulate Macmillan nurses on what they do and to promote their activities.

I have probably said enough, so I will end by quoting Help the Aged and the British Geriatrics Society, which said that the NHS must

"stop being service-led and become people-centred",

and must do it soon. I know that the Minister is doing all that he can to move in that direction.

Frank Cook (in the Chair): Right hon. and hon. Members will see that there are 57 minutes left before we must move on to our next topic for debate. As we have three Members who wish to make winding-up speeches, I expect each speaker to take no more than 18 minutes.

10.4 am

Greg Mulholland (Leeds, North-West) (LD): Thank you, Mr. Cook. I will take nothing like 18 minutes, to the relief of right hon. and hon. Members. I congratulate the hon. Member for Vale of York (Miss McIntosh) on securing this debate, and on her persistence on the issue. At the end of last week, I had the pleasure of walking through her constituency, which was enjoyable. I did the Ebor way as part of my training for the 126-mile challenge that I am supposed to be finishing this weekend. When I got to my own constituency, the weather changed somewhat, and it became rather less pleasurable. I am sporting an enormous blister on my left foot, which is something of a challenge.

The issue that we are debating is enormously important, and the hon. Lady is right to raise it. To echo the comments that have already been made, I think that all of us appreciate the wonderful work done in the NHS and in many care homes to look after our older people and ensure that they have the care and dignity that they deserve. That is not always the case, but a lot of wonderful work goes on, and it is important to recognise that.

Older people are the largest single demographic using NHS services. Despite that fact, the NHS is all too often not geared to the needs of older people. That lies at the heart of some of the problems that we often discuss in debates attended by the right hon. and hon. Members here today, who have a particular interest in the needs and rights of older people in health and community care.

The age of 60 is no longer old. People of 60 are still running marathons; I ran one a few weeks ago alongside people in their 60s, their 70s and even, amazingly, their 80s. Yet in the health service, people who reach 60 are suddenly regarded as older, or "elderly", to use the term in the title of this debate. We must face the fact that despite attempts to counter the problem with measures such as the Equality Bill, which is going through Parliament, institutional ageism still exists within our health services, to echo the point made by the hon. Member for Castle Point (Bob Spink). That is simply not acceptable. All too often, older people's needs are not met in hospital. Adequate provision is not made for conditions that are particularly, although not exclusively, related to older people, such as incontinence. That is a huge part of the problem.

We are all aware that funding for the NHS is a concern. The simple reality is that savings will have to be made in this difficult economic climate. The Budget estimates that those savings need to be about 3 per cent., or £10.5 billion, and that £500 million of savings have already been made. My first point to the Minister—and I am sure that we would all agree—is that the needs of older people, which I am afraid are not always met, as we heard from the hon. Member for Vale of York, must not be seen as an easy place to make further efficiency savings.

The Budget says that savings will be made partly by reducing the length of stay of people in hospital. Where clinically appropriate, that is something that we all support, but there is a concern about older people who are not necessarily so ill that they need to be in hospital but whose communities lack the facilities to deal with their needs. They may be simply too weak to live at home and cope alone, and I am afraid that they do not get the care that they need through local authorities to be able to do so. All too often, an unfortunate cycle arises. Older people are discharged from hospital back to their home, yet without the care and support that they need, they simply deteriorate, become ill again and are readmitted. The situation costs the health service huge amounts of money, because we are not dealing with people in a way that enables them to carry on without the need to go into hospital.

Primary care trusts' funding is weighted by the number of older people in their area. We would therefore expect areas with more elderly people to have better care provision, but I do not think that the figures bear that out. One problem—this is a debate that we have had on many subjects—is that there is no ring-fencing. Surely, if there is a failure across the country to address the problem of dealing with older people who are not ill enough to be in hospital but clearly need a higher level of support, there must be some way to ensure that money is spent where it is needed.

Although this debate is about older people, my simple point is that whether or not people should be in a hospital or community hospital should be judged on their individual needs, regardless of age. Having said that, account must be taken of the particular situation that older people are in. Clinical judgments must take account of what will happen if the person is discharged from hospital. Too often, older people do not receive sufficient care in the community to prevent them from becoming ill again and returning to hospital. Although they are important, PCT criteria will continue to mask the problem until we break that cycle. There must be a principle of providing proper support in the community.

Emergency admissions of older people have risen in recent years, and that costs money. It is not ideal to keep older people in hospital for any length of time. They face particular problem such as being more susceptible to health care-acquired infections, and that will continue until there is more investment in community care and a better system of care funding up and down the country. That is what it boils down to.

On the other side of coin, we must look at the problem of bed blocking. Department of Health figures show that during one week in March 2008, some 2,232 people across the country suffered a delayed discharge from hospital. Beds are being used that need not be used if care in the community was adequate. The issue is not only about cost, but about people of all ages being unable to get the hospital beds that they need.

The hon. Member for Vale of York mentioned the end-of-life strategy, but that does not wholly relate to the subject of this debate, because many older people who go in and out of hospital are not at the end of their lives. We can and should enable such people to carry on living full lives for many years. However, end-of-life care is a particular issue for older people. As the hon. Lady said, about 40 per cent. of people who die in hospital do not have medical needs and therefore do not need to be there. A strong preference for dying at home was shown in the Public Accounts Committee report that she quoted. Despite that, 60 per cent. of deaths occur in acute hospitals. In many cases, the person has no clinical need to be there. Only 18 per cent. of people die at home.

Interestingly, the figures on the proportion of people who die in acute hospitals across different PCTs range from 46 to 77 per cent. In some parts of the country, more than three quarters of people die in hospital. As I have said, 40 per cent. of people who die in hospital do not have medical needs and so do not have to be there. We are therefore failing on both counts.

To echo the hon. Member for Castle Point, it is impossible not to mention the fact that the Government have invested heavily in the NHS. They are to be commended on that investment. At the end of the Government's life, which is approaching, they will be able to say that they have put a lot of emphasis on the NHS. They can present that as a success. Nevertheless, the system of care for older people in this country is an acute and abject failure for this Government. Tony Blair infamously said that he did not want to live in a country in which people had to sell their homes to pay for care. Despite that, the Government have done precious little to address the system of care funding.

People have no idea what they are entitled to. In fact, they are entitled to very little unless they sell their house and drain a large amount from their savings, or they already live in poverty and so qualify for certain benefits. We do not have the national system of entitlement for

[Greg Mulholland]

older people that we need. I wait with interest to hear both the Conservative and Government policies for the next election. We have stuck our neck above the parapet with the Liberal Democrat minimum care entitlement policy, which states that every older person in this country should have some entitlement to care. I look forward to the debate on how much people should be entitled to if we go down that road. It pretty much follows the Wanless model. If people know that they have an entitlement, they can plan and have some security in older age.

We believe that our policy would go a long way towards stopping the cycle of people being discharged from hospital without adequate provision, getting ill again and blocking hospital beds unnecessarily. In the limited time that remains for them, how do the Government propose to deal with that problem, which they have not dealt with so far? There is a dual challenge and it is not easy to solve. Will the Minister give us some idea of how the Government intend to deal with it? Until this important challenge is addressed, we will not meet the needs of older people in our country, and everyone would agree that that is not acceptable.

10.17 am

Mr. Stephen O'Brien (Eddisbury) (Con): In this House, we often speak of our constituents' experiences and of our professional experiences. It is rare that hon. Members draw on their personal experiences when advocating for others. I congratulate my hon. Friend the Member for Vale of York (Miss McIntosh) on securing this important debate. By speaking up for her constituents, she has spoken for all our constituents. I pay tribute to her candour and courage in relating her recent experiences as a caring daughter to her mother.

My hon. Friend's speech was shot through with a sense of the quality of our NHS. She stated that our focus on care and what we mean by care defines how civilised we are as a society. I agree that whenever we discuss these matters, we must repeat our admiration and support for all the care workers and professionals in the NHS. That is a personal matter for me because my wife is an NHS-trained nurse—she has specialised in caring for the elderly and more recently has become a hospice nurse. My hon. Friend's comments are apposite to the aim we all share of providing the best possible care for people throughout their lives, and particularly as they approach the end of their lives. She is right that nurses tend to be the apex of that consideration.

The case that my hon. Friend described raises serious questions about the reality of local policies. The complexity of allocating beds to elderly patients reflects the complexities of morbidity and mortality as age progresses. Allocation is linked to issues such as cancer, palliative care, and intermediate and continuing care policies. Issues of quality are also linked to the bed, once it has been allocated, particularly in relation to the Government's dignity in care agenda.

In the wake of the Staffordshire general hospital case, we must discuss bed provision in hospitals. One of the Healthcare Commission's criticisms was about insufficient beds. In 2007-08, the number of NHS beds was cut by 4 per cent.—6,722 beds—and in the past three years, as the NHS has struggled to recover from deficits, the number of beds has been cut by 11 per cent., or 20,699. It is important to emphasise the point that my hon. Friend made, citing a further statistic, about the disproportionately negative effect that that has had on geriatric beds and elderly people. Bed occupancy is still too high, running at more than 95 per cent. in some trusts.

I recognise, however, that bed cuts are a crude measure. Better care should lead to a reduction in beds, but it is not clear that the relationship is organic, as is testified by the Government's recent failure to bring superbugs adequately under control, to deliver on single-sex wards, to provide isolation beds or to prevent the tragedy at Stafford. Sir George Alberti makes telling comments in his review of Stafford, noting that there are serious problems around bed management. Of the emergency admissions unit, he says:

> "There are officially 37 beds in the unit but this has been increased to 49. The layout is poor and there are insufficient nurses, particularly to manage the extra number of beds."

That point emphasises that there must be proper staff resources for the number of beds in place. It also has ramifications for the dignity agenda. Will the Minister confirm how many hospitals are operating beds, or wards with beds, in excess of their official capacity? If he cannot do that immediately, will he ask his officials to grant that information by writing letters to hon. Members who have attended the debate?

Alberti also recommended that patients should be reviewed at 11 o'clock every morning, seven days a week, to see whether they could be discharged. It is important that bed blocking is avoided, but the reverse is also true, and patients must not be turfed out of their bed for anything other than clinical reasons—my hon. Friend the Member for Vale of York argued that point emphatically. Will the Minister explain what safeguards are in place? If it cannot be demonstrated that the only criterion, or the overwhelming priority criterion, is clinical, the only other default position, which might be addressed under the term "administration" or "efficiency", would, at the end of the day, be a cost consideration. That seems completely inappropriate if we want to give people the best possible care, particularly as they approach the end of their life.

There is a more important issue, and I thought it rather strange that the Alberti report did not address this. It is clinically critical, particularly for good nursing—it has certainly been proven to be best practice since time immemorial—to start discharge planning the moment a patient arrives in a bed. That applies even when the patient appears to be moving towards the end of their life, or when it is too early to determine whether there will be an opportunity to discharge them or whether they are approaching the end of their life, in which case consideration should be given to whether that will be in hospital or whether the patient will be given a choice about where to die.

Miss McIntosh: My hon. Friend is examining this issue very thoroughly, but the concept of early discharge when a patient has been in a new situation for only one day or one week causes the most distress. How can we handle that more sensitively, rather than making the patient feel unwelcome when they have been there for only a short time?

Mr. O'Brien: My hon. Friend's question helps to make this point clear. We must ensure that the emphasis is right. Early discharge should occur only on clinical grounds—in that sense, it is not early, but appropriate. Early discharge is never really justified because, if it is early, it is happening before it would be considered appropriate on clinical grounds. Perhaps her intervention will help me to clarify that I am arguing not for early discharge, but for a process of discharge planning that starts as soon as a patient arrives in a bed. That is good clinical practice, because part of getting patients as well as possible is looking at how that can be achieved in the shortest possible time with the maximum possible care and dignity. That is especially important where there is high capacity utilisation of beds, the numbers of which are reducing, particularly for elderly patients in acute and hospital settings.

Not only are bed numbers reducing, but there is a real lack of intermediate care beds, as has been debated by Front Benchers before. In Winsford, in my constituency, a former care home was converted into Elmhurst intermediate care centre, which opened recently. That NHS asset had been lying redundant for far too long—many of us campaigned and argued about it—and eventually the local NHS hospitals trust, which covers Leyton hospital and the Victoria infirmary in Northwich, decided to convert it into a 30-bed intermediate and rehabilitation care centre to provide around-the-clock NHS care outside the hospital setting. I have visited it, of course, and met the staff, management and patients, and it was encouraging to see the progress that patients were making, and that they were receiving great care and were very enthusiastic about the centre.

Such an approach is appropriate for rehabilitation, mainly for elderly people, not all of whom will go home. It provides an opportunity to avoid what seems to happen most of the time, when there is an emergency of trying to find a bed for continuing or later care, but the family are not ready. It gives people time to prepare and offers the patient a chance not only to recover medically, but to regain some of the confidence that is often lost as a result of a medical procedure. That work among Mid Cheshire Hospitals NHS foundation trust, the Central and Eastern Cheshire primary care trust—my hon. Friend made a key point about PCT involvement and who has true accountability—and Cheshire East Community Health shows how powerful it can be to work outside silos. We need much more of that kind of provision through the allocation of resources across the NHS. However, there must be a consideration of accountability and the question about who should ultimately take decisions on provision and allocation.

The elderly who are allocated beds are often receiving palliation. I am in no way suggesting that the state should try to usurp the fantastic work done by volunteers and professionals throughout the country in the hospice sector—no doubt the Minister will discuss the actions that the Government have taken on end-of-life care. The "End of Life Care Strategy" was published last July, although it was twice delayed. The headlines were about moving care away from hospices and into homes, and about various initiatives on the quality and continuity of care. That is an appropriate trend. St. Luke's hospice in Winsford, with which I am very familiar, has a limited number of beds, but an awful lot of the best care can be given by finding ways of extending the great expertise within the hospice into homes and communities and into supporting the families and volunteers who can give people the dignity and, above all, care that they need.

There have been missed opportunities on moving towards an outcome-focused model of care in relation to what is described as a "good death". Progress is demonstrated by the fact that we now talk about "good death" in Westminster debates. One has to track back only a few years to see when politicians were not using such phrases, in the same way that they sought never to be photographed when visiting prisons because they were concerned about the image that might be created. We are now talking openly about this, which shows important progress on debates about this sector, and we are refusing to withdraw from the issues that need to be tackled.

We need to continue to press the Government to consider delivering a tariff for palliative care, which has formed part of the debate about the future funding of hospices. In his previous role, the Prime Minister promised that, by April 2006, charities would not be subsidised by the taxpayer, yet that continues to happen in hospices across the length and breadth of the country, which is why the tariff would be a great step forward.

It is telling that the Darzi review, out of which the final iteration of the "End of Life Care Strategy" arose, mentioned palliative care only once. My hon. Friend made some important points that we need to bear in mind about not only the quality of end-of-life care, but training in it—as I said, I have a specific reason to be aware of how important that training is. Furthermore, none of the strategic health authority reports mention dignity as a key part of end-of-life care. Dignity does not just mean giving someone the option to die in a place of their choosing; it means receiving good care in that place and retaining the respect of self and others in the final days of life.

The Minister and I are unlikely to agree on my next point, which was also raised by my hon. Friend. I believe—I have been pressing this matter for a while—that the biggest scandal surrounding dignity in care has been malnutrition. Figures that I uncovered through parliamentary questions earlier this year revealed that in 2007—the last year for which figures are available—malnutrition killed 242 people in NHS hospitals. That marks a 20 per cent. increase in the number of people dying from malnutrition in hospitals since 1997. Conversely, the number of people dying in care homes from malnutrition has halved.

The regional increases were as big as 50 per cent. in the east midlands and 30 per cent. in the north-west and south-east. In fact, since 1997, 2,656 people have died from malnutrition in England, with the poorest performing regions being the west midlands, where 380 people have died from malnutrition in hospital, and the south-east, where 348 people have died. That is simply not good enough. I urge the Minister not to dispute the statistics, which is what happened during one of our first exchanges about the situation, but to recognise that, whatever his understanding of the statistical base, we need to get to grips with the problem. Such things are avoidable and can be corrected by giving nurses the chance to continue to offer the type of care that they would like to deliver, rather than deflecting them away from ensuring that nourishment is given.

[Mr. Stephen O'Brien]

Moreover, it is important to pick up my hon. Friend's point about the care context of anybody who is moving towards the end of life or is in a very vulnerable and disabled state. It is important that care professionals encourage family members and other supporters to help with nutrition arrangements, because delivering nutrition is often quite boring and takes an awful lot of time. Nutrition is absolutely vital. It is ultimately one of the great tests of care for any trained nurse—they are, above all, motivated to care.

Finally, I shall mention continuing care, which has been a continuous bugbear for the Government. It is a complex issue because it sits at the interface between health and social care. Countless councils will testify that it is in relation to continuing care that PCTs first shed responsibilities in times of financial difficulties, because they know that the means-tested social care system might pick up the person and the tab. In June 2007, London Councils revealed that 13 boroughs had to provide £15 million to cover services heretofore provided by PCTs.

I hope that the Minister will address the serious concerns raised—I am sure that he will try to do so—particularly in relation to the number of beds in the NHS, and the issues of palliative care and dignity within that. It is increasingly clear that the failures of local health chiefs are not primarily to blame; it is the systemic failure of an ill-thought policy. We need to rethink that and show some leadership. Above all, we need to present patients—particularly as they approach the end of life—their families and those who really care the chance not only to make choices, but to get the care and dignity that they need. There should be accountability for the decisions made and those decisions should be taken on the basis of providing the best care, and according to clinical criteria, instead of people simply being offered what can be afforded because, at a time when someone needs to focus on care and dignity, they least wish to be confronted with purely financial choices.

10.35 am

The Minister of State, Department of Health (Mr. Ben Bradshaw): I congratulate the hon. Member for Vale of York (Miss McIntosh) on securing the debate. Care for the elderly and for people at the end of life affects us all—whether it is for ourselves or the ones we love. I express my deepest sympathy, and that of the Secretary of State, to the hon. Lady on the recent loss of her mother. I am grateful not only for the general comments she made about the excellent work being done by NHS staff up and down the country, but for her praise for the doctors and nurses at Darlington Memorial hospital and at Richardson hospital. I add my thanks to them and to the thousands of others who work tirelessly to give their patients the best possible health care in an atmosphere of dignity and respect—especially for those who have reached the end of their lives.

I would also like to say—the hon. Lady might have already done this and I hope she will forgive me if she has done so—that if she would like to discuss her case with her primary care trust in more detail, I would be happy to facilitate that. I would also be happy to ensure that such a meeting is facilitated in relation to the case of one of her constituents that she mentioned. From what she says, her constituent has been having trouble getting to the bottom of some of the decisions made about the care of her relative.

The hon. Lady raised a number of issues that I will come to in turn: the criteria for allocating beds by PCTs; the funds available for that purpose; how the NHS deals with elderly patients, and the issue of community hospital beds. Decisions about overall service provision for all aspects of health care are made locally by the PCTs that work with the local community and clinicians. PCTs commission the services that they think they need to improve the health care of their populations. With local authorities, PCTs undertake regular local strategic assessments to understand their current and future health needs. They then commission the most appropriate services from a range of providers to meet those needs. As we have heard, those providers might be a hospital, care home, hospice or any other appropriate provider. They are then responsible for delivering the agreed level of service. Specific decisions, for example about bed numbers, will be made to best fulfil contractual obligations and provide the highest possible quality of care.

The hon. Lady raised the overall national decline in geriatric beds. Yes, that has been the case, but there are many more places for older people that are funded by the NHS—both in care homes and in their own homes supported by care home packages. I am sure that she will appreciate that individual decisions about the discharge of a patient can be complex and can involve a range of clinical and social factors. There will always be some difficult borderline cases, and a judgment needs to be made about the best way forward. The patient might return home with a care package, such as regular nursing care, or there might be a move into full-time residential care. Whatever the decision, it should be made in consultation with the patient and their family. Decisions also need to be kept under review, because people's circumstances and condition can quickly change.

Individual decisions about treatment and discharge must be taken in the best medical interests of the patient by clinical professionals and for no other reason or by any other person. Although the PCT commissions services, including beds, it should play no part in the individual allocation of those beds. The hon. Lady asked a number of questions about what sort of criteria are considered when such decisions are made, and she had a list in relation to her own case. A few issues—they might seem obvious to hon. Members, but they are important—are behaviour, cognition, nutrition, psychological needs, mobility, drugs and medication, skin condition and any other significant needs.

The hon. Lady also asked to what extent patients' or relatives' views are taken into account. The national framework for continuing health care sets out the expectation that patients should be at the centre of decision making. They should be supported so that they can be actively involved in those decisions and relatives should be involved, too. She asked who makes the final decision on discharge. If there is some sort of dispute or disagreement, the final decision is made by the multidisciplinary team and the consultant in discussion with the family.

The hon. Lady did not ask this question, but thinking about this debate, I asked my officials whether there might be circumstances in which the wishes of a patient

or a relative could be overridden. The answer I received is that the patient's wishes are at the centre of the decision-making process, but the clinical well-being and needs of the patient may mean that it is not possible to meet them. For example, a patient might desperately want to go home, but the clinicians may decide that they would not be able to look after themselves, and do not have the necessary support at home to do so. In some exceptional circumstances, there will be a need for a clinical override.

Bob Spink: I know that systems are in place and that guidance has been given, but they are simply not working. I cite a case that arose a week ago. A constituent from Canvey island was taken to Southend hospital, then discharged to a nursing home in Southend without the family's permission or knowledge. She was not cared for properly at the nursing home, she did not take food, and she ended up back in Southend hospital. The family wanted very much for her to be moved back to Canvey island, where there are places in residential and nursing homes where she could receive care. I hope that that will now take place, but the system is not working.

Mr. Bradshaw: The hon. Gentleman raises an individual case. As I indicated in my remarks, some decisions are difficult and some are borderline. In a service as big as the NHS, which deals with many people every day of the year, decisions will, unfortunately, occasionally be made which perhaps are not correct.

What is important is that if patients or their relatives believe that a decision is wrong, they come forward and make that clear to the people who made the decision. They need to appeal and take the matter up with the PCT. I would invite the hon. Gentleman, if he has not already done so, to raise the case with the PCT.

Bob Spink: Job done now.

Mr. Bradshaw: The problem has been sorted, perhaps with the hon. Gentleman's help. His help should not have been required to sort it, but we are all human beings, and mistakes can be made. What is important is that if they are made, they are rectified as quickly as possible to the satisfaction of patients and their families.

Miss McIntosh: I am grateful for the thoroughness with which the Minister is responding. He mentioned the number of beds, but has not yet touched on the change in the role of community hospitals and the length of time that patients can stay in them, or the point, which was touched on by the hon. Member for Leeds, North-West (Greg Mulholland), about patients who are taken out of hospital, put into a care home or their own home, then readmitted in a short time as an emergency case. The Minister has also not dealt with my remarks about the thrust of Government policy to close council-run care homes. There was a consultation, which I believe has concluded. The perverse effect will be less patient choice, because there will be fewer care home beds in local authority control.

Mr. Bradshaw: I was about to address those points, and I still have a bit of time to do so. However, if at the end of my remarks the hon. Lady feels that there are questions that I have not addressed, I would be happy to write to her about them.

The hon. Lady specifically asked how rapidly equipment could be put into someone's home to facilitate their return home. I am advised that it can take several days, and that it depends on how long the occupational therapist takes to do the assessment. If specialist equipment is required, it could take longer.

The hon. Lady highlighted what she believes to be possible differences in policies and quality of care between PCTs. The national continuing health care framework is designed to ensure consistency across all PCTs. However, we recognise that there are still variations, and my Department is working hard to try to remove them. The national service framework for older people sets out the standard of care that all PCTs should provide, and therefore quality should be more consistent across all PCTs. We are working hard to ensure that that is the case.

The hon. Lady asked why general practitioners were not routinely informed. GPs are not normally involved or informed when a patient is in hospital. However, they should be informed as part of the normal discharge process, and they should also be invited to become involved in continuing care decision making, although attendance may depend on the GP's availability at any given time.

The hon. Lady asked about training for NHS staff in end-of-life care. Additional funding has been found for training the work force in end-of-life needs and has been given to all strategic health authorities for the financial year 2009-10. She made a point about the rules changing in her community hospitals. I hope that she will forgive me, but I have not been able to get an answer on that in the time that we have had available during the debate, but I will write to her and hopefully provide the answer that she requires.

Miss McIntosh: I am grateful to the Minister for allowing me to make this point. My understanding is that the Government changed the role of community hospitals across the piece, not just in the Vale of York. It used to be possible to receive long-term end-of-life care in community hospitals, particularly in areas that had hospice facilities in such hospitals or did not have hospice facilities. My understanding is that it was Government policy that made the change nationally, not just in one specific constituency.

Mr. Bradshaw: If the hon. Lady will forgive me, I will have to write to her with clarification. My understanding is that the policy in the particular hospital where her mother was staying is not to keep patients long term. I will have to write with clarification, if she will allow me to do so.

The hon. Member for Leeds, North-West (Greg Mulholland) raised the issue of delayed transfers. We acknowledge that they have been a problem in the past and still are a problem, but the number of delayed transfers has fallen dramatically since 2001. In 2007-08, there were 2,235 delayed discharges from 85,119 acute care beds, equating to 2.6 per cent. of all occupied acute care beds. That was down from more than 7,000 in 2001, so there has been a dramatic fall. However, I accept that we still have more to do, and we will work hard to ensure that we build on the progress that has been made in recent years.

[Mr. Bradshaw]

I would like to make a few more general remarks about issues that have been raised by hon. Members, and explain what the Government are doing to improve the quality of care generally for older people. The transforming community services programme supports the NHS in delivering the commitment that we made in "NHS Next Stage Review: Our vision for primary and community care" to create modern, responsive community services of a consistently high standard. The programme seeks to improve the amount of information available about services, patient outcomes, quality and the overall patient experience. It also supports new models of service delivery as PCT provision is separated from PCT commissioning.

Many elderly people enjoy good health in their later years, but that is not always the case. A central objective for all NHS providers is to build care around the needs of each individual. That personalised care planning approach is the same for everyone, including the elderly. For a patient with a long-term condition, personalised care planning that is tailored around their lifestyle and aspirations provides them and their carers with information and self-management advice to help them to learn about their condition, and find out how best to manage it and how it will affect their life.

Most hon. Members will acknowledge that many people die well. At the end of their lives, they are cared for with dignity and respect, surrounded by their family and friends in an environment in which they feel comfortable and safe. They experience care that is well co-ordinated, holistic and ethical with regard to their personal beliefs and preferences.

Miss McIntosh: I spoke about nutrition, and my hon. Friend the Member for Eddisbury spoke eloquently about malnutrition, which is a concern for those who provide personal and health care. People go into nursing and the caring professions—I include carers in this as well—because they want to care for patients, regardless of their age. I was shocked by the figures that my hon. Friend gave: there is obviously an increasing problem with malnutrition. I hope that the Minister will take that on board. I was staggered by the fact that the Secretary of State was not aware of initiatives such as those undertaken by the National Patient Safety Agency, as well as the nutrition now programme, which incorporates hydration. This is obviously an area of policy on which the Government must focus.

Mr. Bradshaw: The hon. Lady is right. It is an important area of Government policy on which we place great priority. I do not want to rehearse my disagreements with the hon. Member for Eddisbury (Mr. O'Brien) over his interpretation of the statistics, but basically we are talking about episodes of care within a hospital. Often, if an elderly patient goes into hospital to be treated for some acute problem or other, their initial episode of care in that hospital is not registered as malnutrition and, although there may be underlying malnutrition as well, the acute problem facing that patient is registered. Of course, by the end of their stay in hospital we all hope that the initial, main reason for their being admitted to hospital has been resolved. Often, their last episode of care in hospital is for the underlying malnutrition, which was already there. The statistics make it look as if people are becoming malnourished in hospital, but that is not so. We have had discussed this matter at length, both in Select Committees and in other arenas, and I do not intend to spend a lot of time going over it again.

As I was saying, I think that most people would accept that many people die well and are able to exercise choice in relation to where they are cared for and where they die. I accept, however, that not enough people experience a death like this. The Government are committed to improving end-of-life care for everyone. As hon. Members have acknowledged, we have developed an end-of-life care strategy specifically to meet the needs of people for whom end-of-life care is not as good as it could or should be. That strategy, published last July, set a clear direction for the future development of services and showed how we can deliver high-quality, responsive services across all settings for all patients and their carers, irrespective of their condition or circumstance.

The measures set out in the end-of-life care strategy are based on what interested parties, stakeholders and others told us what they thought was needed to bring about real improvements in end-of-life care. Included in those measures is provision, first of all, for all patients and carers to have individual care plans recording their preferences and the choices they would like to make, which should be reviewed as the patient's condition develops and which should be available to everyone who has a legitimate reason to see them, including out-of-hours and emergency care services.

We are investing an additional £286 million in end-of-life services in the two years to 2011, which will more than meet the commitment on funding that we made in our 2005 election manifesto. Much of this additional funding will go directly to primary care trusts, which will, of course, retain the prime responsibility for commissioning services locally.

The hon. Lady and the hon. Member for Eddisbury, the Conservative spokesman, also mentioned the importance of recognising generally that we had better wake up to the challenges presented by our ageing population. There are more people in this country aged over 65 than there are under 16. In the past couple of years, the carers and stroke strategies and, more recently, the dignity, dementia and end-of-life strategies have aimed at starting to improve the care for our most vulnerable older people. We will soon publish our Green Paper, which will look at the sort of care system we want in the longer term. The hon. Member for Leeds, North-West is absolutely right: as a society and a country, we are not unique in the developed world in facing an enormous challenge and some difficult decisions to take about how collectively we decide to fund people's long-term care. I hope that, when the Green Paper is published, we can have a good, open debate that may lead us to the sort of all-party consensus that we managed to achieve on the future of our pensions policy.

If I have not answered satisfactorily any specific question asked by the hon. Lady, I assure her that I will write to her. If necessary, the Minister of State, Department of Health, my hon. Friend the Member for Corby (Phil Hope), will write to her on issues that fall under his area of responsibility. Treating the elderly with dignity and respect when they fall ill and come to the end of their

lives is about much more than strategies and objectives: it is about what makes a decent society. In this country we can be proud that the NHS is there to help everyone, regardless of their wealth or background, but we can always do better.

10.54 am

Sitting suspended.

School Places

11 am

Anne Main (St. Albans) (Con): It is good to serve under your chairmanship, Mr. Cook. This debate is important for my constituents. I am here to plead with the Minister, because the allocation of school places is hugely controversial in St. Albans, as is the lack of school places. I want to deal with the issue at both primary and secondary school levels. I am putting myself in the Minister's hands in the hope that she will consider coming to St. Albans and taking a personal interest in the matter.

On allocation day in the St. Albans district area, 128 pupils were allocated places at non-ranked primary schools, and 80 of those places were in St. Albans parish. The number was reduced to 80 by the time of the fifth round of the continuing interest process, but a significant number of primary school pupils were left in limbo.

I have been contacted by about 50 angry parents, and at the latest of a series of meetings last week, I met many parents from St. Albans who are united in their disappointment about the failure of allocation of school places in our area. My constituents who are dissatisfied with the situation have formed St. Albans Battle for Local Education—SABLE—to press for solutions. The problem is partly the number of people who choose to live in and around St. Albans and partly the inability correctly to predict the required number of places. The problem arises every year, but this year it has become a crisis. The east of England plan proposes an extra 83,000 homes in Hertfordshire by 2021, which will undoubtedly place huge pressure on local schools.

The local authority admits that despite forecasts being produced annually for up to seven years ahead, using live GP birth data, planned housing information and trends in pupil movement between areas, the data for 2007 did not indicate that there would be a shortage of places for that year. An update forecast produced in April 2006 suggested that places might be tight, but that the situation would be manageable within existing provision. Only when the application data were analysed in November 2006 did the shortfall of places in the city centre became apparent, which is when additional provision was made centrally to accommodate that unexpected and unpredicted rise in demand.

Parents were left reeling in shock as they were told that there was nowhere for their children to go. In March, the hon. Member for Kingston and Surbiton (Mr. Davey) raised the problem of the global shortfall of predicted places at primary entry due to the inadequate forecasting system. According to the national press, some 2,250 children in the UK will not have a place in September, and that will rise to 5,000 next year. I have been led to believe that 300 more children may come into St. Albans district attachment area in September. The problem is increasing year on year.

What do we need? Parents in my constituency believe that we need a new school. St. Albans is a small, tight city district, and many parents who have moved into the city centre have expressed the desire for their children to go to local schools. In April, the possibility that a new school could be built in the city centre to solve the deficit of school places in central St. Albans was considered,

[Anne Main]

but it soon emerged that there is no budget in the current climate to press ahead with such a major project. Nevertheless, some children in my constituency are still facing an uncertain future, and there is little to suggest that anything major is being done to address that.

In April, Hertfordshire county council's senior planning officer wrote to St. Albans district council stating:

"In connection with the issue of primary schools, it was explained that analysis of births and children's home addresses has identified a need for extra primary school place capacity in the area west of the city centre. At the meeting, a number of sites which could meet the need to provide additional primary capacity to the west of the town centre were discussed.

In 2007, a need was identified for at least 4 form entry capacity in the long term. Temporary capacity"

in the light of the under-forecast for the necessary provision

"was provided in 2007 through provision of temporary buildings at Maple, St. Peters and Aboyne Lodge Schools. However, that was for one year group only."

Unfortunately, the provision to expand capacity temporarily has caused a huge knock-on effect. The planning officer continued:

"Herts Property met with representatives of the City and District Council in June 2008 to explain the difficulties and begin to explore possibilities. Since that time, 1 form entry of additional capacity has been provided at Bernard's Heath Infant School"—

but not at the schools required—

"A further 1 form entry of permanent provision will be required at Bernard's Heath Junior School in due course to complete that provision."

One issue on which Hertfordshire Property is awaiting feedback relates to the possible use of council-owned land and assets. It believes that the need to provide a permanent solution to the issue of primary school place provision to the west of the city has become urgent. The keen interest of the local community is reflected in the interest of its own members, who are becoming closely involved in the need to identify a solution. Three schools in my constituency, Mandeville school, Bernards Heath infant school and Bernards Heath junior school, have agreed to take the additional pupils in September, but that solves the problem for only a small number of additional pupils. Some parents, even now, are uncertain about where their children will go to school.

Those in St. Albans parish were allocated a non-ranked place with an average home-to-school distance of just more than a mile—1629.43 m—compared with a national figure for all children starting primary school in 2009-10 of 1397.11 m. Parents in my constituency believe that it is not reasonable to expect a four-year-old to travel that distance. On top of that, because the additional places are temporary and the three nearest schools that many parents in my constituency were advised by the local authority to put down as their top three choices were already over-subscribed by siblings from that bulge year, those parents who chose their local schools were in the invidious position of being told that there was no availability, and they were put at the bottom of the list.

My constituent, Mrs. Anne Martin, has been allocated a place for her four-year-old son that is 4 km from her home at the 10th-nearest primary school. Since appealing against that decision, she has perversely been allocated the 15th-nearest primary school. I fully support the right and desire for her and other parents in the same position to access local schools. Mrs. Martin wants her child to walk to school rather than being ferried by car. An additional problem is that many child minders and carers will not go several kilometres to a school outside their own areas, which leaves parents in my constituency totally in the lurch. St. Albans has followed the Government's desire to utilise brownfield sites, but that has led to overdevelopment in the city centre and to a crisis for school places.

Many four to five-year-olds in my constituency have been placed in schools that can realistically be accessed only by private or public transport. It has been suggested that parents should place children on the walking bus that operates in six local schools, but many of them believe—I agree—that it is unreasonable for a four-year-old child and a mum, perhaps pushing a buggy with one or two siblings, to walk a mile and a half in each direction to school every day.

Many parents have reported that the sibling rule sometimes has perverse consequences, because it often favours children who live further away from a school when it comes to allocating places. I have been contacted by parents complaining that it allows families to move into the community, gain a place for their first child at a local schools, and then move out of the community. Some children come in from up to 16.8 miles away. That means that local children who cannot follow through may be allocated places at schools that are between ninth and 15th furthest from their home. That discriminates year on year against first-born children and only children.

The schools admissions code of the Department for Children, Schools and Families supports giving priority to siblings of children who are still at the school, but I am sure that the Minister agrees that in areas such as mine, which have suddenly and unexpectedly had to accommodate a bulge year, that causes a huge set of problems. Parents are rightly quoting the admissions code, which refers to giving "priority to siblings" and supporting

"families with young children of primary school age who may not be able to travel independently."

But families such as those in my constituency who are members of SABLE find themselves having to trawl more than 3 km with small children to get to school, and the problem is perpetuated to their other children.

At secondary school level, things are little better. Our problem, I am sorry to say, is a school that parents are deeply unhappy with and has been in special measures. The villages experience particular problems. A number of families who live in Colney Heath in my constituency have been allocated a place at Onslow St. Audrey's school in Hatfield. Potentially, that part of my constituency will soon, as a result of the Government's wish for more houses in the area, almost be joined to Hatfield. The parents in my area feel that they belong to St. Albans. They would like to have schools that are easily accessed. They have been allocated a place at Onslow despite the fact that a previous independent appeals panel upheld the appeal on the basis that the route to school was illogical. The route involves using an underpass that many residents regard as unsafe, intimidating and isolated. It was deemed unacceptable for a previous constituent, yet now the council, having made some small improvements, is, because of our crisis in school places and the failing

school that other parents choose not to access, causing my constituents to have to make unreasonable journeys in a way that many of the parents regard as unsafe.

Many parents were deeply unhappy at being allocated places at Francis Bacon school. They expressed concerns not only about educational achievement, but about the whole brand surrounding the school. I would welcome the Minister looking into that and seeing whether any support can be given to a school that is now trying very hard to pull itself up by its bootstraps, although the local perception of the school means that parents are actively choosing not to engage with it.

One parent, who lives exactly 1 mile from Beaumont, their first-ranked school, which is in the Fleetville area, said that their child is the only one to miss out and is now being sent to a school quite a distance away. Only nine boys from Fleetville went to Verulam. This is becoming a merry-go-round of mismatching, with pupils being sent elsewhere and then the sibling rule coming into place.

Parents living in priority areas felt that they might be able to access their preferred schools. However, we have many single-sex and faith schools in St. Albans, and that is causing perverse outcomes. Some people who choose a single-sex school are having to come from a long distance away. As a result, I would welcome the Minister's view on a "swap shop" to deal with the perverse situation by which a child who wants a single-sex school is allocated a co-educational school, and a parent who desperately wants a co-educational school is allocated a single-sex school. I hope that a scheme can be brought into play in areas such as mine—I know that the position is not unique—so that parents can ask to swap, as people swap social housing tenancies, and there can be two sets of happy families.

Many parents say, "Is there nowhere that we can take our concerns?" The possibility of an independent ombudsman for education has been suggested. My constituent, Cristina Fenn, wrote to me only yesterday evening, asking whether it would be possible to have an ombudsman for education. That would be somewhere to turn for parents who are caught up in a merry-go-round of mismatched desires for schools and have slipped to the bottom because they followed the advice of the local education authority and selected local schools that are already oversubscribed, where sibling rules are causing a perversity of intake. She said:

"Where will next year's admissions children who get no acceptable school place end up? Yet again?

What has happened to the 80 children this year? They"—

the authorities—

"are just turning their backs on 2 and a half primary schools worth of children. This is disgusting!"

We must consider these children's futures and not treat them just as names and addresses. Ms Fenn says that she refuses to send her children to a school almost 2 miles away that is not her third, fifth or even eighth choice, and she is not alone.

Parents are asking what solutions can be put in place. Can guidance be attached to the sibling rule to avoid the perverse situation in which parents are totally unable to access local schools, totally unable to get out of their cars and let their children walk to school and groups of pupils are being split up so that one child is sent 3 km away when all their peer group have managed to access local schools? Can there also be support and help with rebranding exercises for schools that have not only fallen below the educational standards that parents choose to access, but have fallen so low in the confidence of residents—many of us in the House will completely sympathise with the lack of public confidence—that they are actively considering home schooling? The parents of two whole entries-worth of secondary school pupils filled the St. Alban's arena saying that they are not prepared to accept a lower standard of education for their children when the Government promised them, "Education, education, education". They do not believe that they are given a choice. They do not believe that they are given a fair way of filling in the forms when schools are already full and a local authority or a school itself will say that it is full. How can a parent have choice when their top three choices are totally filled up with siblings?

This is a complex matter. I very much hope that the Minister will visit my constituency and talk to not only parents but the district authority, which is putting together its local development framework, and the county council. I hope that that will offer us a way forward. In my area, some parents still do not know what will happen. The continuing interest rules are causing deep disquiet. People are keeping their options open, having been allocated perhaps a third-choice school, in the hope that they will move up the ranks. Other parents have no school place whatever for their child. I hope that the Minister will deal with some of those issues, and perhaps I can question her on some of her answers.

11.16 am

Mr. Peter Lilley (Hitchin and Harpenden) (Con): I congratulate my constituency neighbour, my hon. Friend the Member for St. Albans (Anne Main), on securing a debate on something that is acutely important in her constituency. She has brought her prodigious energies—

Frank Cook (in the Chair): Order. I must explain that although interventions are permitted in a 30-minute debate, contributions are not, without prior arrangement. As we have only 14 minutes left, will the right hon. Gentleman please make his intervention brief?

Mr. Lilley: I had understood that my hon. Friend had left a little time for me to speak, so there was an arrangement of sorts. Is that permissible?

Frank Cook (in the Chair): That is fine, but the normal practice is to obtain permission from the Minister and also to inform the Chair. We now have 13 minutes.

Mr. Lilley: I apologise, Mr. Cook, and my comments will therefore be much briefer.

I experience a similar problem in Harpenden, particularly with secondary education. Year after year, initial applications exceed the places available in the three excellent and popular schools. The outcome is invariably, after the continuing interest arrangements have come into force or additional places have been made available, that every parent and pupil does get a place at the school of their choice, but they go through a long period of uncertainty. I have obtained an assurance from the county councillor, Keith Emsell, who has been extremely helpful, that he will, if insufficient places are

[Mr. Lilley]

available through the continuing interest process, negotiate with local schools to expand capacity so that extra places can be created. He cannot, however, give an absolute guarantee.

I want the Minister to address whether there is some way to avoid putting parents and pupils through this harrowing process when, at the end of the day, we have always been able to accommodate them. Why cannot we offer a guarantee at the beginning, rather than the end? If, as I believe, national rules are to some extent hampering the ability of the county to offer such a guarantee, will she consider altering those rules? It seems that, in the first place, the county has to negotiate with schools. Secondly, if they negotiate before the process starts and expand capacity, that cannot be done on a provisional basis. That expanded capacity, if it is too great, results in places being made available for people out of the area and then, in subsequent years, their siblings can take places, thus making the situation more acute. Will the Minister address those problems—perhaps she can write to me—so that we can see whether we can avoid giving families and children that harrowing experience and causing them unnecessary distress summer after summer?

11.19 am

The Parliamentary Under-Secretary of State for Children, Schools and Families (Sarah McCarthy-Fry): As ever, it is a pleasure to serve under your chairmanship, Mr. Cook.

Let me begin by congratulating the hon. Member for St. Albans (Anne Main) on securing the debate. She is a good advocate for the parents and pupils in her constituency. I cannot promise to come and visit, but I am happy to have a meeting with her and council officials about the issue.

Anne Main: Will the Minister extend that invitation to parents in groups such as SABLE, who would very much welcome being able to have a representative at the meeting?

Sarah McCarthy-Fry: Later in my speech, I will explain that it is the local authority that is responsible for allocating places, so parents' first recourse should be to the local authority. However, I am happy to meet the hon. Lady and representatives of the county council and St. Albans city and district council.

I am sure that we would all agree that every child needs to have access to the opportunities and benefits that education brings. That means that we have to have two things: first, we need a fair and open admissions process that is responsive to the needs of parents, families and communities, workable for schools and clearly accountable for local authorities and schools when problems occur; and, secondly, we need to raise standards across the board—in all schools up and down the country—so that parents can have confidence in the professionals in schools and the quality of education.

We have strengthened our admissions process to ensure that it is as fair as possible, that it takes into account the views and opinions of parents and others, and that it has clear lines of accountability when things go wrong. The revised school admissions code, which came into force in February, places children and families at the heart of a fairer system. Unfair or covert admissions practices, which penalise low-income families and increase social segregation, have been outlawed. Local authorities must now set admissions arrangements for their local area, following consultation with the parents and communities they serve, and they must publish their school allocation plans.

I come now to the sibling rule. The guidance on page 36 of the new code says:

> "The admission authorities for primary schools should ensure in their oversubscription criteria that siblings...can attend the same primary school".

The hon. Lady will note that it does not say "must". It is not a hard and fast rule; it is good practice. However, a local authority could use special circumstances, as she described, as long as it went out to consultation with all the parents in the area. This is not a "must", but any changes would have to be agreed by all parents in the area—the consultation is the basis on which any changes would go forward. Wherever changes to admissions criteria are necessary, they must be published for public consultation.

When families do not get their first choice of school, the council will offer a place at the nearest school with an available place. Children who live further away than the statutory distance will be entitled to free home-to-school transport.

As a result of a stronger admissions code, we now have the fairest admissions system that we have ever had. A rise in school standards has meant that there is more choice than ever before. Nationally, 93 per cent. of families got one of their top three secondary school preferences this year, and the figure was the same in Hertfordshire. In St, Albans, only 1 per cent. of parents did not get one of their top three choices in the secondary sector, which means that 99 per cent. did.

Anne Main: Will the Minister address the inability to place a four-year-old on public or other transport to go to a primary school that is ranked 15th in terms of distance and parental choice? I completely understand the Minister's views about accessing transport for secondary schools, but 80 of my parents have acute problems with primary schools.

Sarah McCarthy-Fry: Following the final run of the continuing interest process, the information that I have is that 58 children resident in St. Albans parish have been allocated a non-ranked primary school. Some 50 per cent. of those 58 children have been allocated a school that is nearer to their home than at least one of the schools that they listed as a preference, and 21 per cent. of the 58 have been allocated their nearest school according to Hertfordshire county council's definition, although they did not rank that school as a preference. As at allocation day, all children resident in St. Albans parish who applied but were not offered one of their preferences were allocated a non-ranked school within the statutory walking distance. If that information is not correct, I am sure that the hon. Lady will write to me.

I want to be absolutely clear: the allocation of school places is a judgment to be made by local authorities, not central Government. Local authorities are responsible for planning school places and ensuring that there are

enough places available to meet local need, and it is absolutely right that they are. Local authorities and schools know best the unique opportunities, challenges and needs in their local area, and they are in the best position to deploy their resources.

Local authorities are under a statutory duty to provide every child of compulsory school age with a school place, but they are not obliged to provide a place at a particular school. It is therefore important that authorities have robust planning processes in place to rationalise school places and to make accurate projections of future demand for places to secure sufficient funding.

As I stated at the outset, the provision of school places is for the local authority to determine. A decision has been taken to expand certain primary schools in the suburbs of St. Albans, rather than in the centre, and that has been unpopular with parents. However, in this case, the local authority felt that the expansion of those central schools was not feasible and decided to allocate places elsewhere.

On funding, it is crucial that local authorities make a full assessment of future demand for school places in their areas. My Department relies on those forecasts when allocating capital funding. Local authorities prepare their pupil forecasts on the basis of local circumstances, taking account of births, new housing, population migration and other factors. There should be no unexpected demand for reception places because of a rise in the birth rate, but I accept that other factors may be at play in this case.

Some £1.2 billion was allocated to authorities at the beginning of the current spending round—2008-09 to 2010-11—to provide for a growth in pupil numbers. The decision was made in that round that all the basic-need funding would be allocated up front to give local authorities a three-year planning window. That means that nothing is held back to help in the future. Funding is fixed for three years at the beginning of the spending review period.

In the current spending review period, £21.5 million of basic-need funding was allocated to Hertfordshire to enable the authority to provide additional places to meet increased pupil numbers. We operate a safety-valve mechanism for new pupil places funding. That delivers additional funding, but it is not offered every year. The safety-valve funding was allocated in 2008-09. Eight authorities applied for such funding for 2008-09 to 2010-11, but Hertfordshire was not one of them.

In 2008, Hertfordshire county council had more than 500 fewer primary pupils and more than 300 fewer secondary pupils to accommodate than it had projected the year before. Authorities also have the flexibility to use their overall resources to address changes to their priorities, and that includes providing new pupil places.

Eighteen primary schools in St. Albans have a more than 10 per cent. surplus of places, while eight are oversubscribed. Of nine secondary schools, one has a 39 per cent. surplus of places, while three are oversubscribed. The county council assures me that there are sufficient school places to accommodate local children, but the local authority must look carefully at its distribution and allocation of places to ensure that it is best meeting the needs of local pupils and families. Although there are enough places in the hon. Lady's local area, I acknowledge her concerns and, once again, I offer her the opportunity to come with representatives from the local authorities to discuss the issue further.

As a parent myself, I understand that a parent's decision about which school to send their child to is one of the most important that they can make. I therefore understand the disappointment and uncertainty that parents feel when they do not get their first choice. However, I want to be clear: a second-choice school does not mean a second-class education.

Anne Main: I have met parents at secondary and primary school level who did not get any of their choices. Will the Minister touch on the fact that places at some schools in the three top choices were totally taken up by siblings? As a result, some parents could not have their choice, but they did not know that.

Sarah McCarthy-Fry: Under our new system, we are trying to get much better information to parents at the beginning. I absolutely agree that parents cannot rank schools and give an informed preference if they are not aware of that information. We want to make much more use of parents' forums to ensure that parents are at the heart of the system and that information is with them at the beginning, when they have to make their decisions.

We have placed a real focus on raising standards in all schools right across the board. The national challenge programme is ensuring that every school sees at least 30 per cent. of its pupils achieve five higher-level GCSEs, including in English and maths.

When making choices about which school to send their children to, parents need easy access to information about how a school is doing. We are currently reporting on the school report card, which we hope will give much broader information about schools, covering not just the narrow issue of attainment, but how schools address wider issues, such as the well-being of their pupils. We are also looking to include parents' views about the school in the process, and we are consulting on whether such views should be on the report card.

In conclusion, local authorities need to use every resource at their disposal. They need to combine strategic direction with careful planning and to think creatively to ensure that every child benefits from the opportunities offered by education. We will continue to work with and support authorities to make that a reality.

11.29 am

Sitting suspended.

London Metropolitan University

2.30 pm

Jeremy Corbyn (Islington, North) (Lab): I am pleased to have the opportunity to debate the London Metropolitan university. It is with great pride that I speak in support of the university and its students and staff, but I am greatly concerned about what is happening and the institution's future.

The London Metropolitan is a new university, in the sense that it is a conglomeration of former universities—London Guildhall university and the university of North London—and former polytechnics. Most of its buildings are in my constituency, in Holloway road in north London, and in the constituency of my hon. Friend the Member for Islington, South and Finsbury (Emily Thornberry). However, a considerable number of buildings are to be found in the constituency of the hon. Member for Bethnal Green and Bow (Mr. Galloway). Unfortunately, he cannot be here today, but he has done a great deal of work to support the students and staff in his constituency.

London Metropolitan university is unusual in that it has a large student body, most of whom are not traditional university students—that is school leavers or post-gap year students. Its students tend to be much older, their backgrounds tend to be much poorer and their previous educational achievements tend to be considerably less than those in other universities.

The university is a model of access to higher education for people from poorer and disadvantaged backgrounds, so it is exactly the kind of institution that the Government, in their many statements on widening access to higher education, have strongly promoted and supported. We should recognise that fact when considering the crisis through which the university is going and, above all, how we are to get out of that crisis. I hope the Minister will give me some good news about the likelihood of Government intervention to assist us out of this crisis.

Bob Spink (Castle Point) (Ind): I am delighted that the hon. Gentleman has secured this debate, and I entirely agree with him. He will be aware that some of my constituents are involved in the university, either as students or as staff. I see no reason why they should suffer because a number of administrators have made errors over the years, and I hope that the Government will ensure that they do not.

Jeremy Corbyn: I thank the hon. Gentleman for that intervention. I agree with thrust of what he says, and I shall return to that subject in a moment.

I shall put things in context by citing figures on widening participation. The latest figures show that 97.3 per cent. of LMU students come from state schools or colleges and that 42.9 per cent. come from lower socio-economic groups. Across the UK, 21.5 per cent. of students in higher education institutions are mature students, but at the LMU the figure is 51.9 per cent. Of the 4,050 full-time undergraduate entrants to the LMU in 2006-07, 52.6 per cent.—more than 2,000—were mature students. In addition, there are 3,565 part-time students—the LMU ranks 18th in the UK on that statistic. In 2009-10, the LMU will receive £5.5 million for its widening participation activities, the funding being based on the number of students deemed to be the widening participation category, for which the LMU ranks 19th in the UK. The university also helps students with particular problems. We should recognise all those facts in our debate.

I shall come to the background to the problem in a moment, but first I want hon. Members to understand the context in which students study at London Metropolitan. My constituency has a combination of housing types. Some 31 per cent. is owner-occupied housing, while 70 per cent. is council or private rented accommodation. Many people earn well below the average income, but they do their best to struggle by. I have met many who have had the opportunity to study at the London Met, including single parents with large families living in difficult housing and experiencing all that goes with that. They found the university helpful and supportive, and it was able to assist them to get through their courses.

Post-school students living in nice halls of residence in Oxford have their own rooms, their own support system and enough money. I do not begrudge that, but those students are doing pretty well. By and large, London Met students live at home and do not have such facilities or support—for them, studying is much harder. The students' completion rate, and the possibility of them dropping out or wanting longer to complete their courses, is a matter that comes up all the time. I want the Minister and hon. Members fully to understand London Met's accounting procedure.

Ms Diane Abbott (Hackney, North and Stoke Newington) (Lab): I appreciate the background of students at London Metropolitan university—many come from my constituency. However, I suspect that the reason for the drop-out rates does not lie entirely with the students' social background. We must also consider what the university offers.

Jeremy Corbyn: My hon. Friend is right. I am not trying to apportion everything, but I want hon. Members to understand the context in which many students are studying. I shall deal with the accounting procedure in a moment.

Adam Afriyie (Windsor) (Con): The hon. Gentleman makes a powerful case about the benefits given to disadvantaged youngsters by the London Metropolitan university. Perhaps one should recognise that dropping out is not necessarily a huge negative; reaching a certain stage of education is a great advance on not having started.

Dr. Ian Gibson (Norwich, North) (Lab): They can go back.

Jeremy Corbyn: The hon. Gentleman makes a fair point, and as my hon. Friend the Member for Norwich, North (Dr. Gibson) pointed out, there is also the possibility of going back at a later stage or even going on to another institution. Such matters should be taken on board by the Higher Education Funding Council and as part of the Government's assessment of the performance of education establishments.

I shall give an example of the way in which many students value the institution. I quote from a letter, although I shall not name the individual as it would be invidious. It states:

"I work part time and would not be able to flourish in the same way without this particular course at this particular university. There weren't any other options for someone like me, who is a bit older than the average graduate, and returning to further education. This course and in fact all the other courses available at the university are like a jewel in a whole ocean of courses and colleges. This place allows access to education for people from all walks of life who would not normally be able to get a place in education at this level."

It is worth remembering that.

Mr. Mark Field (Cities of London and Westminster) (Con): Does the hon. Gentleman accept that what he asserts in relation to London Metropolitan university—I entirely agree with him—also applies to a number of the other new universities and colleges created since 1992, many of which are within a short distance of central London?

Jeremy Corbyn: Yes, it applies to other universities and colleges, but the extent of cuts proposed for London Metropolitan and the loss of student places does not apply to others. The Met is in a class of its own, given the financial problems that it faces, and that is why I am pleased to have secured this special debate.

Dr. Gibson: Does my hon. Friend agree that teaching in universities these days has an international aspect? The university's institute for Cuban studies, a subject that is interesting in itself, attracts attention from students across the world, who go there to talk about what is happening in the Caribbean and other parts of the world. More and more universities in this country depend on international contacts and on students from overseas paying astronomical fees. It seems to me that the London Met has started something by looking at poorer countries with poorer students. It is making relationships across the world, and that is worth a five-star rating.

Jeremy Corbyn: The university has been innovative through many of its special sections, departments and courses. The institute for Cuban studies is a good example, as is the working lives research institute. The university should be congratulated on and praised for establishing courses on such subjects as sustainable tourism.

My concern, however, is about the problems faced by the university. The HEFC has a duty and obligation to count the number of students in colleges, and module and course completions. Essentially, the funding of the rest of the university's life is based on those figures. When an audit was undertaken by the HEFC, it concluded that student numbers and completions had been over-counted. As a result, huge cuts have been made to the university's budget for future years and there has been a request for repayment. We are talking about very large sums: £38 million is to be repaid, and about £10 million a year will be cut from the university's funding indefinitely. As a result, 550 full-time equivalent jobs—that probably adds up to 800 people, because many staff are part-time—will go. In addition, many jobs for hourly paid lecturing staff and others on short-term contracts will be lost, although the number is unquantified. Student numbers will fall by about a third, so 5,000 student places will be lost if this financial package goes through. That would be devastating for any institution.

I have two questions for the Minister in this part of my contribution. First, does the HEFC's counting process take sufficient account of the difficulties faced by some students, especially those from poorer backgrounds, those living in difficult housing conditions and those facing other related issues? As the hon. Member for Windsor (Adam Afriyie) pointed out, such people do not necessarily complete the whole course, but they might well use the modules that they do complete to gain a place somewhere else or to better themselves in some other way. I get the feeling that a degree of punishment might be involved for those students and types of completions.

Secondly, on a difficult and more delicate area, what happened within the university to allow this systematic approach to reporting to lead to such a devastating consequence for the university itself? Apparently the figures became known to the vice-chancellor and the university's governing body some time last year. In December, the governing body discussed redundancies but, bizarrely, the unions were not informed of the possible redundancies until two months later. A question mark therefore hangs over the management style of the former vice-chancellor and the flow of information. May we please have an independent inquiry to which unions, staff and many others can give evidence so that we can establish the truth?

The vice-chancellor subsequently tendered his resignation, but he will remain on the university's payroll for a further six months. He therefore remains an employee of the university, albeit not in office, while a further vice-chancellor has been appointed.

Dr. Gibson: Will my hon. Friend communicate to the Chamber what the vice-chancellor's salary might be—vice-chancellors are known to be shelling it in?

Jeremy Corbyn: I do not know what Brian Roper's salary is. I believe that the figure is known, but all I know is that it has many noughts after the first figure—I think that there are at least six digits. Others might be able to help.

Ms Abbott: My hon. Friend might wish to know that, as I understand it, Mr. Roper's salary is in the vicinity of £150,000, although I do not care to speculate about his expenses.

Jeremy Corbyn: I do not want this debate to turn into speculation about Brian Roper's salary.

Ms Abbott: Why not?

Jeremy Corbyn: Because, although it is important and interesting, I am far more concerned about the loss of 550 jobs and 5,000 students potentially losing the opportunity for a university education.

Mr. Iain Duncan Smith (Chingford and Woodford Green) (Con): I congratulate the hon. Gentleman on securing this debate. Last week, I attempted to bring together both sides in my office to try to figure out whether there was any common ground. Sadly, the

[Mr. Iain Duncan Smith]

managers refused to meet the others, so we had to have two separate meetings, which did not actually work. The point was made that we must consider not only the numbers, which he is quite right to put to the Minister, but another issue: the university has some specialities that are almost unique to it, such as cabinet-making. The only other university in the UK that offers such a course is Buckingham, which is a private university, and the people we are talking about are not the kind who will go there to get these skills. This is not just about the raw numbers, but about what happens when those numbers fall. When that happens, some of these specialities will simply disappear, which will be a major loss.

Jeremy Corbyn: That is a very fair point. Clearly, a relatively small but specialised department, such as the one to which the right hon. Gentleman refers, cannot be reduced by one third. Either it gets closed down altogether, or it is funded properly. Some departments must either be funded properly or not be there at all, because otherwise the situation is simply not viable. This degree of cuts calls into question the viability of many courses and, indeed, much of the university itself.

I am interested to hear that the right hon. Gentleman attempted to meet people from the university. When I first heard about these problems, I contacted the university and the two major unions involved—Unison and the University and College Union. I discussed with the unions their concerns, the problems that their members face and all the rest of it. I asked repeatedly for meetings with the vice-chancellor and the board of governors. One of the meetings was cancelled almost an hour before it was due to be held, and that is just one chapter in a series of such events. Only after I had met the HEFC, together with representatives of Unison and the UCU, did the university get back in touch and ask for a meeting to discuss the situation. It was concerned that I had gone to the HEFC without discussing it with the university first. Well, I am sorry, but I am the Member of Parliament for the area and, like all hon. Members—we all have constituents—I must go wherever I can go to get answers to my problems. However, the vice-chancellor has now resigned and a new one has been appointed.

Mr. Rob Wilson (Reading, East) (Con): I congratulate the hon. Gentleman on securing this debate. Due to my former job as shadow Minister for higher education, I have been following this matter for some time. Perhaps he can help with something that has been puzzling me. Why does he believe that Government figures show that, in 2005-06 and 2006-07, the LMU reported non-completion rates of between 2 and 4 per cent., when it would be expected that such a university would report figures closer to 30 per cent? Why did the university get it so wrong? Why did the HEFC not pick it up much earlier?

Jeremy Corbyn: That is a very interesting question—I am looking for the answer myself. It has been reported in the *Times Higher Education*. I had raised in this House the question of the very high drop-out and non-completion rate from that university, and suddenly it fell to a very low figure. I hope that the Minister will answer that question. If not, I hope that the university or the HEFC can provide some answers. The questions that we are asking—I am not speaking from a particularly partisan point of view—all point to the need for a proper inquiry into what went wrong. Above all, we need to try to get through this crisis so that we see not the decline of the institution, but its sustainability and development. It is important that I make the point that I have not come here to bury the LMU any more than anybody else in the Chamber.

Other hon. Members wish to speak, so I shall not say a great deal more. I would like the Minister to understand the degree of anger and concern locally and within the teaching and student bodies. I hope that the new vice-chancellor, Mr. Alfred Morris, who just left the university of Lampeter and was previously at the university of the West of England—he has a reputation of dealing with places in trouble—understands the importance of taking staff into his confidence, of working with them to get around the problems, and of not heading solely down the road of redundancies. He should also be absolutely clear about the finances involved.

As I understand it, the HEFC has loaned £38 million to the university to help it through this particular crisis, and it is prepared to negotiate the repayment time. The predictions of the university's future financial problems are exaggerated in the extreme, which leads the board in one direction only—that of immediate redundancies. The board has advertised for voluntary redundancies, but did not get full take-up. If it persists with this financial strategy, we will be looking at compulsory redundancies. A day of strike action has already been called by the UCU and there might well be others. A demonstration is planned this weekend in the Holloway road in support of the university and its staff. I hope that the Minister will recognise the strength of feeling around this issue and take the following action. First, he must set up an inquiry into what has happened at the university. Secondly, he must provide us with all information on the funding that has already been given to the university, and on the current arrangements that have been offered by the HEFC. He must be prepared, if necessary, to intervene on this matter.

I was grateful that the Minister replied to my parliamentary question but, with the greatest respect, sympathy is not enough. The HEFC is funded wholly by the Government. We expect it to act on behalf of Government policy, and we expect Ministers to intervene when necessary to protect jobs, courses and students. Neither those who are threatened with losing their jobs nor those who will be unable to go to university in the future are responsible for the auditing, the funding, or the accounting arrangements, and I do not see why they should be punished.

Dr. Gibson: I guess my hon. Friend may be able to help me in this matter. The head of the HEFC is now moving to another university vice-chancellor's job somewhere in the Midlands. Does he think that there could be a problem arising from the fact that that organisation has gone solid at the base?

Jeremy Corbyn: Not at all. Some weeks ago, I had a very useful meeting with Professor David Eastwood, the former chief executive of the HEFC, and both the unions. The professor has now gone to be vice-chancellor of the university of Birmingham and his successor has

been appointed. I and a number of colleagues are meeting them in the House on Friday afternoon to continue the dialogue.

I want the Minister to tell me that the Government understand our feelings. I want him to say how wrong it is to punish staff and students for the misdemeanours of others. We want an open public inquiry and, above all, we want action to defend London Metropolitan university. Such institutions are the gateway to education for many people who, for so long, have been denied access to university-standard education. At a time of crisis and recession, people turn to such institutions for opportunities to expand their lives and their education. Can we show some support, sympathy and understanding of the fact that it is those who caused this crisis who should be punished for it? Those who did not cause the crisis should not have to pay the price for the misdemeanours of others. We need this university and this opportunity, and I look to the Minister for assistance in his reply.

2.53 pm

Mr. Mark Field (Cities of London and Westminster) (Con): I congratulate the hon. Member for Islington, North (Jeremy Corbyn) on securing this important debate. As he knows, one of the constituent colleges of the LMU at the time of its merger in 2002 was London Guildhall university, which is located in my constituency. At that time, there was a view—it may have been an urban myth—that there was central Government pressure to create London's largest university.

I am lucky enough to represent a number of universities, including some internationally acclaimed names, such as Imperial college, which is alma mater for my hon. Friend the Member for Windsor (Adam Afriyie), the London School of Economics and King's college London. I am every bit as proud to represent the LMU. I worked quite closely—perhaps not so much in recent years—with a number of people from what was the London Guildhall university and is now the LMU in relation to its phenomenally successful Aimhigher initiative, the outreach of which the hon. Gentleman mentioned in his contribution.

The LMU appeals to a much wider range of students than many other universities. Moreover, it tries to appeal to a catchment area that would, to a large extent, have been excluded some 20 or 30 years ago. As I have said, there are a number of similar universities either within London or just beyond London, which have an international flavour and a large number of mature students. As someone who was the product of the state school, albeit a grammar school, and who ended up going to university at Oxford, I am aware that we have to extend far more broadly. I am saddened by the fact that because my old college is poorer than most Oxford colleges, it has to charge higher fees. As a result, the league tables suggest that it has very few state school students—around 40 per cent. rather than 60 per cent. However, that is not because it has not tried to reach out in the way in which the hon. Gentleman has suggested.

Dr. Gibson: I have to rise to the bait. The hon. Gentleman did not name his college. Will he tell me how poor it really is, so I can check it out?

Mr. Field: I suppose that was putting my foot in it. I was at St. Edmund hall, which is not a terribly wealthy college. Founded in the 13th century, it only achieved independence from its richer neighbour Queen's college in 1958. We will move on. I will not rise further to the bait of the hon. Member for Norwich, North (Dr. Gibson) on this or any other related matters.

I respect the fact that the LMU has plans to take responsibility for its own problems. Under its new senior management, it has a plan in place. While I share a number of the concerns expressed by the hon. Member for Islington, North and am interested to hear what the Minister has to say in that regard, it has to be said that no university is owed a living. Although I appreciate the fact that the hon. Gentleman worries about the institution and the number of jobs at stake, I have a bigger concern about the students, who have expended considerable money and goodwill in signing up for a course. For the course or the resources to be cut halfway through is tough, particularly given the recessionary pressures. I graduated just over 20 years ago, and left university without any debt. I had a full grant for which I am very appreciative, especially when I speak to undergraduates today about the huge debts that they are racking up. In many cases, mature students eke out relatively modest savings to study at universities such as the LMU. For them to have the course cut or the lecturers removed halfway through is little short of disastrous.

The Government must think seriously about where the university sector goes from here. The sector receives some £8 billion in public money, yet, in many ways, universities face very little threat of closure if they are seen to fail. I worry that there are some failing universities. There is an assumption that they should always be shored up regardless of their difficulties. Representing as I do the financial services sector, an argument could be made—probably by the hon. Member for Islington, North—that we have spent a lot of money bailing out banks. I have not always supported Government policy in that regard. There is a fundamental issue of moral hazard. We have an environment now in which people—whether they are vice-chancellors, governors of universities or directors of international investment banks—feel that however much trouble they get into, they will be bailed out, which can only encourage the very worst practices.

Mr. Duncan Smith: I do not want to detain my hon. Friend for very long, but I want to make a point. He has talked about the generality of universities. I guess that most people would agree that no institution has the right to a living, but this is a particular and peculiar type of university. The hon. Member for Islington, North has pointed out the nature of the people that it takes through its doors. It takes a great deal more effort to encourage those people to believe that they have a right to be in such a place. Sometimes they have no family support and struggle while they are at university. That is unlike many of middle classes, who take it as their right to move on to higher education. These students do not believe that they have such a right and think that the whole culture is against them; they are making a break. Therefore, this is a special case, and we need to think carefully if we want to encourage more people from such areas to have a shot at improving their lives. Universities such as this must be sorted out, so they can do just that.

Mr. Field: My right hon. Friend makes a valid case. It is fair to say that a number of universities—Thames Valley and Luton, for example, which are no further away from his constituency—have a similar ethos. Indeed, one of the difficulties facing the LMU is that it got too big and unwieldy following too many mergers, when it should have had more of a collegiate feel.

The harsh reality—perhaps I am taking words out of the Minister's mouth—is that the LMU is being forced to repay more than £50 million after auditors found that the drop-out rates were higher than stated. It has been overpaid through the funding mechanism by some £15 million a year since 2005, which is why it is in its current difficulties.

We should have substantial public investment in higher education and, clearly, the nation is going to face some very difficult times with public expenditure in the years to come. Although we should not necessarily ring-fence funding, I probably share the view of many hon. Members in saying that we should ensure that we do not penny-pinch too much on education, including higher education and, in particular, on one of the biggest Cinderella areas, further education, and on compulsory school education up to age 16 or beyond, depending on how the law changes in future.

We also need to maintain a commitment, as my right hon. Friend has said, to expanding and widening the social mix of students, but our universities need to be much more publicly accountable. I am extremely fearful that we lack such accountability. There is a sense that the LMU is too big and unusual to be allowed to fail. I am not saying that we should pull the plug on it or on other universities, but it would be bad to send the message that however incompetently a university or whatever institution is run, the Government are ready to bail it out. Institutions throughout the public sector, whether universities or, dare I say it, financial institutions, should not be too big to fail, not least because that might encourage risk-taking and sloppy management in future generations.

[MRS. JANET DEAN *in the Chair*]

I realise that other hon. Members wish to contribute to the debate. London Metropolitan, part of which is in my constituency, finds itself in a very sad situation, and this debate is important. I appreciate that much more work will go on between the Department for Innovation, Universities and Skills and the institution in future. However, the message has come through loud and clear that a lot of students, who would not have had the opportunity to experience first-class, first-rate further and higher education in previous eras, run the risk of missing out on many of the dreams and aspirations that they have worked hard to build up. It is vital that something is done, but I appreciate that some of the Department's problems with the institution will be difficult to solve. I am nevertheless cheered to the extent that there at least seems to be a plan, and I am encouraged by the new management, even if they have some troublesome months and years to come.

3.4 pm

Ms Diane Abbott (Hackney, North and Stoke Newington) (Lab): I am grateful for the opportunity to speak in this important debate.

A great many of my constituents attend the LMU, and I have had hundreds of letters about its financial crisis over many months. As we have heard, a disproportionate number of the students at the LMU are older students, women students and black and minority ethnic students. Far from having family support as they go through university, they often have to support families, and are the single head of their households. My concern is not the staff, although any redundancy is extremely regrettable, but those students.

LMU is one of a range of higher education offers for people who are older, or who have jobs and families: Birkbeck, a London university college that offers excellent degrees based on evening classes, the Open university and others are adapted to the needs of non-traditional students. However, let me say this: when we talk glibly about access to higher education, my view, as someone who spends a lot of time working on and paying attention to what happens in the black community in relation to education, is that it is not only about access to higher education, but about access to higher-quality education.

I draw the House's attention to the unspoken apartheid in higher education in London. The Russell group, including Imperial and the LSE, is largely white, and some of the former polytechnics are largely black and minority ethnic. The LMU has many unique courses and excellent members of staff, and features in the top 10 of any league table one cares to mention. I strongly believe that schools should not use the class background or race of their students as an excuse for underperformance, and the same is true of higher education institutions. It is precisely because I am concerned about the life chances of older students, black women and people of all nationalities who have struggled and beaten all their expectations and those of people around them to go to university that I am concerned about standards at the LMU in future.

I understand that the funding problems stem partly from the much-higher-than-average drop-out rate and partly from the fact that the majority of students at the LMU complete their course in four years rather than the standard three. I also understand—people have talked about bad management and the funding council—that there was a degree of collusion between the funding council and the university in misreporting for years before the former finally decided to pull the plug. That may be the responsibility of management, but it is also the responsibility of the funding council, which could and should have addressed the issue in a much more measured way, much earlier, to avoid this crisis for students.

My concern is, first and foremost, that the students should not suffer in this time of financial crisis.

Mr. Rob Wilson: I asked the hon. Member for Islington, North (Jeremy Corbyn) why the drop-out figures, which the hon. Lady has mentioned, were not picked up by HEFCE or the university. Has she received any information that university departments were told to suppress drop-out information? My information is that that is exactly what they did. Far from being a cock-up, this was a conspiracy.

Ms Abbott: I do not dispute what the hon. Gentleman has said. As I have said, there was a degree of collusion between the funding council and management, which

has now reached a crisis. Who is suffering? It is not the people at the funding council, but the students. That is my concern.

I want the rights and aspirations of the students and the range of courses, as long as they are high quality, to be protected. That is particularly true of the specialities, whether cabinet making or the study of Cuba, for which the LMU is renowned. I want the quality of the education offer to my constituents to be not only maintained but increased. There is no reason at all—I do not care what people say about the class or colour of undergraduates—why the LMU should bump along in the bottom 10 per cent. I want standards to be maintained and driven upwards. The background of students should not be an excuse for failure in any of our educational institutions.

I want the funding council to help, by whatever mechanisms are available, the LMU to get through this period without the students suffering. I also want Ministers and the funding council to look at their funding systems and schemes to ensure that they properly reflect the realities of student bodies in such institutions.

Dr. Gibson: Given that we often look on universities as regional centres of education, and that students can move between them on exchanges, will my hon. Friend consider the possibility of financial collaboration between them, instead of rivalry? Why do they not work to support each other? The three universities should work together to serve the community—let us have some money from Imperial going into London Met.

Ms Abbott: More collaboration may well be part of the answer, but we must get the management and running of London Met right before there can be any notion of collaborating with other institutions.

We must look at our funding mechanisms. The funding council has not treated London Met fairly; it colluded in the situation up to a certain point, but then there was a cliff-edge crash, and the university faces potential cuts.

I wrote to the Minister about this issue many months ago, but I was disappointed with the response that I received, because he simply referred me to the funding council. Let me make a general point. We in Parliament have seen all sorts of core Government functions outsourced to organisations such as the funding council over the past 20 years. Although those functions have been outsourced, they are wholly funded and owned by the Government, and Ministers cannot hide behind such institutions. I am not suggesting that, having set up the funding council, Ministers should second-guess every decision, but it should be possible for the Government to intervene in special cases, if Members of Parliament have come to them. London Met is a special case, and Ministers have hidden behind the funding council for too long.

There is a range of issues about the management of London Met and about how we can help it through the present period financially so that students do not suffer. However, there is also an issue about whether the funding council considers the circumstances of institutions that have high drop-out rates despite the best efforts of their staff. When colleagues come to the Minister with special cases such as that of London Met, I urge him not to brush us off by referring us to the funding council. I think that every Member present has written asking him to focus on the special issues at London Met. Although there may be singular problems at the university, events there also raise general issues about further and higher education, which it is wholly appropriate for a Minister to focus on and get involved in.

Jeremy Corbyn: In the many letters that my hon. Friend has had from her constituents, has anyone said whether they have an alternative place to go to in the event of their department or course closing? What are their thoughts for the future?

Ms Abbott: The reason why I am so concerned about this issue is that many of the students who have written to me are really in a panic. There may be alternatives, but these students do not know about them. They have often screwed up all their courage and got together every penny that they have to go to university, which is something that they never thought that they would do when they were younger. Now, thanks to a combination of the university's management and the actions of the funding council, the rug has been pulled from under them in what are difficult times for all our constituents. People really are in a panic, and they deserve better from the management of London Met and from Ministers, because this issue has been bubbling under for a long time.

Redundancies may be inevitable at London Met, and more may need to be done to improve management there. We may also need to move away from an assumption that institutions can excuse underperformance—whether academic or management underperformance—by pointing to undergraduates' class or race background. That is no excuse for anything. All those things may be true, but I ask Ministers at this point to focus on the students, for whom going to university means so much more than it did even to me, the Minister and other Members in the Chamber. The Minister should focus on the students and stop hiding behind the funding council. He should intervene to ensure that students do not suffer in this transition period and that the funding council knows that it cannot apply one-size-fits-all funding solutions to universities up and down the country whose demographics and social context may be very different.

We owe these students something. We should not have spent 12 years as a Government talking about education, education, education. We should not have spent 12 years as a Government talking about skills, the need to go forward and increasing access. Whatever problems it may have had in the past, London Met has reached a crisis, and we have not stepped in swiftly to protect the interests of the students and my constituents.

3.15 pm

Emily Thornberry (Islington, South and Finsbury) (Lab): London Metropolitan is on the edge of my constituency, on the other side of the Holloway road. Many staff and students are constituents of mine, and a number of them have written to me, because they are concerned about the university's dire financial problems and its future. Several interns, both international and local, who have worked in my office have come from the university, and I receive a weekly update on their concerns about what is happening in the university. The university is clearly in a serious situation, because it has to pay

[Emily Thornberry]

back £40 million of public money, which it has been wrongly paid. That will require significant restructuring, which will no doubt have a serious effect on staff and students.

As my hon. Friend the Member for Islington, North (Jeremy Corbyn) said, London Met has done a great deal of work on widening participation, and it runs a variety of successful courses promoting inclusion. Although it depends on how we count these things, one way of assessing Islington shows that it is the sixth poorest borough in Britain, while another shows that it is the eighth poorest. Either way, we are poor and, unfortunately, we have suffered from low levels of academic achievement historically. Universities such as London Met play an important role in attracting students who would not have considered university in the past.

The university's vice-chancellor has now resigned, and an interim vice-chancellor has been appointed. However, it remains unclear how incorrect information about non-completions led to the university being overpaid. Others have referred to an error by the administrators, but I spent 20 years as a criminal lawyer dealing with cases that looked very much like this one, and I do not understand why the police have not been involved.

Jeremy Corbyn: Does my hon. Friend support the view, which I expressed earlier, that we need the Government to order an inquiry into the management and running of the university? In the meantime, we need to protect staff jobs and the students. We need to sort the problem out now and for the future without blaming those who are, after all, the victims.

Emily Thornberry: My hon. Friend anticipates my very next point. In the current circumstances, we need a proper inquiry into how on earth these things have happened. What has happened is unfair not only to the students and the staff, but to the taxpayer, because a trick has been played on us and we have overpaid the university, which is now in a desperate financial situation.

I ask the Minister and HEFC to look again at the issue. We must have better data auditing, because what we have seen until now really will not do. I agree with others that it is extremely unfortunate that the students suffering most come from the backgrounds that they do. Many people may to be blame, but the one group who are not to blame are the students.

Mrs. Janet Dean (in the Chair): I intend to call the Front-Bench spokespeople now. We have more time than normal, so I intend to divide the time equally, unless the Opposition Front-Bench spokespeople want to leave more time for the Minister.

3.19 pm

Stephen Williams (Bristol, West) (LD): I did not intend to take even the 10 minutes that the three spokespersons normally take in the last half hour of a debate, because there are many points to which hon. Members with a direct constituency interest will want the Minister to respond. I simply warn the hon. Member for Windsor (Adam Afriyie), who will follow me, that I may be briefer than normal.

First, I congratulate the hon. Member for Islington, North (Jeremy Corbyn) on securing a debate that was obviously very important to him, and to his constituents and those of his constituency neighbour, the hon. Member for Islington, South and Finsbury (Emily Thornberry). Of course, the issue must be seen against what is a pretty dire background for many students throughout the country. UCAS applications show that for the first time in many years, there will be probably be unmet demand in the summer, the clearing that normally takes place will not happen, and trading up may not happen either. The Government are to some extent culpable in those matters, but we are dealing with an institutional matter—the misreporting of statistics by a higher education institution to the funding council.

Some of what has happened is due to the complex modular way in which students study at London Metropolitan university, as opposed to the more traditional courses at some of the universities that have been mentioned, such as St. Edmund hall, which the hon. Member for Cities of London and Westminster (Mr. Field) attended, and where everything depended on finals. At London Metropolitan, as at many newer universities, there is a modular course of study, and the funding and the teaching grant is made up in a complex way.

Ms Abbott: I am interested to hear the hon. Gentleman say that what the administrators were being asked to do was all very complex; it was complex, but not that complex—they are university administrators after all.

Stephen Williams: I think that if I had finished my point I would have got to that myself; none the less, that intervention is well made, because what I was about to say was that while the situation is indeed more complex than that of many other universities, the failure that has occurred is none the less a major one, by the perhaps well paid management of a university, and, indeed, there are serious allegations, as the hon. Member for Reading, East (Mr. Wilson) twice pointed out. The situation is uncertain for 34,000 students and for the applicants who must have put in, in the current oversubscribed UCAS system, applications to study at London Metropolitan university in September. They must be full of uncertainty and worry about the institution to which they have applied. There is also uncertainty for the staff. I understand that 330 redundancies are contemplated in a total of more than 500 job losses by the university.

The hon. Member for Islington, North said that a troubleshooter, in the form of Alfred Morris, has arrived at the university to try to sort out the mess, having previously, in what people in Bristol thought was his retirement, helped out the university of Wales, Lampeter, and Trinity university college, Carmarthen. He is better known to people in Bristol for having been for many years the director of Bristol polytechnic, overseeing its transformation into the university of the West of England, Bristol, which is now one of the most successful universities in the country. I wish him well in the mission that he is undertaking at London Met.

The hon. Member for Islington, North mentioned the social composition of the student body at London Met, and called it a model of its kind in widening participation. I understand from the information supplied for the debate that 43 per cent. of the student body

come from socio-economic groups 4 to 7, as the hon. Member for Hackney, North and Stoke Newington (Ms Abbott) mentioned. The student body is older than is traditional, and there is a very high intake from the black and minority ethnic community. London Met specifically targets those groups, to meet its mission to widen participation. We would applaud it for doing so, and it is all the more of a shame that its administrative systems have failed to catch up with its educational mission.

The right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith), who is no longer in his place, mentioned the skills that students learn at the university, such as cabinet making. I understand that silversmiths are also trained there. Perhaps more relevant to the modern economy, there are also many students studying media and music technology courses at the university. Those degrees will be essential to Britain's future as we build an economy that will depend largely on the creative industries.

Jeremy Corbyn: I am pleased that the hon. Gentleman has mentioned the specialist courses, because some of them are cutting edge, and very specialist, such as courses in sustainable architecture and civil aviation. There are a great many courses, and the place is doing well. For all the failings of the management in reporting and accountancy, the university as a whole should be congratulated on its innovative behaviour and its introduction of wider participation in education. That is why I passionately defend it.

Stephen Williams: The hon. Gentleman is right; the university should be congratulated on fulfilling its mission for its intake and educational programme, to enable its students to contribute to the modern economy.

To conclude, I have a few questions for the Minister. First, the hon. Member for Islington, North has called for an inquiry, and the hon. Member for Hackney, North and Stoke Newington called for intervention by the Department, and those are probably necessary, given the seriousness of the situation financially, the effect on students, and the allegations that the hon. Member for Reading, East has repeated. London Met is a merged university, as the hon. Member for Cities of London and Westminster said, formed from London Guildhall and North London universities. Normally, when mergers have taken place in the past, such as that between the old University college Cardiff and University of Wales Institute of Science and Technology, or the new merger creating the university of Manchester, the funding council and the Department offered a great deal of assistance to bring about a successful merger. I wonder whether that now needs to happen—in retrospect—at London Metropolitan. However, there is a need for both an inquiry and intervention to make sure that the university's internal procedures and departments are as robust as they could be in controlling their costs and in providing that reporting functions work as they should.

I have two questions of a general nature about the sector. Let us hope that London Metropolitan university will prove to be the last instance of a university plunged into a desperate financial crisis. Given the current economic circumstances, however, that may not be the case. Is the Minister aware of any other universities that are in difficulty because of misreporting of statistics to the funding council? What action, if any, has the funding council taken against them to recover funds? It appears that the LMU is in a unique situation, but its administrators cannot be the only ones who have had a discrepancy in their statistics. Finally, does the Minister foresee any other intervention being needed by the funding council and his Department? Many universities, whether they are dependent on international fees or the domestic market, will be in economic difficulty, given the pressing global economic situation.

3.27 pm

Adam Afriyie (Windsor) (Con): I congratulate you, Mrs. Dean, on the dynamism of the chairmanship, which changed halfway through the debate.

The debate is timely, first because there was a sit-in at the LMU last week, and secondly because it is important, if there are to be redundancies and courses are threatened, that we should hear a clear account from the Minister of how the Government will respond. I visited the LMU in March and I was immediately struck by the good work that was done there. To establish a unified institution in such a short time, from a merger in 2002, was a great testament to what had been done. Secondly, the contribution to widening participation is tremendous and is clear in the statistics, which show that 97 per cent. of people at the university are from state schools, and 43 per cent. are from lower socio-economic groups. The figures that I find interesting are those showing the percentage of mature students—52 per cent.—and the total of 3,565 part-time students.

My concerns are greatest about those groups in particular, as they are exactly the type of students that we want in higher and further education. They are fitting their studies around caring for children, perhaps, and around their employment. They make an economic contribution to the country and a contribution to the social fabric to society, as well as upskilling and reskilling, which is at the heart of the Leitch agenda. My concern is about the continuation of the excellent work that is being done with such students. Another thing that struck me was that for a relatively new university, the LMU is doing incredibly well in research. In fact, in one or two categories, it is almost a world leader. From a zero start, it has gone quickly to the forefront.

There is no doubt that in the next five or 10 years, models of learning will change. If the Minister has been to the LMU, he will know that it has a lab that serves 200. So advanced is the LMU that students can get iPods and download lectures before they go to them. Away from the main lecture theatre, they can interact online with the course material that they are studying. That is pretty much a revolution in how people learn. That is exactly the kind of evolution in education shown by both the Open university and Birkbeck, and it is ingrained at London Metropolitan university. I am incredibly impressed by what the LMU has done. It would be a shame if the challenges that it is facing curtailed any aspect of what it does, because it could well be a model for the future.

I welcome this debate and thank the hon. Member for Islington, North (Jeremy Corbyn) for securing it. Another important aspect to consider is the concept of value added. It is easy to look at a league table and say, "Well, they're this far down the league table in this

[Adam Afriyie]

area," but it is important to recognise where the students come from and where they will end up. It is important to recognise the benefit of the contributions made by those who do not complete a course but might come back later and those who are first-generation university students, even if they take four years to complete a course that others might take three years to complete.

Many of the students starting at London Metropolitan university are first-generation students from disadvantaged backgrounds. I agree that that is no excuse whatever for not having a successful education outcome, but it must be recognised as a starting place. They have difficult family circumstances and have many extra burdens not shared by the rest of our students. There are also cultural and language differences. I am sorry, but if a student embarks on a higher or further education course and English is not their first language, that must be recognised in the outcome they achieve at the end of the course.

Mr. Rob Wilson: I congratulate my hon. Friend, who is making a powerful case, particularly for the US community college system, which uses dropping in rather than dropping out and in which people can pay for education at a rate that they can afford. Does he agree that that should be accelerated in the UK?

Adam Afriyie: That is almost the perfect intervention at this point. My hon. Friend and I worked together during his time on the shadow Innovation, Universities and Skills team, and he is a strong advocate of the neighbourhood college scheme in the US. There is no doubt that London Metropolitan performs the function of a neighbourhood college as much as it does that of a traditional higher education institution. There is no doubt that there are great benefits to the concept of dropping in, gradually stepping up one's educational level and not necessarily doing things in one large chunk. As I said, models of education are evolving, and I wonder whether that will not become the predominant model.

Jeremy Corbyn: The hon. Gentleman is right that the university has a good record with local students, people returning to education and so on. That also carries the disadvantage that many such students live in difficult family or housing situations. They are often trying to maintain one or even two jobs as well. As he rightly said, that makes course completion within conventional parameters very difficult. The Higher Education Funding Council must recognise that in adopting an accounting procedure for such institutions.

Adam Afriyie: I thank the hon. Gentleman for that intervention. Perhaps another great benefit of this debate is that it will push home the point that not everybody comes from a traditional background. If, according to the Leitch agenda, we want to reskill, upskill and get mature learners back into education to learn new skills, we need exactly that kind of model. HEFC, the Government and the Department need to realise that the stigma attached to non-traditional styles of learning has got to go. They are the way forward, and that is why this debate is useful. Hopefully that message will get through, and the funding streams and how they work will be reconsidered.

The big question is who or which group of people is responsible for the crisis. Before I come on to that, I shall point out, as other hon. Members have done, that there are two groups who are not responsible. The first is the majority of the staff of London Metropolitan university, who did not contribute to the erroneous accounting or the poor leadership and management that might have led to the difficulties. We must bear that in mind, and the hon. Member for Islington, North made a good case on behalf of the staff.

The second group of people who are blameless is the students, who have done their best to make their way into higher education. Many of them are paying fees. It is interesting to note that 8,000 international students from 155 countries write cheques to the LMU to conduct their studies, which subsidises to a certain degree the studies of some UK students. Students are now terrified that they will not be able to complete a course that is perhaps one of the biggest commitments that they have made in their lives to education—it is a major step forward and a major development for their life chances. The students are not to blame, and they are my primary consideration.

So who is to blame? It seems clear that there has been a management failure; the vice-chancellor has stepped down. However, it has come through loud and clear in other Members' comments that the Higher Education Funding Council may well have played a role. If there were nudges and winks—"Well, we may overlook those numbers of non-completions for a couple of years"—that is a serious matter. The allegations are significant. It is the least that the Minister can do to hold an inquiry—we should look not just at the role that HEFC thought that it was playing, but step back and see whether any collusion took place.

Does the Minister believe that the current HEFC funding rules adequately reflect support for part-time and modular learning? More than that, are the accounting errors at London Metropolitan university a one-off? Does he have any reason to believe that the misdeclaration and the slight tweaking of drop-out rates in a direction favourable to funding have happened anywhere else? Given the staggering size of public finance troubles at the moment, what steps has the Minister taken to ensure that more careful attention will be paid to overpayments in future? What specific steps have been taken to ensure that we do not find out next year that the same thing has happened somewhere else?

What assurances can the Minister provide that the quality of teaching at London Metropolitan university—I certainly admired what I saw when I visited—will not be adversely affected by the clawback of £15 million over three years and the £38 million? In addition to what HEFC has done, what discussions have he and his Department had with HEFC to help the LMU improve its data reporting in future? There is a bigger question concerning the viability of higher education institutions. I am sure that the LMU's situation—an organisation getting into difficulty, for whatever reason—will not be a one-off. We have heard calls for the Government to step in and consider the situation, including a call from the Liberal Democrat Front Bench for direct intervention to sort it out. If it looks as if the LMU will not make

it—if it cannot pay back the £38 million loan and is in danger of going bankrupt—will the Minister and his Department allow that to happen, or will they step in?

3.39 pm

The Minister of State, Department for Innovation, Universities and Skills (Mr. David Lammy): I am grateful to my hon. Friend the Member for Islington, North (Jeremy Corbyn) for securing this debate.

Hon. Members have touched on important issues such as widening participation, particularly in London. I associate myself with what has been said about the contribution of London Metropolitan university to widening participation in north London. The statistics show that we have increased the number of young people and adults from poorer socio-economic backgrounds who go to university—my constituency, Tottenham, has seen an increase of 100 per cent., and there has been a commensurate expansion in widening participation in Hackney, Waltham Forest and Islington. We all acknowledge that alongside universities such as Middlesex, Greenwich, Thames Valley and East London, London Metropolitan university has made an important contribution to that in the London region.

London Metropolitan university has been important for women returners, black and ethnic minorities, people who are claiming asylum in England and those who speak English as a foreign language. It has achieved excellence in its research and contributions in architecture, the built environment, communication, culture and media studies, social work and social policy, education, pure maths and American studies. People rightly feel strongly about this university. I agree with my hon. Friend the Member for Hackney, North and Stoke Newington (Ms Abbott) that many young people at the institution were not lucky enough to go to grammar school and Cambridge, as she did. They have had very different opportunities, which is why it is so important that we ensure that that institution has a future.

I will describe the history of what has happened at the institution, as we understand it. The crux of the problem is that the information on student numbers submitted by London Metropolitan university for the three academic years from 2005-06 to 2007-08 were shown to be inaccurate by the subsequent audit. The funding council's concerns escalated over time. Previous audit work had identified problems with the university's returns, which prompted further investigation.

Adam Afriyie: The Minister has mentioned that concerns were flagged up in previous inquiries. Were he or his Department aware of those concerns before the major crisis arose recently?

Mr. Lammy: I will come to that.

The data on student numbers that form the basis for the capitalised teaching grant that HEFCE pays to universities contained inaccuracies. Those inaccuracies led to an overpayment to London Metropolitan university of about £36.5 million. Discrepancies in student number information of that scale were unknown in the higher education sector.

The Department and HEFCE are in regular dialogue. Concerns were expressed when the first audits began in 2005-06. However, the scale of the problem did not become apparent until the last audit period. As the hon. Member for Windsor (Adam Afriyie) would expect me to say, it is right and proper that the Department allows the funding council to deal with funding decisions in relation to institutions.

Adam Afriyie: I thank the Minister for being so generous in giving way. To press my point a little further, the Department was aware that there were concerns over the declaration of student numbers or completions before the final audit that caused the current crisis. Did it have concerns about any other higher education organisations at the same time?

Mr. Lammy: Given the breadth of our universities, it will not surprise the hon. Gentleman that the funding council keeps us informed of a number of issues in relation to a range of institutions. Students and staff write directly to the Department about institutions. We are aware of a range of issues in different institutions. As I have said, the scale of this situation is unique, and it is of particular concern.

Jeremy Corbyn: When was the Department first informed of these problems? What was its response to HEFCE and to the university? Why did the governors apparently keep this information secret from many people until this January?

Mr. Lammy: I will deal with all those points in my speech. I would prefer to do it in that way rather than through separate interventions.

Emily Thornberry: May I ask a question? The Minister may address it in the course of his speech. In order to build up the £36.5 million that is owed through overestimating the number of students going through the university, by how many students was the university short each year with nobody seeming to notice?

Mr. Lammy: I hope that I will address that point in my remarks.

The difference with London Metropolitan university is the scale of the problem. The overpayments were unusually large. The funding implications are so significant because the university claimed that large numbers of students had completed a full year, when the evidence shows that they had done substantially less. That is the central point in the case. The university was making returns that were false.

Ms Abbott: Does the Minister have reason to believe that at any point when the university started making false or falsified returns, it was given to understand by the funding council that doing so would be okay?

Mr. Lammy: I will come to that issue.

Non-completion is a significant issue at the university. HEFCE's funding policies are rightly designed to encourage universities to help their students to complete the studies for which they have paid tuition fees. HEFCE has provided substantial funds to help institutions to improve retention, and my hon. Friend the Member for Islington, North concentrated on that point. London Metropolitan university has received a substantial amount of money compared with other institutions to help it to retain

[Mr. Lammy]

students. In 2007-08 it received £6.9 million, which was reduced to £3.9 million this year. That money was given to help students to stay in the institution, notwithstanding the over-reporting that has taken place.

Mr. Rob Wilson: I understand the Minister's argument, but does he not find it strange, as I do, that the university was submitting non-completion rates 13 times lower than the norm? Rates of 30 per cent. should have been expected, so why did his Department not pick that up for years? It is incredible that his Department and HEFCE were not on top of the situation.

Mr. Lammy: I want to finish the entirety of my remarks. I have said that this is a serious situation, and I want to discuss where responsibility lies.

Under section 65 of the Further and Higher Education Act 1992, HEFCE has a legal power to reclaim grant money that is paid in error, and after due consideration the council decided to invoke that power in December last year. My Department's agreement to that decision was neither required nor sought, but it is hard to quarrel with the reasoning behind it. We all know that times are difficult, and it is important that any funding body is cognisant of students in organisations as well as the method of funding that is allocated to other organisations in the higher education sector. For that reason, the council sought to discuss with the institution how it could mend and solve the problem.

The council was mindful that reclaiming such a large sum immediately could send London Met out of business, so it decided instead to recover the money in a phased and managed way that would both protect the continued viability of London Met and allow it to carry out the significant institutional restructuring that would be required. Accordingly, the council agreed with the university a schedule for recovering the grants that would spread repayments over five academic years.

Repayments on that scale cannot be made painlessly, but I hope and believe that the schedule of repayments that has been agreed will allow London Met to preserve its distinctive and valuable mission and to begin, through its restructuring programme, building for a more sustainable future. Nevertheless, I am aware that, on 19 February, the then vice-chancellor of London Met e-mailed all staff to inform them that the university would seek to reduce its staffing by up to 550 posts by July 2010. The university has since made it clear that more than half the posts will be lost through a mixture of voluntary and compulsory redundancies, and that the balance will be through natural wastage.

Ms Abbott *rose—*

Jeremy Corbyn *rose—*

Mr. Lammy: I shall not give way, because I want to make some progress. According to the briefing note that the university has circulated to hon. Members to inform this debate, further details about possible redundancies are likely to emerge later this month following consultation with trade unions.

Ms Abbott: I am anxious that my right hon. Friend completes his speech, but he has spent a fair amount of time reciting facts that all of us know, and I would hate for him to come to the end of the time available without having responded to specific questions that have been posed to him from all around the Chamber. Let me remind him of a couple of them. What steps has he taken to make sure that the quality of teaching at London Met is safeguarded? What discussions has his Department had with the funding council about London Met? Finally, will it, or any other college in a similar situation, be allowed to go bankrupt?

Mr. Lammy: On the last question, I think I have indicated that I have no expectation that that college will go bankrupt. If my hon. Friend lets me progress, I can tell her that the university will be able to apply for a strategic development fund when it restructures and gets into proper discussions with the funding council about the way forward. That is the first thing, but the university has not done that yet.

My hon. Friends the Members for Hackney, North and Stoke Newington and for Islington, North are well aware that my constituents go to that university too—indeed more of mine do than theirs. They also know that many of us have campaigned, over many years, to ensure that universities in other democracies in other parts of the world are autonomous and free from government interference. It might be nice for the local Minister to go in and start organising a university's finances, but we live in a democracy in which this Parliament has voted for that autonomy and maintains it. That means that the Government cannot intervene in any situation in which a university is in discussion with the funding council, but we are seeking to ensure that students at the university can complete their courses. The university has not applied for emergency funding for students, indicating that it is not worried that students will not be able to complete courses. We are seeking to ensure—this point was raised by the right hon. Member for Chingford and Woodford Green (Mr. Duncan Smith)—that the funding council is absolutely cognisant that where there are vulnerable subjects, which we must ensure are available across the university system.

Jeremy Corbyn: May I bring the Minister back to the redundancies and the financial model under which the university is working? It is funded enormously from the public purse, as are most universities, and it is pursuing a redundancy strategy that does not appear to be necessary in terms of its current financial difficulties. Many people from the university are concerned, as am I, that an excessive number of redundancies are being planned, and that there is an attempt to restructure without any real understanding of the need to maintain courses and staff and student numbers. I understand what the Minister has said about the autonomy of universities, but they are not autonomous; they are funded by the public. His job, as the Minister, is to take care of the public purse and ensure that moneys spent on higher education are spent appropriately.

Mr. Lammy: I take seriously the prospect of redundancies and the worrying risks that they place on people. It is probably premature to reach a conclusion on that issue, particularly given that the new leadership of the institution has come into place only recently. The university has not yet made a bid for strategic development funding, which will be important to how it reshapes and restructures its courses.

Even at the best of times, losing one's job is a serious business for anybody, and I recognise what many lecturers have done over many years at that institution. I cannot guarantee their jobs, but I can promise that any person who is made redundant from London Met will have access to a full package of support for the unemployed, including training support, as one would expect the Government to make available. I also assure hon. Members that all London Met students who are currently enrolled will be able to complete their studies in the normal way. London Met has made no applications to the funding council for emergency support for students, but I hope and expect that any such request would be considered sympathetically.

That summarises where we have got to with the institution. The university has announced only recently the appointment of Alfred Morris, a vice-chancellor with tremendous experience of turning around institutions. It is for him to begin to determine the future of London Met.

Adam Afriyie: And the inquiry?

Mr. Lammy: There will, of course, be an independent inquiry, and an inquiry by the National Audit Office into the financial arrangements for universities, which will have particular regard to the London Met situation. With that, I hope that my hon. Friends in what is a difficult situation in north London will understand that all of us are doing our best.

Better Healthcare Closer to Home Strategy

4 pm

Siobhain McDonagh (Mitcham and Morden) (Lab): Eleven days ago, a special health day was held in my constituency. I persuaded my local primary care trust to hold it on the grounds of the Wilson hospital in Mitcham. The PCT seemed quite sceptical about it and, as my hon. Friend the Minister knows, it was not easy to persuade the PCT of how much interest there would be from local residents.

The health day was a chance for local people to find out about the NHS's plan to improve services and open new hospitals locally. There were stalls giving health advice and information, the most popular of which featured a bicycle that powered a fruit blender. After a couple of minutes spent cycling, people were given a free smoothie, although whether they were in a position to drink it depended on their level of fitness. There were also dance classes and football tuition for children. I arranged for small groups of general practitioners to offer quick and simple health advice, and hundreds of people queued from 10 am until nearly 4 o'clock to see them.

We estimate that about 700 or 800 people came to the health day—I do not think that my local NHS ever imagined there would be so many people. I asked the local NHS to hold question and answer sessions to let people know about the NHS's plans for the future. It set aside one room for about 50 people and planned to hold just two sessions. In the end, we had seven or eight sessions, all of which were packed to over-capacity. The sessions stopped every 30 or 40 minutes to allow the next audience in. I had warned the local NHS that there was a massive interest in the health service, but it would not believe how large it was.

The Wilson hospital is located in the most disadvantaged ward in my constituency and borough: Cricket Green. Life expectancy in Cricket Green is up to 10 years less than that in areas just a few miles away. Many local residents are shift workers, or come from ethnic minorities or groups who find it difficult to access doctors and hospitals. They feel discouraged from visiting a doctor because of surgeries' limited opening times. Many local residents do not have a GP and, even if they do, they do not believe that the GP practice is open at times that fit in with their lives. MPs know about the existence of such people who are excluded from primary care in the NHS, but we often find it difficult to persuade our NHS managers that that is the case. That is why the Government are extending GP opening hours, although I am afraid that not all surgeries publicise their new hours.

A few months ago, before the health fair, I visited a practice that serves some of my constituents, although it is just outside my constituency. The people at the practice complained about the Government expecting them to open at times that were convenient to patients rather than to themselves. They said that not many patients asked for evening appointments. I was a bit surprised by that, so I asked them whether they told their patients that they were open at that time, to which they said no. Obviously, that needs to be sorted out. I think that all surgeries should contact all those on their practice lists to advertise their longer hours.

[Siobhain McDonagh]

As MPs, we know about such blockages in the system, but the local NHS, the surgeries and the administrators often do not. That was why I knew that there would be an incredible demand from people to come to the health fair, but the local NHS did not. However, good has come from all this. My NHS managers are now only too aware of how much interest there is in improving the health service, particularly in disadvantaged areas. They had talked about consultation, communication and contacting hard-to-reach groups, but they had never really managed it. Thanks to the health fair, they did.

Great things are planned in my area to bring health services closer to the people who need them most. The Wilson hospital, where the health fair took place, is a shining example of that. The Wilson was endowed by Sir Isaac Wilson, a local benefactor, back in 1928. He specifically donated it for health purposes. However, not long ago, in the 1990s, there was a Conservative Government. The public campaigned long and hard to keep this much-loved cottage hospital open, but the Tories would not listen and they closed it. I am afraid to say that that was part of a pattern in my area.

In 1996, during the dying days of the Conservative Government, a secret plan was drawn up to close St. Helier, my local general hospital, even though it was an integral part of the St. Helier council estate, which, when it was built in the 1930s, was one of the largest housing estates in Europe. Under that Conservative Government, secret plans were made to move services away from the people with the greatest health needs in my area. Things happen slowly in the NHS, but a process was set in motion and eventually the local NHS proposed moving everything to Belmont in Sutton.

Unfortunately, the NHS is not representative of local people. Of the 18 board members of Sutton and Merton, my local PCT, none are from Mitcham and Morden, even though we are acknowledged to be the area covered by the PCT with the worst health and greatest medical needs. When there was consultation on where to have our local hospital, the results were overwhelming: St. Helier hospital was the favourite and Belmont was the least favourite. However, the NHS voted for Belmont anyway.

Luckily, in 2004, there was a Labour council in Merton, and it called in the NHS's decision and asked the Secretary of State to decide. The decision to close St. Helier was reconsidered by my right hon. Friend the Member for Leicester, West (Ms Hewitt) and, in late 2005, she agreed with residents and instructed the NHS to rebuild the hospital at St. Helier, because that would help to reduce health inequalities.

Unfortunately, there has been a battle over the matter ever since. For a while, no progress was made. Meetings were even held with Transport for London, during which the NHS made it clear that Belmont was still its preferred option. So, we carried on campaigning and, three years later, it looks like we have finally won. Last year, the local NHS finally agreed its plans for our local NHS. St. Helier not only has been saved, but will be rebuilt and refurbished. There will be new wards with single rooms to cut down on infections and improve patient privacy, a new local care centre and a new 24-hour GP service operating seven days a week. What is more, there will be four care centres, including one at the Wilson—the hospital that had been closed under the Tories and where we held the health fair. Those care centres will have diagnostics and treatments, dentists and GPs, and will be open when people want them to be. The Wilson is not just getting a care centre. It will reopen as a hospital, carrying out minor operations and with more than 50 intermediate care beds for people recuperating from operations or needing care that they cannot get at home.

The local NHS has called those plans Better Healthcare Closer to Home. The programme shows the stark contrast between Conservative and Labour Governments—hospitals closed under the Conservatives, but are reopening under Labour. However, at times, it has seemed as though our achievements have been in spite of the local NHS, and I still have great concerns. It takes a very long time to persuade NHS managers about anything. At the health fair, I showed them that there was huge demand for extra and better health care, and that it needed to be delivered in ways that were convenient to patients rather than to the establishment. The local NHS met more people in one day than it probably meets in a whole year of doing things its way, including hundreds of people from hard-to-reach groups with whom it has never had a conversation in the past.

My constituents are delighted that health centres are opening. They are over the moon that the Wilson is going to reopen as a hospital and they are cock-a-hoop that St. Helier has been saved and will be rebuilt and modernised. However, they are a little astonished that it is going to take quite so much time—*[Interruption.]*

Tom Brake (Carshalton and Wallington) (LD): I congratulate the hon. Lady on her health initiative and encouraging such a number of people to come out on that day. Like me, I am sure that she is pleased with the endorsement that the Better Healthcare Closer to Home project has received from the Health Secretary, who said:

"It is the type of project that we want to succeed"—[*Official Report*, 12 May 2009; Vol. 492, c. 678.]

However, through her, may I ask the Minister to give us some reassurance that the BHCH project remains a top priority for NHS London?

Siobhain McDonagh: I completely agree with the hon. Gentleman. I am absolutely fine after falling over before his intervention; I did not knock any sense out—there is probably only stuff to go in.

Our new care centres and hospitals will take a long time to set up. It could take two years to get approval from the Department of Health and to plan, prepare, design and procure the care centre at the Wilson. It could take three years before building can start at St. Helier. A time scale of two or three years with nothing built at all is baffling to my constituents. It will then take a further two years to build the Wilson and four years to build St. Helier. I am sure the Minister can well understand that, as far as many of my constituents are concerned, 2016 might as well be the middle of the next millennium.

I am talking about an astonishing improvement to the local health service. Yes, the programme is complex and will cost hundreds of millions of pounds. Of course we do not want the buildings to fall down, but we are talking about a major capital project at a time when our local and national economies need a shot in the arm.

I do not ask the Minister to act recklessly. However, the Better Healthcare Closer to Home plans have been going back and forth for five or six years. After such a long time, local people know what they want and are impatient for things to happen. We all believe that the plans will put patients more in control of their treatment, particularly those in hard-to-reach groups with poor health who live in less well-off areas. I am asking the Minister to do all that he can to accelerate the programme.

There is still a lot of mistrust in our NHS, and there is also a great deal of fear that future Governments might be just as hostile to our NHS as the Government in the early 1990s. If we can speed up the process and get building under way more quickly, it will reassure my constituents that things really will happen.

I should praise my neighbouring MPs, the hon. Members for Sutton and Cheam (Mr. Burstow) and for Carshalton and Wallington (Tom Brake), who have supported the plans to rebuild St. Helier. They, too, will get new local care centres in Wallington and at St. Helier. They also have neighbourhoods where people's health is not so good, and where the local NHS seems remote.

Our communities will be reassured if people can see with their own eyes that work is beginning. While plans make their slow, steady way through the hands of the mandarins and the bureaucrats, there is nothing tangible to see. At this point, I hope that the Government will be decisive and insistent. We all want this to happen—let us get started.

4.11 pm

The Minister of State, Department of Health (Mr. Ben Bradshaw): I congratulate my hon. Friend the Member for Mitcham and Morden (Siobhain McDonagh) on securing this debate and on her tireless work on behalf of her constituents, not least when it comes to health issues. I commend the health fair that she helped to organise in her constituency at Wilson hospital and I am glad that it was a success.

My hon. Friend is absolutely right about the importance of letting the general public know about the improved general practitioner services that are now available around the country, including in her constituency. There are extended opening hours in the evenings and at weekends, and new health centres are popping up in every primary care trust area. She might not be aware that we have asked every PCT to ensure that every household in its area gets a leaflet—it is called "Your Guide"—explaining what is happening in the area, including details of GPs' extended opening to ensure that the public are aware of such information, even if GPs do not communicate it directly to them.

During the past 60 years, we have seen dramatic changes in the way in which health care is delivered. Today, patients with more and more conditions can be treated and cared for in their own homes or in their local community. For many procedures that still require hospital admission, the length of stay needed has reduced dramatically.

As medical science has advanced, NHS staff have become ever more capable of amazing feats of clinical care. For some complex procedures or operations, it is important to have well equipped and well staffed specialist centres where round-the-clock consultant and specialist nurse expertise can be assured, and where technology, which is sometimes very expensive, can be concentrated. At the same time, there is a great deal of travel in the other direction, as my hon. Friend said. More and more care and procedures no longer need to be delivered in hospitals, but can be delivered in health centres that are closer to where people live, or in people's homes.

As my hon. Friend said, there has been a long and extensive debate about how best to reorganise health services in her part of south-west London. Better Healthcare Closer to Home was launched in 2002. The initial proposal, which based acute services at Sutton hospital, was rejected by the then Secretary of State, in part due to arguments put forward by my hon. Friend. Since then, the strategy has evolved, and, alongside the Local Needs, Local Health review, it now offers the means to improve the quality of local patient care.

There is consensus in the Sutton and Merton area that change is needed. The fabric of the estate at St. Helier hospital is very poor. The trust has inherited a legacy of old buildings, some of which are more than 60 years old, and patients' dignity is compromised by a lack of privacy and a shortage of facilities.

The NHS in Sutton and Merton is reshaping health care around the needs of local people. For example, it will replace worn-out accommodation with facilities and single-sex areas fit for the delivery of modern health care. It will concentrate acute care at one key hospital while providing more care locally, and it will aim to improve patient outcomes and tackle the all-important issue of health inequalities, which my hon. Friend raised.

We all agree that St. Helier hospital is no longer fit to provide the 21st century health care that its local residents expect and deserve. Spending increasing sums of money on inefficient, inflexible and inadequate facilities does not represent good value for taxpayers' money. Better Healthcare Closer to Home proposes a number of local care centres supported by a local acute hospital. St. Helier will continue to be the centre for acute health care services for the people of Sutton and Merton, and it will bring benefits to the deprived surrounding area, including my hon. Friend's constituency. Substantially rebuilding St. Helier at an estimated cost of £155 million will be the first phase of the redevelopment, which is due to finish in 2016.

4.15 pm

Sitting suspended for Divisions in the House.

4.39 pm

On resuming—

Mr. Bradshaw: The proposed improvements will include 65 per cent. of beds in new accommodation, with the existing site being modernised to improve patient comfort and satisfaction, and half of all in-patients will be given the privacy of single rooms, which will help to tackle health care-associated infections. By 2013, three local care centres will be built, with a fourth at the St. Helier development, bringing traditional hospital services and primary care closer to people's homes. Ten per cent. of all intermediate and post-acute care will take place in people's homes and in a new intermediate care centre. That service, with the Wilson local care centre, will serve my hon. Friend's constituency at a capital cost of £22 million.

[Mr. Bradshaw]

The local NHS believes that the changes will prevent 1,000 unnecessary hospital admissions every year; enable 1,500 patients a year to recover 20 per cent. faster, with more post-hospital care in people's homes; ensure that 65 per cent. of local people in Sutton and Merton are no more than 10 minutes' travel time from their nearest out-patient appointment; and reduce travel times by 30 per cent. for people with long-term conditions. Additionally, about £185 million is being invested in the disadvantaged areas covered by the strategy. The lower average travel times will help to reduce inequalities in access to care.

The projects submitted to NHS London have a total capital value of £208 million, and are considerably more complex than most projects on that scale. I am sure that my hon. Friend will agree that the assessment of all the projects must be thorough and the analysis robust. It is therefore taking a little longer than perhaps she and others would wish.

Tom Brake: The Minister is doing a good job of setting out the long-term benefits of Better Healthcare Closer to Home. I should like to encourage him, however, to comment on the short term, and perhaps I can obtain an assurance from him that when the business case for the proposals is complete, which is expected to be by the end of this month, he will take personal responsibility for ensuring that the matter is expedited through his Department.

Mr. Bradshaw: I was coming on to discuss the short-term process, which I think will help to reassure the hon. Gentleman.

NHS London, the PCT and the trust are doing everything in their power to make the soundest case for the success of the Better Healthcare Closer to Home strategy. To that end, the finance director at NHS London is working closely with the PCT to ensure affordability. The PCT and the trust have been asked to provide clarification on a number of issues to ensure that the business cases stand up to the strongest possible scrutiny. Bearing that in mind, the PCT will resubmit the outline business case for Better Healthcare Closer to Home to NHS London before the end of this month. NHS London's capital management group and capital investment committee will consider the case, and a decision should be made by 7 July. The Department of Health will then be free to report its decision. However, to speed up the whole process, my Department will consider the business case in parallel with NHS London, before the capital investment committee meets in July.

The proposed changes in the strategy are a key service development for the NHS in London and, alongside the changes already being implemented at Barnet and Chase Farm Hospitals NHS Trust and North Middlesex University Hospital NHS Trust, they represent the top funding priorities for NHS London. Indeed, a number of improvements have already been made through the strategy. For example, on the Wilson site, a GP-led health centre is due to open later this year. It is being procured through an open tender process. It will be open from 8 am to 8 pm, seven days a week, 365 days a year, and will be open to everyone, whether they are registered with a local GP or not.

I have had a conversation, as I understand my hon. Friend has too, with the chief executive of the London strategic health authority in the past 24 hours, and she has assured me that everything is being done locally to reach a decision in July and that the redevelopment of St. Helier hospital alongside the development of four local care centres for the residents of Sutton and Merton will be given the go-ahead. I urge my hon. Friend and other hon. Members to continue to work constructively and keep up the pressure on the local NHS and NHS London to ensure that progress is expedited and that the residents of my hon. Friend's constituency and others in the area are provided with the best NHS services now and in the future.

Nimrod Project

4.43 pm

Mark Hunter (Cheadle) (LD): May I say what a pleasure it is to take part in this debate under your chairmanship, Mrs. Dean? I should also like to acknowledge the fact that a number of other Members of Parliament, who admittedly are not in the Room but will be soon, want to make a contribution.

The BAE Systems site at Woodford in my constituency has a long and proud history. It first came into use back in the 1920s and has since been in constant use. Companies such as A. V. Roe, Hawker Siddeley and BAE Systems have built and developed many aircraft there, including the world-famous Lancaster bomber, which saw extensive service in world war two. I am pleased to have the opportunity to bring this subject to the attention of the House, not only because it needs to be illuminated among MPs who do not know about the insecure future of the Nimrod project, but because I want to set out to the Minister, whom I am pleased to see in his place, the reasons why the Government should continue to use the BAE Systems Nimrod MRA4 option over the United States Rivet Joint aircraft.

Hon. Members should be aware that I am speaking as a constituency MP who represents not only the BAE Woodford site, but many hundreds of highly trained workers—skilled engineers and technicians who work at the plant and live locally in my constituency or those of my constituency neighbours in the surrounding area. Those BAE employees are relying on three further Nimrod aircraft being commissioned and the site continuing in use as long as possible. As the local MP, I visit the site often, and am well aware of the fantastic job that the whole team of employees does. The expertise of the defence sector workers in this country is world renowned, and it is also on their behalf that I am speaking today.

My contention is simple: to lose valuable contracts to the US markets, as we may well do if the decision goes against Woodford, will not only affect the current workers at the Woodford plant, but will be a death knell for the future of the defence aviation industry in the United Kingdom. Sadly, I do not have time to give all the background and history of the BAE site at Woodford and the Nimrod project, but it would be wrong not to pay my respects and pause to offer my sympathies to the families and friends of the 14 airmen who were tragically killed in the Nimrod incident over Afghanistan in 2006. I understand, however, that the problem that caused the fuel leak that resulted in the accident has long since been corrected and the Nimrods are now on course to have the fewest fuel leaks since the RAF began keeping a tally.

Angus Robertson (Moray) (SNP): I am very grateful to the hon. Gentleman for being so mindful of the 14 servicemen who died aboard Nimrod XV230, based at RAF Kinloss in my constituency. Does he agree that it is imperative that the Nimrod replacement process continues as speedily as possible, not least because it would assuage any remaining concerns about what is a very aged Nimrod fleet? That is one among many reasons why the replacement programme should continue as speedily as possible.

Mark Hunter: The hon. Gentleman makes a very important point and I am happy to agree with him on that matter.

As I have said, the history of the Woodford site is very important, but I want to look forwards, rather than backwards. I shall start with the productionisation issue. I understand from BAE that the Minister visited the plant recently and made it clear that the option to convert the three development aircraft to production standard would almost certainly not be taken forward, yet the RAF has stated that it needs a minimum of 12 MRA4 aircraft to fulfil its operational tasks. I therefore invite the Minister to explain to the House how, without those three planes, the operational shortfall will be met and what the replacement measures will cost.

However, the key issue that I want to focus on today is the Helix programme. For those hon. Members who are not aware of it, it is a brand-new electronic surveillance mission system and it requires a further three aircraft. The Government have accepted that the RAF needs those planes and the capacity that they will provide, but the decision that the Minister faces is where the aircraft will come from. We are talking about either the brand-new, state-of-the-art Nimrods from the UK or—this appears to be the only alternative—the 40-year-old US Rivet Joint plane made by Boeing.

In late 2007, BAE submitted an outline proposal that the aircraft should be Nimrods, but the Ministry of Defence decided that the costs were too high and too much risk was involved. Since 2007, the situation has changed dramatically. I am pleased to acknowledge that the Minister agreed that a further bid by BAE Systems could and should be submitted.

Over that time, the MRA4 programme has matured; the development programme is almost complete and through-life costs are now well understood. Most important, perhaps, is that the decision not to productionise the three Nimrod airframes already in existence leaves them ready and available for conversion for the Helix programme. Given those developments, does the Minister agree that no decision should be made before a thorough examination of the BAE bid is made and carefully compared with the American option? I hope that he will at least give us a guarantee that that will happen today.

The MOD will doubtless wish to examine closely the question of cost. Does the Minister agree that there will be cost advantages, as well as advantages such as operational synergy, in operating Helix with a fleet of Nimrods, especially as the RAF already uses them and is familiar with them? I understand that the MRA4 plane has a longer shelf life than the Rivet Joint alternative—25 years rather than 12. Is that the Minister's understanding, and will those aspects will be taken into account in the appraisal?

I want to be sure that the cost-benefit analysis of the options takes account of all the effects of the decision, including those that might be unintended. For example, local employment, and therefore the local economy, will be directly affected, with up to 1,000 dedicated employees at Woodford having to face their jobs ending more quickly if Nimrod is not chosen for the Helix project. The UK would also lose the expertise developed in Woodford—expertise that would help possible future productivity—and support and service for the current

[Mark Hunter]

Nimrod fleet, thus leaving the UK no option but to return to the US again and again for upgrades and maintenance.

In my view, the decision would also damage the UK defence industry's ability to modify and improve electronic surveillance systems which, in turn, would severely cripple the UK defence industry's future capabilities. The unintended consequences of a decision to buy American and the advantages of using the Nimrod must be factored into the cost-benefit analysis of the two options. Intelligence considerations are arguably even more important. If the American aircraft were used, all intelligence gathered would come to the United Kingdom via the US military, not directly to GCHQ, as it would if the Nimrod option were chosen.

Will the Minister tell hon. Members how the capabilities of the two aircraft compare? I understand that the new Nimrod is a world-class, state-of-the-art aircraft that offers exceptional capabilities. Does the Minister believe that the same can be said of the 40-year-old Rivet Joint American alternative? In an article that appeared in *The Times* last year, an RAF insider was reported as saying:

"I am incandescent with rage that we are even considering ditching what is a world-class, 'gold standard', war-winning capability in the name of economy and the dubious claimed benefits of greater interoperability with the USAF".

Again, I would be grateful for any response that the Minister can give me.

On the question of maintaining national security, what level of control would the US have over the Rivet Joint contract? For example, could the contract be cancelled, or not renewed, if the UK used Helix for actions that the US Government did not support? Surely we should not hand over a vital part of the UK's defence capability to the US in that way. Does not the Minister agree that there is a question of sovereignty and independence?

Finally—I am aware that other Members wish to contribute to the debate—the argument is not about protectionism. It is a question of short-term savings overriding long-term financial sense and stability. It will be more economic in the long term, and for the economy as a whole, to stay with the Nimrod programme. It is also right for the country. In the current economic climate, we would be better investing in UK jobs and developing the UK defence industry instead of subsidising US jobs and the US defence industry.

4.55 pm

Tony Lloyd (Manchester, Central) (Lab): I congratulate the hon. Member for Cheadle (Mark Hunter) on securing the debate. I emphasise that the matter unites all political parties represented in the north-west. I can tell the Minister that everybody is conscious of his willingness to engage in proper debate on the matter and to make himself open to argument. For example, when he visited Woodford recently, he listened to the concerns expressed not only by BAE Systems, but by its work force.

Although I shall not speak for long, I want to make a few central points and reiterate some of the points made by the hon. Member for Cheadle. We in the north-west of England are concerned that the nation should recognise the importance of the defence industry not only as an employer, but as a repository of the high skills that our nation needs for advanced manufacturing in future. Maintaining that skills base is not an arbitrary factor, but an important consideration; it has not only monetary value but something beyond that.

I realise that the Minister might not want to answer every detailed question raised this afternoon. The growing belief is that comparisons that might originally have been disadvantageous to the Nimrod have been evened up considerably in recent times. That is partly because BAE Systems recognised the need to make significant progress in order to satisfy the concerns of the RAF and the Ministry of Defence. Those were legitimate concerns, given the history of delays in such projects, but things have moved along.

I therefore ask my hon. Friend whether he is satisfied that at least part of the commercial risk has been removed as a result of the offer from BAE Systems to consider a leasing system and the cost equation involved in providing the Nimrod. If not, I would counter with serious doubts about the comparison with the Rivet Joint system. For example, we know that some of the costs involved in operating the Rivet Joint system will be disadvantageous. It will need bigger crews, and it will have certain other disadvantages that will lead to longer ongoing costs than the Nimrod system. Is my hon. Friend satisfied that BAE Systems arguments on the costs equation are going in the right direction?

Cost is an important part of the equation, but the sustainability of Nimrod as a military system is fundamental. There is no point in buying it if it does not do what it should. There is no doubt that the newer Nimrod system is better than Rivet Joint, but with the proviso that I conceded in conversations with the Minister and others. The key question is: can BAE Systems deliver the system when the RAF needs it?

In the end, we need to hear from the Minister whether delivery is still a fundamental problem. We local MPs need to say to the company that it has to close that gap and give the necessary guarantees. If the Minister believes that such things are already built into the equation, can we move forward, recognising that on jobs, costs and in terms of defence capability, Nimrod is the superior system?

4.59 pm

The Parliamentary Under-Secretary of State for Defence (Mr. Quentin Davies): It is a pleasure, Mrs. Dean, to serve under your chairmanship. I congratulate the hon. Member for Cheadle (Mark Hunter) on securing this debate. It is on a matter of general public interest, particularly in the north-west of England, and I am struck by the number of Members from all parties who are here this afternoon to take part.

I totally agree with what the hon. Gentleman has said about the history of BAE Woodford. It has a proud history involving the RAF and the use of the very best of British engineering skills over many generations. As he has rightly said, it goes back to the Lancaster bomber in the second world war and the Vulcan just after the war, and it includes the first Nimrod, the MR2 and the current MRA4 programme. I also agree totally with what he said—I am so glad that he mentioned it—about the appalling tragedy of the loss of those 14 men in Afghanistan in 2006. That remains a very live memory.

Those men died serving their country in a harsh and difficult environment, and we pay tribute to them. We bitterly regret their loss.

I shall deal in turn with three distinct issues: the current progress of the MRA4 project, the prospects for productionising the additional three aircraft in the MRA4 maritime surveillance role and the possible use of an MRA4 airframe to contain a new version of the Helix system to replace the R1 Nimrod. As all colleagues from all parties in the Chamber who have followed this history over the years know all too well, the MRA4 project has been very much less than a happy one, ever since the original contract was signed by the Conservative Government in 1996. One has almost lost count of the number of renegotiations of the contract since then. The story contains lessons for all of us on the procurement side and for those on the industrial side as well. Those lessons are being learned on both sides.

I am happy to say that the latest indications are reasonably favourable—in some respects, they are very favourable. The latest bad news is that there have been delays to flight trials, but the good news is that we hope that delivery of the first aircraft will be slightly ahead of the latest schedule later this year, which is very good news. The 2011 in-service date will be met, and we look forward to that. The Defence Committee asked me why we did not cancel the MRA4, but I assure hon. Members that, unless something completely unpredictable—indeed, almost inconceivable today—happens, I shall not consider that option at all. We look forward to taking delivery of those aircraft.

The question was asked whether we can do the job with nine rather than 12 aircraft. The answer is, "Yes, we can." I do not want to go into too much detail, because these are delicate security issues, but the essential national defence task to which those aircraft will be put can certainly be done with nine aircraft. That will leave us with a great deal of capacity to do a wider job in the maritime surveillance role. I am confident that the essential task that we want the MRA4 to accomplish can be carried out. If we had 12 or 15 aircraft, no doubt we could put them to good uses. With current technology, however, there is no need for anything like the 21 aircraft that were originally specified in the totally different circumstances of the early 1990s.

I want to repeat what I said very clearly in Woodford on 27 April, because it is neither responsible nor kind—in fact, it is cruel—to encourage false hope. Although no formal statement has been made or formal decision taken—there are various formal procedures in the MOD to go through first—in all honesty, I cannot conceive of any circumstances in which it would feel right to spend additional taxpayers' money on further MRA4 aircraft in the maritime surveillance role. I want to put that even more firmly on the record than I did in Woodford. I am afraid that it is a fact that everybody should take on board. I do not want people to spend money unnecessarily. In particular, I am concerned about people planning for their futures and facing up to the realities of the situation earlier rather than later. It is in that spirit that I make that point.

The third distinct issue is the one about which hon. Members on both sides are most concerned: our decision on the replacement for the R1 Nimrod and the question whether we can use these three potential MRA4 aircraft in that role. I shall not disguise from the Chamber the fact that, when I took over this job, many people said to me that that was not a sensible or realistic prospect. However, I am determined to ensure that we do not exclude that prospect unless we have considered its potential very carefully and thoroughly.

I know that BAE Systems put in a bid some years ago for a new replacement for the R1 Helix system, and that it was not one of the companies selected to undertake an initial study. I do not want to go back over the past. Under international and European law, we are allowed to take a national view, from time to time, on defence procurement, and there will be moments when I will feel that it is right to do so. If BAE Systems can come up with a sensible solution, I would certainly prefer a British solution.

Sir Nicholas Winterton (Macclesfield) (Con): I apologise to you, Mrs. Dean, and to the Chamber for being a little late. The Divisions confused me about when this debate would begin. The Minister's response is very constructive and helpful. However, what consideration has he given to the life cost and operational synergies between Helix and MRA4? Could a great deal of money not be saved? This airframe could be used. I agree that there are complications, but surely considerable savings could be made, particularly in having one aircraft carrying out both functions.

Mr. Davies: The hon. Gentleman is perfectly right that the through-life cost is the important issue in terms of cost and that cost itself is important. Cost has to be considered along with the other two issues that are most important to me—delivery time and technical risk. There have been far too many cases in the history of defence procurement in which we took on excessive technical risk and found that we were buying capabilities that did not work, or that we had taken far too long to acquire them, because we had had to solve all sorts of technical problems along the line. Historically, the Nimrod MRA4 project is a classic example of that, as too was its predecessor. We must be alive to those things.

The hon. Member for Macclesfield (Sir Nicholas Winterton) is convinced that if I were to consider the matter on a through-life cost basis, I would come up with an equation that points clearly in the direction of the MRA4. My hon. Friend the Member for Manchester, Central (Tony Lloyd) is also very confident that the MRA4 would come out ahead on all those criteria. I do not know. I have not received proposals either for the Rivet Joint or from BAE Systems—if we get one—for the MRA4 in the signals intelligence and R1 replacement role.

On 27 April, I told BAE Systems three things: first, that if it wants to bid, I would enable it do so by briefing it in full on the necessary, up-to-date information about our requirements—that has been provided during conversations over the past few weeks—secondly, that I shall consider the three factors just mentioned; and thirdly, that it might feel handicapped, because clearly its bid would involve adapting an airframe to a role for which it was not originally conceived, the production of a new missions system that has not been in service before and the integration of those two things. Those are the three different technical risks involved.

Mark Hunter: The Minister is giving a very full response to our questions, and I look forward to the rest of his comments. According to our information, this is

[Mark Hunter]

an either/or choice—either Rivet Joint or Nimrod—and he has not yet denied that. As we understand it, the American project is a 40-year-old product. Does he share my concerns about the structural integrity of an aircraft that might have spent most of the past 40 years in a desert somewhere in the United States waiting for a buyer? Cost is a major consideration, but safety is also uppermost in all our minds, including his.

Mr. Davies: I did not include safety in my three criteria, because safety must be taken for granted before we take anything beyond the first stage. The hon. Gentleman knows that I am not an aerodynamist or aeronautical engineer, so I have to rely on the experts to answer these questions. If he asks them directly, as I have done, the experts will tell him that the critical thing is not necessarily the age of the design of the airframe. The original airframe of the Rivet Joint is the same as that of the Boeing 707—he and I might remember going on one of them in our childhoods. The design has proved to be extremely viable over those years. It is the age of the individual airframe, which may not be anything like 40 years old, and the number of flying hours that it has done that are the critical factors.

Let me turn to the US air force, which does not have a reputation for cutting corners on safety. One or two air forces in some parts of the world may not be paragons when it comes to good safety records, but that is not the case with the US air force. The US air force plans to use Rivet Joint, which is the existing system that it is talking to us about, until 2040. According to its schedule, it will start to withdraw the system from 2036 going on to 2043, so take an average of 2040—I think that I am within a year or so of being accurate. In practice, many of the systems will be extended a bit longer than the out-of-service date as foreseen 25 or 30 years beforehand. The US air force is pretty confident about the viability of the airframe. That is the best answer that I can give to the hon. Gentleman. I will not prejudge this whole competition.

Ann Coffey (Stockport) (Lab): When the Minister makes his considerations, will he also take into account the importance of keeping highly skilled engineering jobs in the north-west, because that will attract further investment and give vitality to the region?

Mr. Davies: The answer is, of course, yes. I was going to touch on that important aspect in my concluding remarks.

Mark Hunter: In the limited time that is left, I hope that the Minister will make some reference to the intelligence questions that I raised earlier in my speech. I am referring here to the sharing of information.

Mr. Davies: I am sorry about this, Mrs. Dean, but we are all confused about the way in which this debate has been running this afternoon for the reasons that we all know about. Am I right in thinking that I have another three minutes?

Mrs. Janet Dean (in the Chair): Will it help if I clarify how much time we have left? We started this debate early because the previous debate finished earlier than expected. We may have another vote. *[Interruption.]* My pager is buzzing away. We can go on until 5.24 pm.

Mr. Davies: I am grateful for that, Mrs. Dean. In anticipation that we cannot go on for that long because of the expected vote, I will try rapidly to answer that important question. On that matter, unlike on other matters, the hon. Gentleman is misinformed. If we were to purchase or acquire by some contractual mechanism—I leave that matter open for the time being—the capability represented by the Rivet Joint, it would be exclusively British crews who will operate the system. The intelligence will come through to us in the first instance, and it would be for us to share that with our very important allies, including the United States, or it may be just the United States. It will be a matter entirely for us. We retain complete sovereignty over the ownership of that intelligence. There is no danger of our losing that.

The hon. Gentleman raises the theoretical political risk—I call it political risk—that the United States will embargo this country, stymie our defence capabilities, order its nationals no longer to service our aircraft or deliver spares for the aircraft that we are utilising and so on. I cannot estimate in what time scale such US actions or sanctions might be effective, if ever they were applied. I rate very low the chances of such an eventuality emerging in the world of the future, even after our time. I cannot believe that there will be a situation of such enmity between this country and its greatest traditional ally, the United States. Although there is a theoretical risk, it is not one on which I will spend a great deal of time. If such a nightmare scenario were to take place, there would be so many other issues of great national importance that that would not be a concern.

I am looking forward to receiving any offers that anyone wants to send in. If BAE Systems decides that it wants to send us an offer, that is entirely its decision. I have not requested it to send in an offer; I have simply said that I do not want to prevent it from sending in an offer. I will facilitate it putting together an offer, if that is what it wants, and we will consider it very thoroughly and fairly. All the issues that have been reasonably raised this afternoon will be weighed in the balance when we come to make a decision.

Sir Nicholas Winterton: Our Prime Minister—I do not want to misquote him—has made it known that he would like, where possible, for purchases to be made of British products, because that will provide jobs for British workers in British factories and bring the maximum benefit. How will such a factor be weighed up? If the company provides assurances over design and reliability and says that there will not be the problems that have been experienced in the past, will that weigh heavily? Given that the trade union movement at Woodford has been constructive and co-operative with management on all occasions over recent years, I do not believe that it should lose out, especially as the Helix MRA4 would answer the requirements of the RAF.

Mr. Davies: The hon. Gentleman talks about the Prime Minister. I agree with him that the Prime Minister is an excellent Prime Minister. I think that I said the same in more or less the same words as the hon. Gentleman. All things being equal, or not quite entirely equal, I would prefer this contract to go to a British company. I agree with everything that the hon. Gentleman has said about BAE Systems and its work force. I have had several meetings with representatives of the work

force and have been impressed with how well informed they are and how pragmatic and effective they are in their dealings with the management. When I went to Woodford on 27 April for what was an exemplary meeting, the management asked the unions to be present at most of our meetings—that has never happened to me before. I thought that that was splendid, because it showed that real teamwork was going on between management and the unions so far as that factory and this project are concerned.

Mark Hunter: Earlier, the Minister made reference, quite appropriately, to the dangers of building up people's hopes and expectations. He made it quite clear that the Government are not interested in doing that unless there is real reason to do so. That being the case, will he confirm the timetable for that decision? As the Minister has been to Woodford and paid tribute to its work force and management, will he give us a more specific idea about the timetable? We have been told that a decision is imminent, but it is only fair to those who have livelihoods at stake at Woodford to know what timetable the Minister has in mind, so that they will have a better idea of when precisely their futures will be known.

Mr. Davies: It is a matter of a very small number of months. We have had conversations with two potential major bidders in this project. I do not want to start setting some arbitrary deadline. I want to receive the two offers, and I want the bidders to feel happy with them. However, what I will not do is delay the project to accommodate the offers. It is very important for us to see progress and people going forward in a matter of weeks. It will be a very small number of months within which we will need to have got on board, in a final version, all the facts. As I have said, there are many considerations in such an operation. I have tried to isolate three, because they are the essential ones on which everyone should focus—they are price, delivery and technical risk. I have not disguised from BAE Systems privately, and I do not disguise from the Members of Parliament who represent the people who are employed in the factory, that on technical risk, it is not necessarily an equal race. We have to compare a proven system with one that will be new in terms of airframe, mission system and the integration between the two. There are some real challenges, but I do not mean to say that it is hopeless or impossible. If I thought that, I would say so and cut off any chance of anybody bidding. We remain totally open-minded, and I look forward to making a decision on that basis.

My hon. Friend the Member for Stockport (Ann Coffey) made a good point about the future of the British aerospace industry and the engineering skills that we have at every phase in the design, development and production of aircraft systems. The Government do not get much credit for good news—nobody pays attention to it—but there was a piece of spectacularly good news the other day, when we confirmed that we are prepared to go with our partners on the European continent to negotiate part of the third tranche of the Typhoon programme. That enormously important programme involves a lot of aircraft and work, so it was considerably good news, not least for the main contractors involved and their work forces and for the subcontractors. The livelihoods of some 16,000 people in this country depend directly on the future of the programme, and it is going forward. I hope that that answers my hon. Friend's question.

BAE Systems is investing its shareholders money, which we appreciate, and the Government are investing—such joint investment is the way forward, as I have said in many different forums and contexts—in three new unmanned aerial vehicles and unmanned combat vehicles programmes. I will not go into the details or specifications of the projects, because, as the hon. Member for Cheadle will realise, such matters are confidential. I visited Warton, where that programme and the major contribution of BAE Systems to Typhoon tranche 3 are going ahead.

We are entitled to feel reasonably confident about the position of the aerospace industry in the north-west and its component manufacturers in other parts of the country, including the important Selex avionic systems site in Edinburgh. Every time I see the hon. Member for Moray (Angus Robertson) in a defence debate, I tell him that Selex's long-term future would be menaced, if Scotland becomes independent. He must face up to those issues, which are important for the livelihood of his constituents and many people in Scotland. At the moment, they are nevertheless entitled to feel reasonably confident.

The future of the Woodford plant is a matter for BAE Systems; it is not for the Government to tell it what to do with its assets and plants, or how to structure its business, so we will not do so. However, my understanding is that Woodford will not remain an aircraft production facility much longer than a couple of years beyond the delivery of the nine MRA4s, whether or not we produce a contract to use the three test aircraft in a new role. In other words, instead of a 2012 deadline, we might be pushing a deadline of 2014. Two years is not nothing, but one could always argue that if bad news is coming and there is going to be some restructuring, it is better for people to have an early warning, so that they can change their lives aged 39 rather than aged 41 or 42. We can argue that both ways.

I was deeply impressed, both as an individual and as an engineer, by the chief engineer at Woodford, who has been there for many years, and by his team. The spirit at Woodford is magnificent. As long as we have real business and requirements for state-of-the-art avionics and aerospace in this country, which we will if the Government have anything to do with it, there will be prospects for the skills, dedication and track record, which have been demonstrated by the Woodford work force over the years, to find a continuing role in the industry, if not on that site.

Question put and agreed to.

5.23 pm

Sitting adjourned.

Westminster Hall

Thursday 21 May 2009

[ROBERT KEY *in the Chair*]

World Food Programme

[Relevant documents: Tenth Report from the International Development Committee, Session 2007-08, HC 493-I, The World Food Programme and Global Food Security, and the Government's response, Eighth Special Report of Session 2007-08, HC 1066.]

Motion made, and Question proposed, That the sitting be now adjourned.—*(Ian Lucas.)*

2.30 pm

Malcolm Bruce (Gordon) (LD): Although it is some time since the International Development Committee produced its report, this is a timely opportunity to bring some of the information up to date and for the Government to give an indication of how they are responding to a changing situation.

Perhaps it would be convenient for hon. Members to reflect on the circumstances in which the Committee began work on its report a year ago. It was fortuitous that the crisis developed after we had decided to write the report. Therefore, I am not claiming credit and saying that the Committee was ahead of the curve, but we were timely, as it turned out.

Indeed, on the day that Josette Sheeran, the head of the World Food Programme, gave evidence to the Committee, the Prime Minister took the opportunity to convene his food summit at No. 10 Downing street. I hope that I am not being ungallant if I say that that is possibly the primary explanation of why I was the only non-Cabinet Minister invited to attend the summit, which was an interesting and important event. It was seminal in our recognition that we have to rethink the role of food, food security and supply, and development.

People will remember that food prices rose shockingly and sharply last year. There were food riots in many countries and deep concern about the situation. People might be forgiven for thinking, because all that is no longer in the headlines and prices have eased back a bit, that the problem has been resolved. However, the reality is that prices are still at historical highs, relatively speaking, and some are at absolute highs. For example, the cost of Thai rice—the world's benchmark—is $614 a tonne, more than double its 10-year average price of $290 a tonne. That is the current price, not the peak, which was $1,000 a tonne at the height of the crisis. The price of maize in Malawi has risen 100 per cent. in the past year, and wheat prices in Afghanistan are 67 per cent. higher than a year ago. Of course, the incidental benefit from that is that wheat is more attractive than poppy to some farmers in Afghanistan, but that is not central to this debate. My point is that food security and prices are still an issue, even if startling figures are not in the headlines.

The WFP requested $5 billion to meet last year's food crisis. In spite of the fact that the sharp price peaks have disappeared, it is asking for $6 billion to deal with food shortages this year. To some people, that might seem counter-intuitive, but, because of various pressures, the reality is that the WFP has more people to feed this year. It will be instructive to deal first with the explanations for last year's food prices, and then see what has changed to cause the situation this year.

There were several explanations of why prices peaked as they did last year. One was that general economic activity forced up oil prices, which increased the costs of fertiliser and harvesting. Another was that rising living standards encouraged more people to buy meat products, and the diversion of cereal crops to animal feed imposed stresses on supply. Another argument involved biofuels, although I think that that debate got a little out of hand. Nevertheless, certainly in the United States, biofuel production took maize away from food production without delivering a great benefit in terms of fuel. Of course, there were also climate change factors—water shortages, desert conditions and crop failures for climatic reasons—and population growth pressures that contributed to what happened last year.

This year, some of those factors still exist, but additional ones have crept in. For example, the effect of the downturn has meant that many of the poorest people in the poorest countries have suffered a massive downturn in income, particularly due to the loss of remittances. That means that many of those people are poorer than they were before. Even though prices have come down from the peak, they are still historically high at a time when incomes are historically low. To a substantial degree, that is why the WFP is saying that it needs more this year than last year to address the needs and pressures that it faces.

I hope that the Minister will be able to give us an update on the Government's contribution, given that it is not always given in one go. I checked the WFP's website before I came into the Chamber to find out the UK's donations during the past three years and the current year: $100,371,690 in 2006; $66,850,922 in 2007; $168,960,902 in 2008, which was obviously a peak year; and $48,136,387 so far this year. Those are very precise figures—I suppose that exchange rates and other things are taken into account.

Perhaps the Minister will also give an indication, to the extent that he is able to do so, of the further contributions that we expect to make this year. I hope that I am right in assuming that the $48 million is current contributions, and that there will be more to come as the year progresses.

The UK is ranked about 8th or 9th among donors to the WFP. I would of course say, as would the WFP, that the UK is a significant donor. The Committee's meeting with representatives of the WFP was constructive because there was recognition that the UK is an important player and contributor to the work of the programme. However, I would like to highlight where the Committee, to some extent—I was about to say "parts company with the Government", but perhaps I will put it another way—thinks that the Government could re-evaluate its relationship with WFP.

As we understand it, the Government believe, perfectly correctly, that the WFP is the lead agency for dealing with famine and humanitarian crises involving food and relief, and that it does that extremely well and should be funded accordingly. The WFP, not unreasonably, says that although it is extremely good at such things and wants to continue to be the lead agency on them, it would like to have much more to do with preventing

[Malcolm Bruce]

famine. It believes that it has many of the skills and qualities to enable it to do that, yet there seems to be a reluctance—not just by the UK Government but by the UK Government among others—to engage with that proposal.

The Committee recommended that the WFP should be recognised as the lead UN agency on hunger, not just food crises, which was in its original brief when it was set up. It should be given support not just to deal with famine and food crises but to help prevent them.

Since the Committee produced its report, the WFP has produced its strategic plan for 2008-11. Without wishing to delay our proceedings, it is probably worth putting the key points on record. The strategic plan lays out five objectives for the WFP in 2008-11. The first is to save lives and protect livelihoods in emergencies. Clearly, that is its brief, and the Government have no problem with that—that is what the Government fund it to do.

The next objectives are to prevent acute hunger and invest in disaster preparedness and mitigation measures; to restore and rebuild lives and livelihoods in post-conflict, post-disaster or transition situations; to reduce chronic hunger and under-nutrition—I shall come back to that point—and to strengthen the capacities of countries to reduce hunger, including through hand-over strategies and local purchase, which is another important point.

I am not suggesting that the Government do not agree with all those strategies. Indeed, in some cases, they do agree, and they work with the WFP on them. However, I believe that the view on other cases is that the WFP should not be involved, and therefore the UK Government do not provide funding. I would like to say unequivocally that the Committee would like the Government to think again—to revisit their position—because we think that that would be justified and could be beneficial.

We said in our report that we were shocked that the Government did not have a nutrition strategy. The Secretary of State acknowledged that he had not had a sharp focus on nutrition when he came into the role, but that he recognised that nutrition was an important part of the food security issue, and of the food issue more generally, and that that was important in achieving a number of the millennium development goals. He said that the Government would introduce a strategy on that. I do not complain that they have not yet done so, but it would be interesting to hear the Minister say what progress is being made.

It is fine to say, "People are really hungry; give them food", but let us look at the reality. Millions of children are permanently malnourished—stunted—and, as a result, they are vulnerable to diarrhoea, disease, malaria and AIDS. Therefore, because of their inherent malnutrition, if they contract any of the illnesses with which they are threatened in many environments, the chances of their dying are much higher. This is not just about making them look fitter and better; it is about fundamentally giving them the capacity to survive. Too many children still die before the age of 5, partly because they are not getting enough to eat and are going to bed hungry.

Just to reinforce my point about this year, because of other factors—the recession and the drop in income—the number of people going to bed hungry every night, according to international calculations, has now exceeded 1 billion for the first time ever. They are not hungry as we mean it, but hungry because they have not had enough to eat. The WFP has a potentially bigger role to play in developing a response to this.

On the procurement and provision of food, which the WFP has been thinking about quite a bit, neither the Committee nor the Government are responsible for calling the United States to account. However, it is well known that the US chooses to give most of its food aid in kind. Some years ago—my hon. Friend the Member for Edinburgh, West (John Barrett) was a member of our Committee at that time—we visited Washington and took the opportunity to discuss the issue with the deputy Commerce Secretary. She said that it was not farmers' interests in the US that caused the problem—the food is bought from them at the going rate, so it makes no difference to them whether they sell it to the Government or somebody else—but that the real issue related back to the Monroe doctrine. The shippers that carry food from the US to Africa or Asia are, to put it frankly and bluntly, making money out of doing so. Therefore they lobby Congress to allow aid to be sent not in cash, but in kind—that explains the context. From the WFP's point of view that process makes what it is trying to achieve a lot harder, because in respect of both efficiency and development assistance, it is much better for it to have the money to buy the grain from the nearest available place. That allows it to be transported quicker and at lower cost, and often provides income to farmers in neighbouring countries who have surpluses. That is often the case, because famine can be localised in one country, or even in one area of a country.

This is about getting the food from somewhere nearby to where it is most needed and, in the process, giving an income to small farmers. The WFP is now making that positive choice. It wishes to make small farmers part of the solution to the problem by making contracts with them to buy their food specifically for WFP purposes at guaranteed prices, which gives those farmers confidence that they can afford to plant and produce. Clearly, just in terms of general bilateral relationships, we would all like to persuade the US that, if it really wants to help the world's poor, this is a moment for a rethink about whether the commercial interests of US shippers are more important than the 1 billion people who go to bed hungry, and about whether a better way can be found of solving that problem in the long term. It seems to me that the WFP would wish to do that.

I had the pleasure of taking evidence from Josette Sheeran when she attended the Committee, and I have also visited the WFP offices in Rome and talked to a range of its officials. A few months afterwards, in July, I attended the Committee of the Foreign Affairs and Development Committee Chairs in Paris—it sits under every rotating presidency of the European Union—to which Josette Sheeran was giving evidence. I was somewhat surprised and disappointed, when she read a list of EU countries—not a short one—that had been of specific help and support to the WFP during that period of crisis, to find that it did not include the United Kingdom. I specifically asked her whether that was an oversight or a deliberate exclusion, and she made it clear that it was not an oversight and that although she was not ungrateful for, or unappreciative of, the significant contribution made by the UK, she did not appreciate the restrictions

on funding that came from the UK Government, compared with other Governments, regarding the day-to-day activities of the WFP.

When I wrote to the Secretary of State about that, he robustly defended his position. However, he did not persuade me that the argument was entirely on his side. If the Minister feels able to elaborate on and explain that situation, I would be interested to hear about it. Although I am not implying that there is anything other than an honest difference of view, that difference is worth exploring, because it is clear that an organisation delivering impressive results takes the view that the UK's relationship with it is not as helpful as that of other countries. It is not the amount of money, but the way it is applied. It would be useful if that area were explored, to mutual benefit. I am not suggesting that there is any negativity—the WFP is positive about the UK—but it feels somewhat constricted.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): It is surely right—I am sure that the right hon. Gentleman agrees—that if the Department for International Development is giving substantial aid to a United Nations body, it should be critically helpful about that body's policy and, if necessary, about how it spends its money. Will the Committee Chairman tell us whether, in this instance, he thinks that there may have been a little bit of spite involved in those remarks, in that DFID was trying sensibly to suggest how WFP policy should be rolled forward?

Malcolm Bruce: I can honestly say that there was no spite, because I had a private conversation with Josette Sheeran afterwards. She would want me to make it clear that she had a good personal relationship with the Secretary of State and that there was no quarrel. The money that she was getting was fine and delivered its intended purposes. There was no complaint about the relationship, but she felt that our Government was resisting its development. She would like to tease out the Secretary of State's position, and I am sympathetic to that.

Rather than being in any way challenging and critical—I do not want to be—I am saying that I completely understand the Government's position and why they are taking it. Perhaps until last year I would have said, "That's it. The Government simply say, 'We view the WFP as the lead humanitarian food relief agency. It is excellent. Whenever that is needed we will fund it generously.'" Neither I nor the WFP quarrel with that. However, if we are looking at whether we want to prevent famine—and we do—the Committee is suggesting that the WFP should have the capacity to make a contribution to that. We should at least reassess whether that would be a legitimate vehicle for British funding—that is all I am asking the Government to reconsider.

I do not want there to be any suggestion of spite, conflict or difference of opinion. My impression is that there is high regard for the British Government in the WFP, and vice versa. In respect of the development of the relationship, there is not tension but simply difference. Other countries are responding in ways that the WFP finds helpful. Personally, and from the Committee's point of view, it would be good if the British Government considered that view.

I do not want to detain hon. Members unduly. I hope that I have given some of the flavour of the report, the context in which we produced it and the changing circumstances over the last 12 months. We must not allow food security to lose its high priority on the agenda, and I shall refer to some points that have been made recently.

An article in the *Financial Times* on 7 April 2009 reported that 1 billion people were chronically hungry and referred to the increased requirement of $6 billion instead of $5 billion. Peter Brabeck, chairman of Nestlé, said:

> "Don't forget that the food prices are today about 60 per cent. higher than they were only 18 months ago. And this means that those people who spend 60, 70 per cent. of their disposable income on food have been hurt very, very strongly".

Josette Sheeran has said that the food crisis is not over. The WFP worries that because we do not have food riots and there is no focus on high spikes, attention may be moving away.

I commend the Department for International Development for not chasing headlines or fashion. It tries genuinely to provide one of the most important and sustained mechanisms for delivering poverty reduction. I respect the ministerial response that the Government were not ready to change policy because they believed that they had got it right. I am asking them only to think about this, which is reasonable.

The Committee takes the view that the WFP is one of the best UN organisations. It operates in extraordinarily difficult conditions and does a fantastic job, bearing in mind that delivering food is not just about getting it there. The WFP must often build roads and secure access in dangerous places, and must do so often under fire with resulting casualties. That has positive consequences. Roads were opened up in southern Sudan for the delivery of food, and they became trading links and networks for economic development that was unrelated to the WFP, but facilitated only because the WFP built the road.

The WFP is one of the best organisations, but our conclusion is that it has the capacity to do a lot more to prevent famine. National and international communities must give serious thought not just to how we respond to emergencies—the Government do so admirably—but to how we can prevent those emergencies, and the role that the WFP could take in that. That is the key issue on which the Committee would like the Government to focus.

2.52 pm

John Barrett (Edinburgh, West) (LD): It is a great pleasure to follow my right hon. Friend the Member for Gordon (Malcolm Bruce), Chairman of the Select Committee, in debating the Government's response to its report. I have been a member of the Committee for five or six years, and I am aware of its good work and that of the Department for International Development. In addition to thanking the Chairman and members of the Committee, I thank its support staff, who do great work and produce the detailed questions that must be asked when evidence is taken from the WFP and other experts. The Committee is one of the best Select Committees in the House, and I hope that the team effort delivers what is necessary.

In a world where there is enough food for everyone, it is tragic that 850 million people are hungry—that is what I put in my original speech, but since I wrote it, the figure has risen to 1 billion, which is even more tragic.

[John Barrett]

The majority live in developing countries, but the reason for widespread hunger transcends national borders and even regional politics. Food insecurity is a problem of many global factors, and it requires an international approach. That is why the Select Committee's report is so welcome, and why I welcome the opportunity today finally to debate the Government response.

Robert Zoellick, president of the World Bank, has said that halving hunger and malnutrition is the "forgotten" millennium development goal. Given the scale of world hunger, we cannot afford for that to be the case. Hunger is one of the most tangible forms of human suffering, and one that we can all relate to, if only at a very minor level. If I were to ask each right hon. and hon. Member here to recall the last time that they were really hungry, and then to think of the last time that they ate too much, I suspect that the former would take some thought while the latter would be much easier to answer. We are the lucky ones, and it is one of our responsibilities in the House to ensure that those who are not so lucky receive our support through the Government. For that to be most effective, the Select Committee's work is vital. We can all make a strong case for increased development aid spending, but only if that money is wisely and efficiently spent.

I am sure that I am not the only Member who has been impressed by school and community groups in their constituencies who have sent generous food parcels to parts of the world that have been hit by famine or rocketing food prices. We rightly commend those acts of generosity, but when it comes to international policy for donors and global institutions, food aid is only ever a small part of the solution. The poorest people throughout the world spend up to 80 per cent. of their income on food, and there is acute vulnerability to fluctuations in food prices—my right hon. Friend has mentioned that the price of rice peaked at $1,000, and then settled back at $600 a tonne. In April 2008, there were protests in Egypt where the cost of food doubled in a year, riots in Haiti that left four people dead, violent protests in Ivory Coast, price riots in Cameroon in February that left 40 people dead, and demonstrations in Mauritania, Mozambique, and many other countries. Clearly, food security should be on all development and security agendas.

Food insecurity is widespread in many parts of Asia, Afghanistan, Sri Lanka and the Democratic People's Republic of Korea, where, amid chronic food insecurity, food rations have reportedly been halved following reduced supplies. In east Africa, more than 17 million people face serious food insecurity because of poor harvests, conflict or a combination of those factors. In Somalia, an estimated 3.2 million people currently require food assistance. In Sudan, the continued conflict and the recent expulsion of some humanitarian agencies in Darfur have caused serious problems for millions of vulnerable people who already faced a dire situation.

During a Select Committee visit to Ethiopia, we were told that approximately 6 million people are on permanent food aid. Live Aid was 25 or more years ago, and because the WFP and other agencies in the field are more efficient and effective, fewer people may be dying, but the number who do not know where the next meal is coming from or who cannot provide their own next meal is increasing.

In southern Africa, high domestic prices, the slow pace of imports, and high demand during peak hunger months are affecting the food security of around 8.7 million people, including 5 million in Zimbabwe, where the ongoing outbreak of cholera poses a serious threat to the health and nutrition of many vulnerable groups. The global economic recession is causing other problems, as my right hon. Friend has said. Remittances from family members working abroad that often sustain the food consumption of vulnerable households are drying up.

I have seen a wide range of food insecurity problems, many of which are referred to in the Select Committee report and the Government response in Darfur in Sudan, Malawi, Somalia, India, Ethiopia and so on. The report rightly identifies the new face of hunger in urban centres where the high price of food, not food scarcity, is the real cause of hunger. People are often surprised that where people are starving, there may be a market with the necessary produce not far away, but the problem is poverty.

Malcolm Bruce: My hon. Friend may be aware that the WFP recently instituted a voucher scheme in which, unlike previously, there is no requirement to get food to people. They are simply given the means to acquire food that is in the neighbourhood. WFP is piloting that innovative way of solving the problem.

John Barrett: When my right hon. Friend was making his opening speech, I was scoring out paragraphs in mine because he was pre-empting them, and he has just done that again, but I will read it anyway.

Many of the poorest people in the world are no longer reliant on good or bad crop yields, but they are now dependent on the market to access food. If someone in this country does not have access to food, we do not give them food aid, or seeds and tools to plant food. They receive money under the benefits system, so that they can go out and buy food. I am sure that there would be riots in the street if we were to suggest handing out food parcels rather than benefits. If that is not right here, surely there are plenty of other countries where we should consider alternatives. I shall return to the system of vouchers and cash.

I would be grateful to hear whether any consideration was given during the last round of the Doha talks to nutrition and the ability of countries to feed their citizens. Nutrition was mentioned in the opening speech today, and it is a key aspect of the issue. It is about not just the quantity of food available, but the quality. As we have heard, food insecurity is particularly hard to tackle in a complex, ongoing crisis and in the fragile transition to stability. During a crisis, fragile states may lack the capacity or institutional frameworks to implement long-term food insecurity solutions. That situation is made more serious by poor governance, conflicts, man-made disasters and HIV/AIDS and other diseases.

Against that backdrop, it is right that the focus is shifting towards cash, rather than the giving of in-kind food donations. I am pleased to see the increased emphasis given to social transfer schemes of cash or vouchers, which my right hon. Friend has mentioned, through the World Food Programme, and the Select Committee was right to highlight their importance. I strongly support the recommendation that the USA should immediately

review its practice of giving the vast majority of its support in the form of in-kind donations of US surpluses, shipped by US companies. I remember many years ago visiting the United States Agency for International Development headquarters, where I saw a sign stating that more than 50 per cent. of aid given by USAID was spent on American companies. It boosted the American economy, rather than helping the individuals and countries that one would have thought it was going to.

I want to take a few minutes not only to consider what we can do to help to solve the problem, but to raise a few questions with the Minister about what we are doing to make it worse. Many developed countries naturally support their own farming industries and interests, but too often that is at the expense of others. Dumping surpluses or subsidising products can undermine local production in developing countries and their markets, and those markets will need to develop and thrive if developing countries are ever to inch away from their current level of food insecurity. What can the Minister say about the overdue reform of the common agricultural policy—I believe that that is central—and other negotiations that would allow a level playing field for more people and give them the ability to reap the reward of growing their own food, rather than receiving alternative cash products?

Aid should not be determined by any factors other than need and effectiveness. It is one of the best legacies of the current Government that the International Development Act 2002 explicitly states the principle that the giving of aid must be guided by humanitarian principles and not take into account the interests of the UK overseas. I am interested to hear whether the Minister has had any discussions with his counterpart in the new Obama Administration regarding any shift in US policy. I welcomed the recent commitment to a $60 million pilot project for the local purchase of food. It would be good to think that that is part of a genuine reappraisal of the approach.

As I have said, DFID has done much good work and is respected in many parts of the world. I am happy to place my views in that regard on the record. I welcome the £400 million support package for agricultural research, and I am interested in any progress report that the Minister can give on where that money is being spent and the impact that it is having. However, food security is clearly about more than supporting agriculture and matching supply with demand. It must be about building countries' and communities' resilience to the shocks that are increasingly restricting access to food for millions of people.

Growing water scarcity, triggered partly by climate change, is also severely affecting countries' ability to irrigate crops. Global demand for water has tripled in the past 50 years. We cannot consider food supply and security in any region without examining the broader effects of global warming. I would be interested to hear what DFID is doing to ensure that there is joined-up thinking between the Foreign and Commonwealth Office, the Ministry of Defence and DFID to ensure that food security is not just considered as a development issue.

Save the Children, in its evidence for the original report, rightly cited

"a myriad of international actors with overlapping remits but none with the key purpose of ensuring the efficacy of international donors, development organisations and governments in reducing malnutrition."

I share those concerns, particularly given that there still appears to be a lack of a specific nutrition policy or genuine measurable targets for assessing progress in reducing malnutrition. I understand that there is now a nutrition policy team in DFID, and I would appreciate any update from the Minister on the work that it is undertaking.

A few years ago, I survived for a week on a Red Cross food parcel; it was just after Christmas and into the new year period. The food kept body and soul together, but there was no nutrition there, and that was for only a week. I would not wish the experience of trying to survive on it for more than a week on anyone else. Unfortunately, however, as we have heard, 1 billion people in the world have to survive on similar rations or less. I look forward to hearing what the Minister has to say, because the current Government have done and are doing good work, but we can always press for more.

3.5 pm

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): It is a pleasure to serve under your chairmanship, Mr. Key. I congratulate the Chairman of the Select Committee, the right hon. Member for Gordon (Malcolm Bruce), not only on his speech and assessment of the current situation, but on this very comprehensive report. His Committee was very prescient in taking up the issue before the crisis erupted last year.

Perhaps the best way of opening my speech is to read out in full paragraph 7 of the report, which summarises what was happening in the world last year:

"It is in developing countries that people's lives are being endangered by the crisis. A 'perfect storm' of factors has conspired to send wheat prices spiralling by 122 per cent. and rice by 250 per cent. since 2000. The crisis has contributed to the threat of famine in countries such as Ethiopia, where the increasing cost of food imports has combined with drought, crop failure and conflict to double the number of people needing emergency assistance to 4.6 million. Four African countries—Lesotho, Somalia, Swaziland and Zimbabwe—are classified by the FAO"—

the UN Food and Agriculture Organisation—

"as having 'exceptional shortfalls' in food production and supplies. There have been food riots in countries as diverse as Egypt, Malaysia and Yemen. In Haiti, where up to 75 per cent. of food is imported, riots during April 2008 forced the resignation of the Prime Minister."

Sadly, that was the context that followed the Select Committee's initial inquiry into this matter, but it is not an entirely new problem. I had a leading Indian human rights lawyer in my office this week, who gave me the shocking statistic that 300 million people in India eat 100 kg less a year now than they did at the time of independence in 1947. The problem has been becoming steadily worse, and DFID needs to be addressing it.

A fortnight ago, we were debating millennium development goal 6, relating to HIV/AIDS, and today we are debating MDG 1, which is probably the most important of all the MDGs, because if people do not have adequate food and water, they become, as the hon. Member for Edinburgh, West (John Barrett) has made clear, vulnerable to every other disease and pressure on their lives. I need hardly remind hon. Members participating in the debate about MDG 1, but to put my speech in context, I shall put the details of it on the record. The goal is to halve between 1990 and 2015 the proportion of people whose income is less than $1 a day; to achieve

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full and productive employment and decent work for all, including women and young people; and to halve between 1990 and 2015 the proportion of people who suffer from hunger.

As both previous speakers have said, it was commonly assumed that 850 million people were living in hunger; it is now assumed that the figure is more than 1 billion—one sixth of the world's population. That is a very serious statistic. A child dies from malnutrition every five seconds, and 30 per cent. of all children who die, die from malnutrition-related problems. Those are shocking statistics. We all have tremendous sympathy for people in these situations and want to see what we can do about it.

Much has been said about the WFP today. I did not wish, in my intervention on the Chairman of the Select Committee, to cast any aspersions on the WFP. I just want to understand why the director of the WFP did not praise Britain in relation to contributions to the WFP, because it seems to me from everything that I have read that we generously support the WFP. Indeed, the agency is held in the highest regard worldwide and its staff deserve due credit for the vital work that they perform. The fact that eradicating hunger features as the first MDG should focus everyone's mind on how serious the matter is.

As I have stated, we discussed HIV/AIDS in this Chamber two weeks ago. Although it is right that that and the issue before us are debated separately, we must remember that the challenges that we face are not distinct, but interlinked and part of the web of poverty.

The Committee's report noted that 850 million people regularly do not eat enough food—a point graphically made by the Liberal spokesman, the hon. Member for Edinburgh, West. The hon. Gentleman quoted Robert Zoellick, who said that MDG 1 is the forgotten MDG. As the Committee reported, Robert Zoellick went on to say that the world food crisis—this is perhaps the most shocking thing in the entire report—

"could push 100 million people into poverty, reversing the gains made in poverty reduction over the last seven years."

In other words, a lot of what the international community has achieved will be reversed. That is why we need the Minister to address the problem seriously.

If current trends continue, we will miss the target of halving the proportion of underweight children by 30 million children, and that will be largely because of the slow progress in southern Asia and sub-Saharan Africa. As I have said, a child dies from hunger-related causes every five seconds. When the Minister sums up, I hope that he will tell us how the work of the WFP and DFID in tackling hunger and malnutrition ties into the picture of underdevelopment as a whole.

As the Chairman has said, unpredictable and volatile world food prices were exacerbated by fluctuations in the oil markets, by increased weather hazards and by an overall growth in demand. Backed by the global recession, that created a perfect storm, as the Committee has said, and incomes fell. All those factors came together to make the situation worse. As I said in the debate on HIV/AIDS, the adverse exchange rate also reduced British aid. The hon. Member for Edinburgh, West quoted the chairman of Nestlé, who said that food prices rose by 60 per cent. last year. Again, that exacerbated the problem. Prices might have dropped back a bit this year, but they are still above trend.

The UN Secretary-General, Ban Ki-moon, no less, highlighted the simple consequences of such events to the Committee:

"When people are that poor and inflation erodes their meagre earnings, they generally do one of two things: they buy less food, or they buy cheaper, less nutritious food. The result is the same—more hunger and less chance of a healthy future."

In response to such concerns, the Committee recommend that:

"the safest plan of action is to prepare for relatively higher prices over the next decade, and we encourage the WFP and DFID to make the necessary adjustments to their policies."

When the Minister sums up, I would be interested to hear the Department's view of what the trends in food prices and availability are likely to be over the next few years and what plans it has to adjust budgets, if it feels that we are likely to remain above trend.

The WFP has responded to the increased challenges of global hunger by broadening its activities, moving away from simply providing food aid, which Save the Children has described as a blunt instrument, towards providing food assistance through cash and food transfer systems. As a farmer—I have declared that in the Register of Members' Interests—I think that the best long-term solution is to provide development assistance to encourage more farmers in individual countries to grow more of their own food, and DFID needs to pay close attention to that.

As has been said, we must recognise the USA as an important partner in tackling these problems. As the Chairman has said, however, the fact that the USA, which is the largest donor to the WFP, gives nearly all its donations in kind—as food—is of concern. It is far better from every point of view—whether we want to increase local capacity, get farmers to produce food themselves or deal with the environmental effects of CO_2 emissions—that we do not transport vast quantities of food around the world any more than necessary.

At just the time when assistance is needed most, it is of great concern that the USA, as one of the key global players, has adopted such a policy. The Minister will no doubt recognise the concerns that that has raised, and I hope that he will enlighten us as to the dialogue that he has had with his counterparts in the USA about whether assistance should be provided in cash or in kind. I hope that he will tell us what more can be done through the WFP and direct donations by USAID and DFID to shift the emphasis on this issue.

I turn now to the work of the WFP. I share the Committee's surprise that

"DFID was not more supportive of the wider development activities undertaken by the WFP".

Those comments go in a similar direction to those made by the WFP's chairman, when she explained why she had not praised Britain more. There is something of an underlying agenda here, and it would be helpful if the Minister were to give us a clue as to what this is all about.

Clearly, the decisions taken by DFID have not been arbitrary, because the Department has stated that it has concerns over the appropriateness and effectiveness of WFP interventions. I hope that the Minister will be able to enlighten us. I will not criticise the Department's decisions in that respect, because I want the Minister to explain in more detail exactly what DFID's concerns are and what comparative advantage DFID has over the WFP in delivering health and education packages.

I now turn to two of the key issues that could feature in more long-term development—nutrition and agriculture. The report notes that donors have ignored nutrition for too long, adding:

"Only $250 million is spent on nutrition aid globally, compared with the $3 billion spent on HIV/AIDS"—

in fact, it is more than $3 billion, because DFID spends £1 billion as part of the Global Fund to Fight AIDS, Tuberculosis and Malaria.

The report continues:

"Whilst HIV/AIDS led to 380,000 child deaths in 2006, malnutrition is"—

perhaps—

"responsible for 1.5-2.5 million children dying annually."

In a way, it is in invidious to compare one budget with another, but DFID's budget should surely be focused on an issue which affects so many people and which causes so many children to die each year. It is therefore welcome to read in the Government response about the establishment of a nutrition task team as part of DFID's policy and research division, and today seems like an excellent opportunity to give us an update on the team's work.

The Government response states that more than 50 per cent. of DFID's development assistance is spent on

"tackling the underlying causes of...malnutrition by investing in essential public services such as health, water and sanitation, education and social protection."

That is a welcome indication of the Government's recognition of the cross-links that exist with other aspects of international development.

On the reference to water and sanitation, however, I note that we debated the Committee's report on water and sanitation in this Chamber on 29 April 2008. DFID has admitted that it took its eye off the ball on that issue. Let us not underestimate the importance of water to today's discussion. As the hon. Member for Edinburgh, West has said, world water consumption had tripled over the past 10 years. A shortage of clean water is almost more important than a shortage of food, because so many people are dying as a result of contaminated water. The Committee's report on water and sanitation notes that:

"water availability decreased substantially between 1975 and 1995",

and that trend is likely to continue as a result of increasing drought, desertification and extreme weather events. That is all part of the pattern of global climate change, which not only affects water supplies, but leads to food shortages.

As a farmer, I think that our international development programme has neglected agriculture, and that has been recognised by the Committee and by many in the development community. However, I reiterate the Committee's view that this is not the time for blame, but for looking forward to see how we can redress those issues.

That belief was reinforced last summer, when I took part in a project in Rwanda. I met a man who runs a charity called Send a Cow, and he is a real expert in agriculture. He suggested that 80 per cent. of the people in Rwanda gain their living and income from agriculture in one way or another and that one of the quickest ways to help those people, who are so dependent on agriculture, is a free agricultural advisory service. I went away and did a little work on that. I got an institution in my constituency—the Royal Agricultural College—to do a feasibility study. I sent that study to the Minister, who replied that Rwanda's agriculture is improving significantly. However, I believe that there are many poor countries where a free advisory service to farmers could boost agricultural production significantly.

The report makes it clear that DFID spends only £400 million on agricultural research. In a world where a lot of good research is going on—indeed, research has helped to give a huge boost to our agriculture and that of other civilised countries since this country was kept alive during the second world war—it is important to carry on such work. I ask the Minister to reflect, without preconceived ideas, on whether his Department is doing enough on agricultural research; I am not sure.

The report touches on the issues of GM crops and biofuels—two other subjects that could be better informed by research. The use of GM crops remains a matter of great debate and there are clearly significant and sharp arguments on both sides of the subject, but the correct approach is to enable developing countries to take their own decisions on the use of such crops. I believe, as a farmer, that they can play a significant and useful role in boosting food output, particularly where there are difficult agricultural conditions, such as drought or severe pestilence. As to biofuels, in my conversation with the European Environment Commissioner there was no thought that, in relation to targets for inclusion, we should perhaps lower our aim. Again, the subject is fiercely controversial, but if the west's over-demand for the inclusion of biofuels in the general fuel mix is causing a reduction in food production that would otherwise help to feed poor countries, we need to think seriously about it.

In conclusion, I want to consider the future and ask what the Minister sees as the route to achieving MDG 1, and the role of DFID and the WFP. The Select Committee has remarked on greater integration between the WFP, the Food and Agriculture Organisation and the International Fund for Agricultural Development. Alongside that, it makes recommendations for the WFP to be the UN's leading agency on hunger. On both those suggestions, the Government have said that they will be supportive and offer their encouragement. I hope that the Minister will update us on how that encouragement has been taking shape.

Let us not overlook the important statement in the report that the problem lies not in a

"global lack of food—there is enough food in the world to meet demand—but in a long-term lack of access to food for many people".

We can produce enough food in the world, but it is not being universally distributed, and 1 billion or more people go hungry each night. If international development cannot solve that, then we have failed. I ask the Minister what progress we are making.

3.23 pm

The Parliamentary Under-Secretary of State for International Development (Mr. Ivan Lewis): I congratulate the right hon. Member for Gordon (Malcolm Bruce) on securing this important debate on a significant report by his Select Committee. I also pay tribute to him for his

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leadership of the Committee, which is challenging and critical but always constructive and reasonable. The quality of the debate has been important and has perhaps made up for the lack of hon. Members in Westminster Hall today. There has been tremendous consensus on the importance of the global community stepping up to the challenge of hunger and malnutrition, and recognition that Britain plays a leading role in the world on the agenda in question. However, as right hon. and hon. Members have said, we could still do significantly more. I shall attempt to address all the issues that right hon. and hon. Members have raised.

The Select Committee report could not, sadly, have been timelier, as the right hon. Member for Gordon knows. It coincided precisely with a period of unprecedented high prices for many foods. In April last year, the international price of wheat was close to $500 a tonne; the price of maize was nearly $300 a tonne; and rice, which is a staple for half the world's population, briefly touched $1,000 a tonne. The number of people who were unable to get enough food to eat surged above 900 million, which is a shocking and stark statistic—one in seven of the world's population. Since that time the price of food commodities has fallen sharply, by about half. Wheat is now about $200 a tonne; maize is about $150 a tonne; and rice is about $550 a tonne. In part that is due to record harvests last year—nearly 2 billion tonnes of cereals—but it is more due to the general collapse of commodity prices in the wake of the global financial crisis.

Despite the welcome fall in prices, the food security of the poorest, as right hon. and hon. Members have said, has actually got worse. The World Food Programme now predicts that the number of people who do not have enough food to eat is likely to rise above 1 billion during 2009. In Kenya, for example, 70 per cent. of the population are unable to meet their basic food needs. In Zimbabwe, one in eight households cannot afford to eat every day, and in India 50 per cent. of children show signs of permanent intellectual impairment before their second birthday, because of poor nutrition. Those, too, are truly shocking statistics.

Why is that happening? Right hon. and hon. Members have alluded to the reasons. Historically speaking, prices are still much higher than they were in 2000. Prices in many developing countries have continued to rise because of local shortages, and they remain well above the international price. The household incomes of many have fallen due to the global economic crisis, increased unemployment and lower remittances and tourist receipts. Of course, serious humanitarian challenges continue in Sudan, Zimbabwe and the horn of Africa.

I thought that it would be useful to inject some personal experiences into the debate, and I have seen much of what I have outlined at first hand on my recent visits. A slow-down in economic growth in South Africa to just 0.2 per cent. in the last quarter of 2008 has led to sharp falls in the incomes of those working in mining and manufacturing. There is a continuing and massive humanitarian emergency in the Democratic Republic of the Congo. Sierra Leone, which is stubbornly at the very bottom of the human development index, is suffering a sharp fall in remittance income, and the problems of food affordability that that brings to the poorest. In Uganda, desperate poverty in the north following years of conflict and a population set to double by 2030 are putting massive pressure on land and food supplies. Those issues are now hitting many parts of the developing world, particularly in Africa.

Even before the latest developments, the UK Government had been leading the international response to tackle the problem of food insecurity. Agriculture and rural development remain priorities for DFID. Our current portfolio of projects and other activities tops £1 billion, and since the FAO food summit last June, we have committed more than £900 million in response to the food crisis. Last year, $169 million of short-term food aid was delivered through the World Food Programme—a record amount for DFID. We have strengthened social safety net programmes in Ethiopia, Bangladesh and Zimbabwe and given direct budget support to countries affected by the crisis, such as Ghana, Uganda, Malawi and, as I have said, Sierra Leone. We have doubled our support for agricultural research and technology. That comes to £400 million over the next five years, and a new director of research, Dr. Chris Whitty, has been appointed.

In response to the comments of the right hon. Member for Gordon about the WFP, it is true that we have contributed $48 million so far this year, which is more than we had contributed at this time last year. We cannot say at this stage how much we are planning to give. However, we will respond nimbly to appeals that the organisation makes.

The other issue raised by the right hon. Member for Gordon and the hon. Member for Cotswold (Mr. Clifton-Brown) was whether the WFP should become the single agency for hunger. We believe that the WFP has demonstrated its strength through its humanitarian response. Generally, we need a much greater level of co-ordination between the WFP, the Food and Agriculture Organisation and the United Nations Development Programme. The challenge for development generally, but particularly for this agenda, is to make a reality of what is described as the "One UN" approach.

The right hon. Gentleman also spoke about the relationship between the WFP and DFID. I can only say that it is not my job at any time to do anything other than to agree with my Secretary of State. However, there is a serious point to be made. We believe that our judgments on our relationship with the WFP are appropriate. We have made a strategic decision to contribute to specific appeals rather than to core funding, and we believe that our approach boosts and supports accountability for UK taxpayer resources. Nevertheless, we remain one of the WFP's most flexible donors. For example, we do not impose procurement restrictions or bag marking, which is more generally known as branding.

I say to the right hon. Gentleman that I am sure that the organisation wants a different relationship, perhaps one in which we contribute to its core funding. In our judgment, however, our current relationship is the best way to help not only with cash and resources, but to be a force for reform. We do not apologise for that; we believe that it is appropriate and in our national interest. Ultimately, we have demonstrated that during global crises; we have stepped up to the mark, made UK resources available and enabled the WFP to respond efficiently and quickly to the humanitarian challenges that it frequently faces.

Malcolm Bruce: The Minister is giving a straightforward and fair reply, and I do not argue with it. However, the WFP is beginning to demonstrate to other donors that it can do more, and it is getting a response. My question is straightforward, and I am sure that the Minister will not have a problem with it. May I suggest that the Department should keep the matter under active review?

Mr. Lewis: I reassure the right hon. Gentleman that it is appropriate that we keep our strategic relationship with the WFP under review. The WFP has raised the matter in the past and the Select Committee has asked questions about it, so we are constantly revisiting it. None the less, we believe that we are right to stick with our judgment, although we respect other views and will always take them into account when reviewing the nature of the relationship.

Mr. Clifton-Brown: I will intervene before the Minister moves on, so that he can keep his speech roughly in logical order. He said that DFID is spending £400 million on research over five years, which is only £80 million a year.

Mr. Lewis *indicated assent.*

Mr. Clifton-Brown: The Minister nods. I assume that he will shortly come to that point in his speech.

Mr. Lewis: I thank the hon. Gentleman. Several hon. Members have raised the question of investment in research, and I shall deal specifically with that in some detail in a moment.

We very much welcomed the Committee's inquiry last year. Its report was generous, giving credit to the WFP's work in providing a front-line response to hunger in some of the most challenging and difficult environments—for instance, in Burma, Sudan, Somalia and Zimbabwe.

The WFP recognises the leading role played by the United Kingdom in drawing attention to the growing crisis earlier in the year. It recognises the importance of nutrition in helping to achieve the millennium development goals. It acknowledges that food security is not only about giving more food aid to people in humanitarian situations, nor even about growing more food in developing countries, although these are both important elements. Social protection—the provision of cash or food for work programmes for the most vulnerable—is another hugely important part of the equation. Indeed, the hon. Member for Edinburgh, West (John Barrett) has raised that particular issue.

The right hon. Gentleman made the point strongly that it is important to get the international policy agenda right. We have to make progress on Doha; we must press ahead in that process. We must also consider how to dismantle subsidies to farmers in rich countries, to ensure a level playing field for farmers in developing countries. We need to end the practice by some donors of dumping surplus agricultural produce on poor countries as food aid, because it undermines incentives to grow more food locally.

The Select Committee report has had a significant influence on Government policy, but it is respected globally because it came at a time when some of the questions that it raised need to be considered from an independent perspective. Since the report was published, international action to address the food crisis has continued, although this has now become inextricably linked to efforts to mitigate the impact of the global economic crisis, particularly on developing countries. That is understandable.

Most people are hungry because they are poor. As Members have said, hunger cannot be tackled without tackling the root causes of poverty. With strong UK support, the European Union has finalised its plans to provide an additional €1 billion of new grants to developing countries to improve agriculture and food security.

At the Madrid food security conference in January, which I attended on behalf of the UK, the international community signed up to our proposal for a global partnership on agriculture, food security and nutrition. Work is going ahead in Rome and in developing countries to firm up the details.

At the highly successful G20 summit in London in February, led by the Prime Minister, $100 billion of additional lending by the multilateral development banks was pledged for developing countries. Increased access to trade finance was also promised, as was a UN proposal to develop a system to monitor global vulnerability and to enable donors better to target those groups most at risk, especially women, children and the elderly.

The World Bank has committed itself to increase spending on agriculture by 50 per cent., and its global food crisis response fund is fully earmarked, and substantially spent, with $1.2 billion for food-stressed countries, and 27 million people being able to gain access to seed and fertiliser, or to expanded social protection programmes. It has recently been agreed to continue and expand that programme.

The world has had a food crisis, a fuel crisis and an economic crisis. Throughout, the international community can be proud of the fact that it has responded quickly and effectively to the needs of the poorest. Britain has led that debate in every international forum, with all-party support from the House. The challenge is to ensure that the commitments signed by world leaders, particularly at the G20, are delivered and implemented. Communiqués are one thing, but the need to transfer the commitments and the necessary investment into making a difference for the poorest people in the world is pressing. That is why we have a continued role, after leading the G20 summit, in ensuring that those commitments are implemented and delivered.

DFID is working with the Foreign Office and other Departments to ensure that we continue to hold the international community to account for the commitments that have been made to mitigate the impact of the current crisis. However, we should not forget that the fundamental importance of the long-term reform of international financial institutions and other global organisations is vital, if we are to learn from the global recession.

Having responded to the Select Committee report and dealt with matters relating to the WFP, I shall now deal with some of the specific points raised during our debate. The right hon. Member for Gordon and the hon. Member for Cotswold spoke about nutrition, and I want to make it clear where we are in that process. We established a nutrition task team in June, and Ministers have asked it to recommend ways in which DFID can

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strengthen its focus on improving nutrition outcomes in the context of rising food prices. The team is currently looking at what DFID and other development partners are already doing, to see where the gaps are and what support can be given to building a common global agenda on nutrition. That is the sort of progress that has been made, and we will report further in due course.

The right hon. Gentleman also raised the US policy of providing food aid essentially in kind. President Obama has already indicated that he is keen to expand the amount of food aid purchased in-country or within the region. That is a significant move in American policy. It is also worth noting that at the G20 meeting plans were announced for a $1 billion package of assistance, including for humanitarian aid and research and technology; and again that came from the new Administration. These are very encouraging signs of a clear and distinct shift in policy and will help the entire international community do what it has wanted to do for some time with regard to food security.

Right hon. and hon. Members have asked about research. I want to be very clear about the level of DFID's commitment on this issue. We will spend £400 million on international agricultural research over the current five-year period. That includes £20 million a year to the Consultative Group on International Agricultural Research, but that figure is likely to rise significantly once reforms of the CGIAR system are complete. We have been at the forefront of efforts to reform that organisation and have been instrumental in levering substantial new funding commitments from a range of donors.

Reform will focus on increased accountability and oversight, streamlined financial arrangements and the targeting of resources more effectively and to a smaller number of strategic objectives. We are committed to spending nearly £40 million over the next four years on our "research into use" programme to ensure that small farmers can access new science and technology as quickly as possible. Technology transfer is a key element of strengthening agricultural extension programmes, especially in relation to adaptation in the face of climate change. That will therefore be one of our priorities when spending our research resources.

The hon. Member for Cotswold asked about assumptions about food prices and DFID policy. The assumption is that prices will remain above trend price. Our position remains that we must address poverty, encourage economic growth and support, as the solution, increased household incomes. That returns to the point that most people are hungry because they are poor and that hunger cannot be dealt with in isolation from a total poverty reduction strategy.

The hon. Gentleman also asked about biofuels. It is important to make it clear that the impact of biofuels on food prices is not yet properly understood. Much work is still going on in this area. For example, rice prices saw the greatest increase last year, but rice is not used for biofuel production. However, we need to do much more research, and we are currently engaged in research partnerships with the World Bank and others to try to get much more empirical evidence on the impact of biofuels on food prices.

Mr. Clifton-Brown: I said in my speech that—this is my experience as a farmer—one of the best ways in which to help a country suffering from food shortages is to get its indigenous farmers to grow more. I prompted the Minister on Rwanda, but he said that an extension service is not necessary. Will he undertake to establish whether every poor country in which DFID operates has an extension service, and if it does not, consider providing one? There is no way of transferring the technology that he says is a priority, if no extension or advice service is in place to give farmers that advice.

Mr. Lewis: I agree that such technical advice is crucial. However, with respect, DFID cannot do everything in every country—as the hon. Gentleman knows—although we have made strategic decisions to lead in some sectors in some places. We can help to identify gaps in the availability of technical assistance and to decide on the appropriate person to fill that gap. We cannot always lead that process, however, because in some places we lack the expertise and leadership roles, but we can certainly identify gaps where technical assistance is required.

The hon. Gentleman is right about the deep-rooted history, attitudes and cultures of many countries. Often people produce just enough food to feed themselves and their families, if they are lucky. The potential to turn many of those freeholds and family-type situations into small businesses is massive. The President of Uganda made that point to me when I met him relatively recently. The international community needs to be more imaginative and innovative.

As the hon. Gentleman has rightly said, over the past 10 years, agriculture has been de-prioritised with regards to development and global community. There is little doubt about that. The view was that urbanisation was the new challenge and reality. However, many people in developing countries will say that it is not a choice, and it would be a mistake to believe that it should be a choice. Indeed, it could be undesirable not to capitalise on the massive opportunities in real areas. If we do that, there will not be massive population displacement, which can lead to urban crowding, slums and, ultimately, conflict and violence.

It is absolutely right for right hon. and hon. Members to focus on our capacity to support the agricultural sectors in many developing countries. But they must, of course, show leadership and tell us that it is appropriate to their economic and industrial vision for their country. However, assuming that is so, the hon. Member for Cotswold is right to throw that point into the mix. The international community might have taken its eye off the ball in recent years.

Malcolm Bruce: The Minister is making a very good point. As it happens, the Committee is visiting Nigeria next month to investigate urban poverty and urbanisation. I completely agree with him: this is not an either/or situation; we must address both. However, do we not have an opportunity here? The migration of people to cities, owing to greater economic opportunities—even though most remain poor—might create scope for more land and development reform to increase the productivity of agriculture. In some countries, reform has been resisted ironically because too many people live in the rural areas. If that population reduces, there might be scope

for reform and increased production. However, I completely agree that that should be led by the country, not outside donors.

Mr. Lewis: I agree entirely with the right hon. Gentleman. In any country, what needs to be clear is the potential for economic growth and progress, the potential for trade outside its borders, and the way in which to use the benefits of development to reduce poverty. The job of any state is to maximise economic growth and prosperity, and to ensure that that is distributed fairly. In countries with abject poverty, the priority should be to reduce and, ultimately, eliminate that poverty.

The way in which agriculture fits into the mix is fundamental. If agriculture is deemed to be a major part of the solution, the international community's job is to make available all necessary assistance. If rural communities are to take maximum advantage and contribute towards economic growth, the international community needs to provide technical expertise, to carry out research, and to enable crucial capacity building and reforms. I also think that developing countries should come together and learn from each other about how progress has been made.

The President of Uganda told me very proudly about a pilot project in about half a dozen—or perhaps 10—districts. It is addressing the question of how to transform family-type farming into small businesses, and how to reflect that in a register of small businesses nationally. That might create a new small and medium-sized enterprises sector, which could be a vibrant driving force for the country's economic and social progress. I agree entirely, in retrospect, that it was not a good thing that the international community took its eye off the ball. However, it has got the picture now. The question is how we work together to ensure that we can support developing countries most effectively.

On that note, I once again pay tribute to the Select Committee for a thoughtful and thought-provoking report, which certainly came at the right time. It has influenced DFID's thinking about future policy. We shall continue to keep the House informed of the UK's contribution in this area and about how we intend to respond and rise to some of the challenges and opportunities facing us.

3.49 pm

Malcolm Bruce: I thank the Minister for his response.

We have had a good debate. Given that it is Thursday, perhaps we should not be surprised that the Chamber is not fuller. None the less, I genuinely think that some important points have been raised, and the Department might wish to address them in its annual report. Given the refocus on agriculture and the commitment to nutrition—if not through the WFP then through other means—with regard to famine prevention as well as emergency response, the Committee will continue to monitor the progress that is made. We look forward to hearing how the Department takes such matters forward. As the Minister acknowledged, this is work in progress. We welcome the work, and also accept that not all of it could have come to fruition at this particular juncture. We hope that we will hear more from the Department in the coming months about how things are shaping up. Beyond that, I thank you, Mr. Key, for chairing this very useful debate.

Question put and agreed to.

3.50 pm

Sitting adjourned.